

NEW ISSUE-FULL BOOK ENTRY

Ratings: S&P: “AA” (Insured)

S&P: “A+” (Underlying)

See the caption “MISCELLANEOUS—Ratings”

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

\$25,830,000*

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REVENUE REFUNDING BONDS, SERIES 2025**

Dated: Date of Delivery

Due: September 1 as shown on inside cover

The Bonds described herein are being issued by the Beaumont Public Improvement Authority (the “Authority”) to: (i) acquire certain special tax refunding obligations issued for improvement areas within the City of Beaumont Community Facilities District No. 93-1 (collectively, the “Taxing Jurisdictions”), formed by the City of Beaumont (the “Local Obligations”); (ii) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Bonds; (iii) purchase a debt service reserve insurance policy for deposit in the Reserve Fund to satisfy the initial Reserve Requirement; and (iv) pay costs of issuance of the Bonds. The Local Obligations are being issued to refund four outstanding series of bonds issued by the Beaumont Financing Authority and one outstanding series of bonds issued by the City of Beaumont Community Facilities District No. 93-1. See “FINANCING PLAN.”

The Bonds are payable solely from Revenues 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 Local Obligations, which are payable from special taxes levied in the Taxing Jurisdictions.

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, 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 an insurance policy to be issued concurrently with the issuance of the Bonds by Assured Guaranty Inc. The 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.

**ASSURED
GUARANTY**

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 Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Bond Counsel and Disclosure Counsel. Certain legal matters will be passed upon for the Authority and the Community Facilities District by Slovak Baron Empey Murphy & Pinkney LLP, Palm Springs, California, 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 July 10, 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

\$ _____
BEAUMONT PUBLIC IMPROVEMENT AUTHORITY
LOCAL AGENCY REVENUE REFUNDING BONDS, SERIES 2025

Serial Bonds					
<i>Maturity (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
	\$	%	%		

\$ _____ % Term Bonds due September 1, 20__, Yield: _____ % Price: _____ CUSIP No.[†] _____

\$ _____ % Term Bonds due September 1, 20__, Yield: _____ % Price: _____ CUSIP No.[†] _____

\$ _____ % Term Bonds due September 1, 20__, Yield: _____ % Price: _____ CUSIP No.[†] _____

\$ _____ % Term Bonds due September 1, 20__, Yield: _____ % Price: _____ CUSIP No.[†] _____

[†] CUSIP® Copyright 2025, American Bankers Association. CUSIP® data in this Official Statement is provided by CUSIP Global Services, managed by S&P Capital IQ 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 Community Facilities Districts, the City, or the Underwriter or its 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.

BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

BOARD OF DIRECTORS

Mike Lara, *Chair*
Jessica Voigt, *Vice Chair*
Lloyd White, *Director*
Julio Martinez III, *Director*
David Fenn, *Director*

CITY OF BEAUMONT

CITY COUNCIL

Mike Lara, *Mayor*
Jessica Voigt, *Mayor Pro-Tem*
Lloyd White, *Councilmember*
Julio Martinez III, *Councilmember*
David Fenn, *Councilmember*

CITY OFFICIALS

Elizabeth Gibbs, *City Manager*
Jennifer Ustation, *Finance Director*

PROFESSIONAL SERVICES

BOND COUNSEL / DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

AUTHORITY TRUSTEE / DISTRICT TRUSTEE/ESCROW AGENT

Zions Bancorporation, National Association
Los Angeles, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Walnut Creek, California

SPECIAL TAX CONSULTANT

Spicer Consulting Group, LLC
Murrieta, California

VERIFICATION AGENT

Causey Public Finance LLC
Denver, Colorado

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

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 District, the City 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 City, the Community Facilities District or any other parties described herein since the date hereof. All summaries of the Indenture, the Local Obligation Indentures 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 City for further information in connection therewith. While the City maintains an internet website 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 City or the Community Facilities District. 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.

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

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.

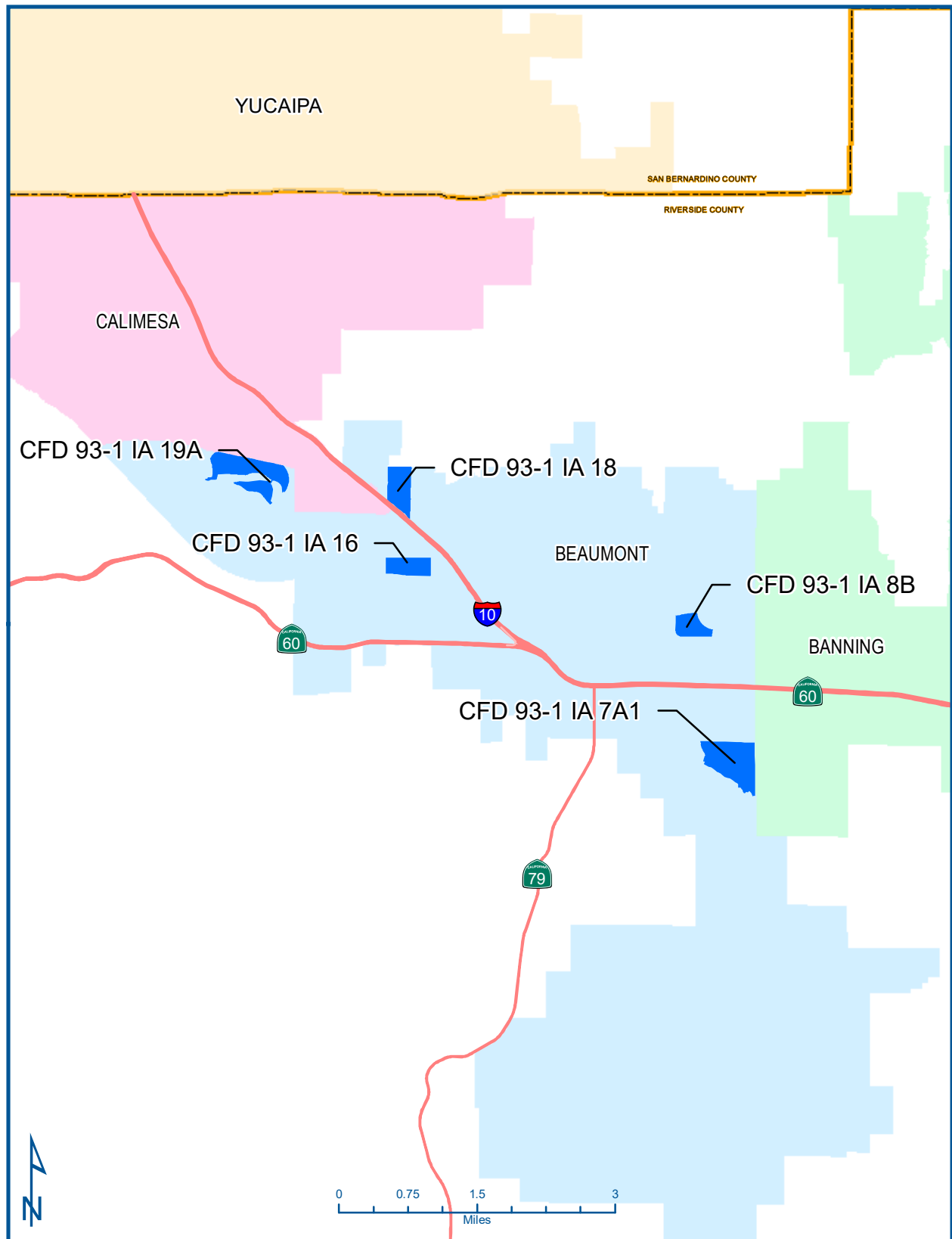
TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
Financing Purpose.....	1
The Bonds; The Local Obligations	2
Legal Authority	3
Sources of Payment for the Bonds and the Local Obligations.....	3
Description of the Bonds.....	4
The City	5
The Authority.....	5
Professionals Involved in the Offering	5
Continuing Disclosure.....	5
FINANCING PLAN	6
Purpose of Issue and the Refunding Plan.....	6
Estimated Sources and Uses of Funds	7
THE BONDS	7
General Provisions	7
Redemption	8
Payment, Registration, Transfer and Exchange of Bonds.....	11
Book-Entry Only System	13
Estimated Debt Service Schedules: Bonds and Local Obligations	13
Debt Service Coverage for the Bonds	15
SECURITY FOR THE BONDS	15
General.....	15
Revenues and Flow of Funds	15
Reserve Fund	17
Surplus Fund	19
No Additional Bonds Except to Refund Bonds	19
BOND INSURANCE	20
Bond Insurance Policy	20
Assured Guaranty Inc.....	20
SECURITY FOR THE LOCAL OBLIGATIONS	22
General.....	22
Local Obligation Indentures.....	23
Local Obligation Parity Bonds.....	24
Priority of Lien.....	25
Covenants of the Community Facilities District	25
Special Taxes Are Not Within Teeter Plan	26
THE TAXING JURISDICTIONS	26
The Taxing Jurisdictions in the Aggregate	26
The Local Obligations.....	29
SPECIAL RISK FACTORS	30
Risks of Real Estate Secured Investments Generally.....	30
The Bonds are Limited Obligations of the Authority	30
No Obligation of the City.....	31
No Cross-Collateralization Between Taxing Jurisdictions	31
Potential Early Redemption of Bonds from Prepayments or Other Sources.....	31
Property Values.....	31
Natural Disasters	32
Property Insurance	33
Hazardous Substances.....	33

TABLE OF CONTENTS

(continued)

	<u>Page</u>
Cybersecurity	34
Parity Taxes and Special Assessments.....	34
Payment of the Special Tax is not a Personal Obligation of the Owners.....	35
Disclosures to Future Purchasers	35
Special Tax Delinquencies	35
Insufficiency of Special Taxes	36
Risks Associated with Bond Insurance	37
FDIC/Federal Government Interests in Properties.....	37
Bankruptcy and Foreclosure	38
Funds Invested in the County Investment Pool.....	39
No Acceleration Provision	39
Limitations on Remedies	39
Loss of Tax Exemption	40
Limited Secondary Market.....	40
Proposition 218	40
Ballot Initiatives	41
Litigation with Respect to Community Facilities District	41
LEGAL MATTERS.....	42
Tax Matters	42
Absence of Litigation.....	44
Legal Opinion	44
MISCELLANEOUS	45
Ratings	45
Verification of Mathematical Accuracy.....	45
Underwriting	46
Continuing Disclosure.....	46
Additional Information	47
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 BEAUMONT	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 AGREEMENT.....	F-1
APPENDIX G DTC AND THE BOOK-ENTRY-ONLY SYSTEM.....	G-1
APPENDIX H SPECIMEN MUNICIPAL BOND INSURANCE POLICY	H-1



REGIONAL MAP



COMMUNITY FACILITIES DISTRICT NO. 93-1



City of Beaumont
Community Facilities District No. 93-1
Improvement Area No. 7A1



Potrero Boulevard
Highland Springs Avenue

Boundaries are approximate.
Aerial provided by Airviews on May 1, 2025.

City of Beaumont
Community Facilities District No. 93-1
Improvement Area No. 8B



Boundaries are approximate.
Aerial provided by Airviews on May 1, 2025.



City of Beaumont
Community Facilities District No. 93-1
Improvement Area No. 16



Boundaries are approximate.
Aerial provided by Airviews on May 1, 2025.

City of Beaumont
Community Facilities District No. 93-1
Improvement Area No. 18



Brookside Avenue

Boundaries are approximate.
Aerial provided by Airviews on May 1, 2025.



City of Beaumont
Community Facilities District No. 93-1
Improvement Area No. 19A



Palmer Avenue

**Tukwet Canyon
Pkwy**

Oak Valley Parkway

Boundaries are approximate.
Aerial provided by Airviews on May 1, 2025.

OFFICIAL STATEMENT

\$25,830,000*

BEAUMONT PUBLIC IMPROVEMENT AUTHORITY LOCAL AGENCY REVENUE REFUNDING BONDS, SERIES 2025

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 \$25,830,000* Beaumont Public Improvement Authority Local Agency Revenue Refunding Bonds, Series 2025 (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 Beaumont Public Improvement Authority (the “Authority”) to acquire the “Local Obligations” described below (see “FINANCING PLAN” herein) and to:

- (i) purchase a municipal bond insurance policy (the “Policy”) issued by Assured Guaranty Inc. (the “Insurer” or “AG”) for the purpose of paying the principal of and interest on the Bonds when due; and
- (ii) purchase a reserve policy issued by the Insurer to be credited to the Reserve Fund for the Bonds (the “Reserve Policy”) to satisfy the initial Reserve Requirement; and
- (iii) pay the costs of issuing the Bonds.

Purpose of the Local Obligations. The net proceeds of the Local Obligations, along with other available funds, will be used (see “FINANCING PLAN” herein) to make deposits into five separate escrow funds (collectively, the “Escrow Funds”) to be held by Zions Bancorporation, National Association, as escrow agent (the “Escrow Agent”) pursuant to five separate Escrow Agreements, each dated as of July 1, 2025 (collectively, the “Escrow Agreements”) for the purpose of redeeming the Prior Bonds and the Prior BFA Bonds (as such terms are defined below).

* 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 as the result of the payment of debt service on the Local Obligations, and amounts held in the 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 five separate series of bonds described below issued by the City of Beaumont Community Facilities District No. 93-1 (the “Community Facilities District” or the “CFD No. 93-1”) formed by the City of Beaumont (the “City”) 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”):

CFD No. 93-1 (Improvement Area No. 7A1) 2025 Special Tax Refunding Bonds: \$7,275,000* City of Beaumont CFD No. 93-1 (Improvement Area No. 7A1) 2025 Special Tax Refunding Bonds (the “**Improvement Area No. 7A1 Bonds**”) being issued by the Community Facilities District to refund the outstanding Community Facilities District No. 93-1 Special Tax Refunding Bonds, 2015 Series A (Improvement Area No. 7A1) (the “**Prior Improvement Area No. 7A1 Bonds**”). The Improvement Area No. 7A1 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 7A1 of the Community Facilities District. The refunding of the Prior Improvement Area No. 7A1 Bonds will cause a simultaneous refunding of the Beaumont Financing Authority of its 2015 Local Agency Revenue Bonds, Series A (Improvement Area No. 7A1) (the “**2015 Improvement Area No. 7A1 BFA Bonds**”). See Appendix A “INFORMATION REGARDING THE TAXING JURISDICTIONS — Community Facilities District (Improvement Area No. 7A1).”

CFD No. 93-1 (Improvement Area No. 19A) 2025 Special Tax Refunding Bonds: \$9,445,000* City of Beaumont CFD No. 93-1 (Improvement Area No. 19A) 2025 Special Tax Refunding Bonds (the “**Improvement Area No. 19A Bonds**”) being issued by the Community Facilities District to refund the outstanding Community Facilities District No. 93-1 Special Tax Refunding Bonds, 2015 Series A (Improvement Area No. 19A) (the “**Prior Improvement Area No. 19A Bonds**”). The Improvement Area No. 19A Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 19A of the Community Facilities District. The refunding of the Prior Improvement Area No. 19A Bonds will cause a simultaneous refunding of the Beaumont Financing Authority of its 2015 Local Agency Refunding Revenue Bonds, Series B (Improvement Area No. 19A) (the “**2015 Improvement Area No. 19A BFA Bonds**”). See Appendix A “INFORMATION REGARDING THE TAXING JURISDICTIONS — Community Facilities District (Improvement Area No. 19A).”

CFD No. 93-1 (Improvement Area No. 18) 2025 Special Tax Refunding Bonds: \$2,285,000* City of Beaumont CFD No. 93-1 (Improvement Area No. 18) 2025 Special Tax Refunding Bonds (the “**Improvement Area No. 18 Bonds**”) being issued by the Community Facilities District to refund the outstanding Community Facilities District No. 93-1 Special Tax Refunding Bonds, 2015 Series A (Improvement Area No. 18) (the “**Prior Improvement Area No. 18 Bonds**”). The Improvement Area No. 18 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 18 of the Community Facilities District. The refunding of the Prior Improvement Area No. 18 Bonds will cause a simultaneous refunding of the Beaumont Financing Authority of its 2015 Local Agency Refunding Revenue Bonds, Series C (Improvement Area No. 18) (the “**2015 Improvement Area No. 18 BFA Bonds**”). See Appendix A “INFORMATION REGARDING THE TAXING JURISDICTIONS — Community Facilities District (Improvement Area No. 18).”

* Preliminary, subject to change.

CFD No. 93-1 (Improvement Area No. 16) 2025 Special Tax Refunding Bonds: \$3,325,000* City of Beaumont CFD No. 93-1 (Improvement Area No. 16) 2025 Special Tax Refunding Bonds (the “**Improvement Area No. 16 Bonds**”) being issued by the Community Facilities District to refund the outstanding Community Facilities District No. 93-1 Special Tax Refunding Bonds, 2015 Series A (Improvement Area No. 16) (the “**Prior Improvement Area No. 16 Bonds**”). The Improvement Area No. 16 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 16 of the Community Facilities District. The refunding of the Prior Improvement Area No. 16 Bonds will cause a simultaneous refunding of the Beaumont Financing Authority of its 2015 Local Agency Refunding Revenue Bonds, Series D (Improvement Area No. 16) (the “**2015 Improvement Area No. 16 BFA Bonds**,” and with the 2015 Improvement Area No. 7A1 BFA Bonds, the 2015 Improvement Area No. 19A BFA Bonds and the 2015 Improvement Area No. 18 BFA Bonds, the “**Prior BFA Bonds**”). See Appendix A “INFORMATION REGARDING THE TAXING JURISDICTIONS — Community Facilities District (Improvement Area No. 16).”

CFD No. 93-1 (Improvement Area No. 8B) 2025 Special Tax Refunding Bonds: \$3,500,000* City of Beaumont CFD No. 93-1 (Improvement Area No. 8B) 2025 Special Tax Refunding Bonds (the “**Improvement Area No. 8B Bonds**”) being issued by the Community Facilities District to refund the outstanding Community Facilities District No. 93-1 Improvement Area No. 8B Special Tax Refunding Bonds, Series 2017A (the “**Prior Improvement Area No. 8B Bonds**,” and with the Prior Improvement Area No. 7A1 Bonds, the Prior Improvement Area No. 19A Bonds, the Prior Improvement Area No. 18 Bonds and the Prior Improvement Area No. 16 Bonds, the “**Prior Bonds**”). The Improvement Area No. 8B Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 8B of the Community Facilities District. See Appendix A “INFORMATION REGARDING THE TAXING JURISDICTIONS — Community Facilities District (Improvement Area No. 8B).”

Improvement Area Nos. 7A1, 19A, 18, 16 and 8B of the Community Facilities District are collectively referred to in this Official Statement each as a “Taxing Jurisdiction” and collectively as the “Taxing Jurisdictions.”

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 Local Obligations are being issued pursuant to the Mello-Roos Act and five separate bond indentures, dated as of July 1, 2025, each by and between the Community Facilities District and Zions Bancorporation, National Association, as trustee (each, a “Local Obligation Indenture” and together, the “Local Obligation Indentures”)

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 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 with respect to the Bonds (other than the Administrative Expense Fund, the Rebate Fund and the Surplus Fund); and

* Preliminary, subject to change.

(c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds (other than investment income on moneys held in the Administrative Expense Fund, the Rebate Fund and the Surplus Fund).

Certain Funds Not Pledged. Amounts held in the Administrative Expense Fund, the Rebate Fund and the Surplus Fund are not pledged to the repayment of the Bonds.

See “SECURITY FOR THE BONDS — Revenues and Flow of Funds” 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 Account”). The Insurer has made a commitment to issue, simultaneously with the initial issuance of the Bonds, the Reserve Policy in the amount equal to the Reserve Requirement for deposit in the Reserve Fund, effective as of the date of issuance of the Bonds. See “SECURITY FOR THE BONDS — Revenues and Flow of Funds” and “— Reserve Fund” herein.

Bond Insurance. Concurrently with the issuance of the Bonds, the Insurer will issue the Policy for the Bonds. See the caption “BOND INSURANCE.” A specimen of the Policy is set forth in Appendix H.

Local Obligations. Each series of Local Obligations are secured by Net Special Taxes collected in the applicable Taxing Jurisdictions as a result of the levy of Special Taxes. Net Special Taxes are the Gross Taxes which remain after the payment of Administrative Expenses up to the amount permitted by the applicable Local Obligation Indenture. See “SECURITY FOR THE LOCAL OBLIGATIONS — Local Obligation Indentures.

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 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, including from the prepayment of Special Taxes from within a Taxing Jurisdiction. 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 City

The City is located in the western portion of the County of Riverside (the “County”), California and encompasses approximately 30.9 square miles. The City was incorporated in 1912 as a general law city. As of January 1, 2024, the City had a population of approximately 57,416.

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

The Authority

The Authority is a joint exercise of powers authority between the City and the City of Beaumont Parking Authority organized and existing pursuant to the Act. The purpose of the Authority is to provide, through the issuance of revenue bonds, a financing pool to fund capital improvement projects. These revenue bonds are to be repaid solely from the revenues of certain public obligations. The Authority has no taxing power. The City Council acts as the governing body of the Authority.

Professionals Involved in the Offering

All proceedings in connection with the issuance of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel and Disclosure Counsel. Slovak Baron Empey Murphy & Pinkney LLP, Palm Springs, California, will render a legal opinion on certain matters for the Authority and the Community Facilities District. Spicer Consulting Group, LLC, Murrieta, California is acting as Special Tax Consultant to the City. 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 is serving as Underwriter’s Counsel. Causey Public Finance LLC, will provide escrow verification services.

Payment of the fees of Bond Counsel, Disclosure Counsel, the Underwriter and counsel to the Underwriter is contingent upon issuance of the Bonds. Stradling Yocca Carlson & Rauth LLP, represents the Underwriter in connection with financings unrelated to the Authority, the City and the Community Facilities District.

Continuing Disclosure

The Authority will enter into a Continuing Disclosure Agreement with Spicer Consulting Group, LLC, 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 10 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 10, 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 AGREEMENT.” 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 and the Refunding Plan

Acquisition of the Local Obligations. The Authority is issuing the Bonds to purchase the Local Obligations.

Refunding of the Prior Bonds and Prior BFA Bonds. Certain proceeds of the Local Obligations together with certain other funds will be deposited into the Escrow Funds pursuant to the Escrow Agreements. Funds deposited into the Escrow Funds pursuant to the Escrow Agreements will be used to refund and redeem each of the Prior Bonds and, with respect to the Escrow Fund for the applicable Prior Bonds, cause a simultaneous refunding and redemption of the Prior BFA Bonds issued in connection therewith, as follows:

(a) **Prior Improvement Area No. 7A1 Bonds:** Proceeds of the Improvement Area No. 7A1 Bonds deposited into an Escrow Fund relating to the Prior Improvement Area No. 7A1 Bonds will be used to redeem the outstanding Prior Improvement Area No. 7A1 Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(b) **Prior Improvement Area No. 19A Bonds:** Proceeds of the Improvement Area No. 19A Bonds deposited into an Escrow Fund relating to the Prior Improvement Area No. 19A Bonds will be used to redeem the outstanding Prior Improvement Area No. 19A Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(c) **Prior Improvement Area No. 18 Bonds:** Proceeds of the Improvement Area No. 18 Bonds deposited into an Escrow Fund relating to the Prior Improvement Area No. 18 Bonds will be used to redeem the outstanding Prior Improvement Area No. 18 Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(d) **Prior Improvement Area No. 16 Bonds:** Proceeds of the Improvement Area No. 16 Bonds deposited into an Escrow Fund relating to the Prior Improvement Area No. 16 Bonds will be used to redeem the outstanding Prior Improvement Area No. 18 Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(e) **Prior Improvement Area No. 8B Bonds:** Proceeds of the Improvement Area No. 8B Bonds deposited into an Escrow Fund relating to the Prior Improvement Area No. 8B Bonds will be used to redeem the outstanding Prior Improvement Area No. 8B Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

Certain moneys in the existing funds and accounts relating to the Prior Bonds and the Prior BFA Bonds also will be transferred to the Escrow Funds and be applied to the defeasance and redemption of the Prior Bonds and the Prior BFA Bonds. See “— Estimated Sources and Uses of Funds” below. See also “MISCELLANEOUS — Verification of Mathematical Accuracy” below.

Estimated Sources and Uses of Funds

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

	<i>Total</i>
Sources:	
Principal Amount of the Bonds	\$
[Plus/Less] Original Issue [Premium/Discount]	
Less Underwriter's Discount	<u>0</u>
Total Sources	<u>\$</u>
Uses:	
Purchase of Local Obligations ⁽¹⁾	\$
Costs of Issuance ⁽²⁾	
Total Uses	<u>\$</u>

(1) Proceeds of the Bonds will be used to acquire the Local Obligations. See the sources and uses of funds for the Local Obligations below.

(2) The Trustee will retain and deposit in the Costs of Issuance Fund each Taxing Jurisdiction's proportionate share of the costs of issuance of the Bonds.

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

	<i>Improvement Area No. 7A1 Bonds</i>	<i>Improvement Area No. 19A Bonds</i>	<i>Improvement Area No. 18 Bonds</i>	<i>Improvement Area No. 16 Bonds</i>	<i>Improvement Area No. 8B Bonds</i>
Sources					
Principal Amount	\$	\$	\$	\$	\$
[Plus/Less] Original Issue [Premium/Discount]					
Plus Prior Funds					
Less Underwriter's Discount	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Sources	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Uses					
Escrow Funds ⁽¹⁾	\$	\$	\$	\$	\$
Costs of Issuance ⁽²⁾					
Total Uses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

(1) See "FINANCING PLAN—Purpose of Issue and the Refunding Plan."

(2) Reflects each Taxing Jurisdiction's proportionate share of the costs of issuance of the Bonds.

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 will be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner as of the Record Date immediately preceding each Interest Payment Date. Interest will be paid by check of the Trustee mailed on the Interest Payment Date by first class mail, postage prepaid, to the Owner at the address as it appears on the Bond Register or by wire transfer to an account in the United States of America upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds of a Series provided to the Trustee, in writing, at least five (5) Business Days before the Record Date for such Interest Payment Date. 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 after a Record Date (the 15th calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day) and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2026 in which event it will bear interest from the Dated Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon, or from the Dated Date if no interest has been paid or made available for payment.

Redemption*

Optional Redemption. The Bonds maturing on or before September 1, 2035 are not subject to optional redemption prior to maturity. The Bonds maturing on or after September 1, 2036 may be redeemed at the option of the Authority, from any source of available funds, prior to maturity on any date on or after September 1, 2035 as a whole, or in part from maturities of the Local Obligations simultaneously redeemed, if any redemption of Local Obligations is being made in conjunction with such optional redemption, and otherwise from such maturities as are selected by the Authority, at a redemption price equal to the par amount of the Bonds to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

* *Preliminary, subject to change.*

If the source of funds to optionally redeem the Bonds is to be from a redemption of a Local Obligation, then prior to consenting to the optional redemption of any Local Obligation which it has purchased and is held under the Indenture, the Authority will deliver to the Trustee a certificate of an Independent Accountant or an Independent Financial Consultant verifying that, following such optional redemption of the Local Obligations and redemption of Bonds, the principal and interest generated from the remaining Local Obligations is adequate to make the timely payment of principal and interest due on the Bonds remaining Outstanding following such optional redemption.

Special Redemption. The Bonds are subject to special redemption on any Interest Payment Date from proceeds of early redemption of Local Obligations from the prepayment of Special Taxes within a Taxing Jurisdiction, in connection with Local Obligations, in whole or in part, from maturities corresponding proportionately to the maturities of the Local Obligations simultaneously redeemed, at the principal amount thereof, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest to the date of redemption thereof:

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

The total number of Special Tax prepayments to date within the Taxing Jurisdictions is set forth in the table below. The most recent Special Tax prepayments within Improvement Area No. 7A1 and Improvement Area No. 19A occurred on March 14, 2023 and March 16, 2018, respectively.

CITY OF BEAUMONT
SUMMARY OF PREPAYMENTS OF SPECIAL TAXES WITHIN THE TAXING JURISDISCTIONS

<i>Taxing Jurisdictions</i>	<i>Total Original Parcels</i>	<i>Fully Prepaid Parcels</i>	<i>Parcels Projected to be Levied in Fiscal Year 2025-26</i>
Improvement Area No. 7A1	537	53	484
Improvement Area No. 19A	546	4	542
Improvement Area No. 18	194	1	193
Improvement Area No. 16	241	1	240
Improvement Area No. 8B	<u>192</u>	<u>0</u>	<u>192</u>
Total	1,710	59	1,651

Source: Spicer Consulting Group, LLC.

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, in part, on September 1, 20__, and on each September 1 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<i>Redemption Date (September 1)</i>	<i>Redemption Amount</i>
20__	\$
20__	
20__ (maturity)	

The Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, in part, on September 1, 20__, and on each September 1 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<i>Redemption Date (September 1)</i>	<i>Redemption Amount</i>
20__	\$
20__	
20__ (maturity)	

The Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, in part, on September 1, 20__, from a sinking fund payment at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<i>Redemption Date (September 1)</i>	<i>Redemption Amount</i>
20__	\$
20__ (maturity)	

The Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, in part, on September 1, 20__, and on each September 1 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<i>Redemption Date (September 1)</i>	<i>Redemption Amount</i>
20__	\$
20__	
20__	
20__	
20__	
20__ (maturity)	

In the event that Bonds maturing on September 1, 20__, September 1, 20__, September 1, 20__ and September 1, 20__ are redeemed pursuant to the optional or special redemption provisions described above, the sinking fund payments for the applicable Series will be reduced as nearly as practicable on a proportionate basis in integral multiples of \$5,000.

Notice of Redemption. So long as the Bonds are held in book-entry form, notice of redemption will be sent by the Trustee to DTC and not to the Beneficial Owners of the 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. See Appendix G — “DTC AND THE BOOK-ENTRY-ONLY SYSTEM.”

The Trustee on behalf, and at the expense of, the Authority shall send notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Bond Register, and to the Securities Depositories and to the Information Services, at least twenty (20) but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice so sent nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date,

the redemption place and the redemption price and shall designate the CUSIP numbers, Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue after the redemption date.

In addition to the foregoing notice, further notice shall be sent by the Trustee in said form to any Bondowner whose Bond has been called for redemption but who has failed to submit his Bond for payment by the date which is sixty days after the redemption date, but no defect in said further notice nor any failure to give or receive all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption.

Unless funds for the optional redemption of any Bonds are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Bondowners, such notice shall state that such redemption is subject to the deposit of funds by the Authority. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall send notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Selection of Bonds of a Maturity for Redemption. Unless otherwise provided under the Indenture, whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 authorized denominations, and such separate authorized denominations shall be treated as separate Bonds which may be separately redeemed.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

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

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 “THE BONDS — 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 “THE BONDS — Book-Entry Only System.”

Transfer of Bonds. Subject to the book-entry only provisions of the Indenture, 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 duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond is 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. No Bonds selected for redemption will be subject to transfer pursuant to the Indenture nor will any Bond be subject to transfer during the fifteen days prior to the 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 Trust 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. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange will be paid by the Authority.

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. 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 destroyed in accordance with the retention policy of the Trustee then in effect. 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 early redemptions of Bonds prior to maturity (other than mandatory sinking fund redemption):

TABLE 1
ANNUALIZED DEBT SERVICE SCHEDULE FOR THE BONDS

<i>Year Ending September 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>
2026	\$	\$	\$
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
Total	\$	\$	\$

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 early redemptions of Local Obligations prior to their respective maturities (other than mandatory sinking fund redemption).

TABLE 2
ANNUALIZED DEBT SERVICE SCHEDULE FOR THE LOCAL OBLIGATIONS

<i>Bond Year Ending September 1</i>	<i>Improvement Area No. 7A1 Bonds</i>	<i>Improvement Area No. 19A Bonds</i>	<i>Improvement Area No. 18 Bonds</i>	<i>Improvement Area No. 16 Bonds</i>	<i>Improvement Area No. 8B Bonds</i>	<i>Total</i>
2026	\$	\$	\$	\$	\$	\$
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						
2042						
2043						
2044						
2045						
Total	\$	\$	\$	\$	\$	\$

Source: Underwriter.

Debt Service Coverage for the Bonds

Scheduled payments of principal of and interest on the Bonds equals 100% of the projected Revenues that will be generated by the anticipated payment of debt service on each of the Local Obligations while the Bonds are outstanding. According to the Special Tax Consultant, based on the annual debt service for the Local Obligations, with respect to each Taxing Jurisdiction, the Special Taxes levied at the maximum Special Tax rates under the related Rate and Method (as defined below), less estimated Administrative Expenses and assuming no delinquencies, would 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.”

SECURITY FOR THE BONDS

General

As described below, the Bonds are payable primarily from Revenues consisting primarily of amounts received by the Authority as the result of its acquisition of the Local Obligations.

The Bonds are special obligations of the Authority payable solely from and secured solely by the Revenues and amounts in certain funds and accounts pledged therefor in the Indenture. The Bonds are not a debt or liability of the City, the State of California or any political subdivisions thereof other than the Authority to the limited extent described herein. The faith and credit of the Authority is not pledged to secure the payment of Bonds, nor is any of its political subdivisions liable therefor, nor in any event shall the Bonds or any interest or redemption premium thereunder be payable out of any funds or properties other than those of the Authority as set forth in the Indenture. The Authority has no taxing power.

Revenues and Flow of Funds

Bonds; Revenues. Subject to the provisions of the Indenture, the Bonds are secured by a first lien on and pledge (which shall be effected in the manner and to the extent provided in the Indenture) of all of the Revenues. The Bonds are equally secured by a pledge, charge and lien upon the Revenues 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 Bonds are secured by an exclusive pledge, charge and lien upon the Revenues. So long as any of the Bonds are Outstanding, the Revenues shall not be used for any purpose except as is expressly permitted by the Indenture.

Collection by the Trustee. The Authority has transferred in trust, granted a security interest in and assigned to the Trustee, for the benefit of the Owners from time to time of the Bonds, respectively, 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 is 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 is entitled to and, subject to the provisions of the Indenture, the Trustee will 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 City and the Community Facilities District under the Local Obligations.

Deposit of Revenues. All Revenues derived from the Local Obligations, other than Local Obligation Delinquency Revenues, 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 an issue of Local Obligations will be first applied to make payments required pursuant to the Indenture upon the occurrence of an Event of Default and next to be deposited to the Reserve Fund to replenish the amount on deposit therein to the Reserve Requirement, or to reimburse the Insurer for Policy Costs.

Application of Revenues. On each Interest Payment Date, 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:

Interest Account. On each Interest Payment Date, the Trustee shall 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 becoming due and payable on such Interest Payment Date on all Outstanding Bonds on such date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity). In the event that the amounts on deposit in the Interest Account on any Interest Payment 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 Outstanding Bonds, the Trustee shall apply such amounts to the payment of interest on each of the Outstanding Bonds on a pro rata basis.

Principal Account. On each September 1 on which principal of the Bonds shall be payable, the Trustee shall 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 date, or required to be redeemed on such date pursuant to the Indenture; provided, however, that no amount shall be deposited to effect an optional redemption of Bonds pursuant to the Indenture unless the Trustee has first received a certificate of an Independent Accountant or an Independent Financial Consultant certifying 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 Community Facilities District continues to make timely payments on all Local Obligations not then in default. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Bonds at the maturity thereof or (ii) paying the principal of and premium (if any) on any Bonds upon the redemption thereof pursuant to the Indenture.

Reserve Fund. On each Interest Payment Date on which the balance in the Reserve Fund is less than the Reserve Requirement, or amounts are due to an insurer under a Reserve Credit Facility, after making deposits to the Interest Account and the Principal Account as described above, the Trustee shall transfer from the Revenue Fund, an amount sufficient to increase the balance in the Reserve Fund to the Reserve Requirement or to reimburse an insurer for draws under a Reserve Credit Facility, by depositing the amount necessary to make the various accounts therein equal to, together, the Reserve Requirement, provided the value of the moneys deposited therein, as invested, shall be valued at market value on such transfer date for purposes of making such determination; and provided, further, that the replenishment of the accounts of the Reserve Fund shall be made in accordance with the Indenture as described under “—Reserve Fund” below.

Deficiencies. If on any Interest Payment Date or date for redemption the amount on deposit in the Revenue Fund is inadequate to make the transfers above as a result of a payment default on an issue of Local Obligations, the Trustee will immediately notify the issuer of such Local Obligations of the amount needed to make the required deposits under “— *Application of Revenues.*” In the event that following such notice the Trustee receives Local Obligations Delinquency Revenues from the issuer of such Local Obligation to cure such shortfall, the Trustee shall deposit such amounts to the Revenue Fund for application in accordance with the Indenture. The Trustee shall disburse or transfer all Revenues representing Local Obligations Delinquency Revenues of the Community Facilities District first to cure any event of default on the Bonds caused by the

nonpayment of the Local Obligations of such Taxing Jurisdiction and then to replenish the amount in the Reserve Fund to the Reserve Requirement, subject to the limitations described under the caption “—Reserve Fund” below.

Rebate Fund. On each Interest Payment Date after making the transfers required described above, upon receipt of a Request of the Authority to do so, the Trustee shall transfer from the Revenue Fund to the Rebate Fund for deposit in the accounts therein the amounts specified in such Request of the Authority.

Surplus Fund. On September 1 of each year, after making the deposits described above, and upon reimbursement to the Insurer for any amounts owed under the Insurance Policy, the Trustee will transfer all amounts remaining on deposit in the Revenue Fund to the Administrative Expense Fund unless the Trustee has received a request of the Authority directing it to transfer all or a portion of the said amounts to the Surplus Fund, in which case the Trustee shall make the transfer to the Surplus Fund.

Reserve Fund

An account for each issue of Local Obligations will be established in the Reserve Fund (each, a “Reserve Account”). The Reserve Policy in the amount of \$_____ will be deposited into the Reserve Fund, which amount equals the Reserve Requirement as of the date of issuance of the Bonds. Each Local Obligation’s initial Proportionate Share will initially be as follows:

- \$_____ in the Improvement Area No. 7A1 Reserve Account
- \$_____ in the Improvement Area No. 19A Reserve Account
- \$_____ in the Improvement Area No. 18 Reserve Account
- \$_____ in the Improvement Area No. 16 Reserve Account
- \$_____ in the Improvement Area No. 8B Reserve Account

The Indenture defines “Proportionate Share” to mean as of the date of calculation for any issue of the Local Obligations, the ratio derived by dividing the outstanding principal amount of such Local Obligations by the principal amount of the Outstanding Bonds.

The aggregate of the foregoing amounts is equal to the Reserve Requirement as of the date of issuance of the Bonds, which is an amount equal to the lowest of (i) 10% of the initial principal amount of the Bonds, (ii) Maximum Annual Debt Service on the Outstanding Bonds, or (iii) 125% of average Annual Debt Service on the Outstanding Bonds. Pursuant to the Indenture, the Reserve Requirement shall never be greater than the initial Reserve Requirement. In the event that the amount of the Reserve Requirement is changed, the Trustee will, upon receipt of a Request of the Authority, adjust the shares of each Reserve Account to reflect the new Reserve Requirement.

The Insurer has made a commitment to issue, simultaneously with the initial issuance of the Bonds, the Reserve Policy in the amount equal to the Reserve Requirement for deposit in the Reserve Fund, effective as of the date of issuance of the Bonds. Under the terms of the Reserve Policy, the Insurer will unconditionally and irrevocably guarantee to pay that portion of the scheduled payments of principal of and interest on the Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the Authority, to the extent set forth in the Reserve Policy and in the Indenture. See Appendix B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—AUTHORITY INDENTURE—REVENUES; FLOW OF FUNDS—Reserve Fund” for provisions relating to the Reserve Policy.

Subject to the limitations set forth in the following paragraph, moneys in the Reserve Fund will be used to pay the principal of and interest on the Bonds when the moneys in the Interest Account and the Principal Account of the Revenue Fund are insufficient therefor. In addition, amounts in the Reserve Fund may be applied (i) in connection with an optional redemption of Bonds or a defeasance thereof, (ii) when the balance therein equals the principal and interest due on the Bonds to and including maturity, (iii) credited to a

Taxing Jurisdiction as a result of a reduction in the Reserve Requirement resulting from the redemption of the Local Obligations relating to such Taxing Jurisdiction and the Bonds so redeemed in connection therewith, or (iv) when amounts in certain accounts of the Reserve Fund are transferred to the Interest Account and the Principal Account as a credit against the payments due on the Local Obligations in the event amounts in a Reserve Account are sufficient to repay the remaining principal and interest due on the related Local Obligations that will be applied to the Bonds, as specified below.

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 or mandatory sinking fund payments on the Bonds when due, the Trustee shall withdraw from the applicable Reserve Account or Reserve Accounts an amount equal to the deficiency resulting from the delinquency in the payment of scheduled debt service on the applicable Series of Local Obligations and transfer such amount to the Interest Account, the Principal Account or both, as applicable. If there are insufficient funds on deposit in a Reserve Account to cover a deficiency resulting from the delinquency in the payment of scheduled debt service on the applicable Series of Local Obligations, the Trustee shall withdraw from each of the other Reserve Accounts an amount based upon the Proportionate Share applicable to each such Reserve Account of such remaining deficiency and transfer such amounts to the Interest Account, the Principal Account or both, as applicable.

Upon the transfer by the Trustee to the Reserve Fund of delinquent Revenues, such Revenues shall be allocated to the Reserve Accounts as follows:

First, to the Insurer to reimburse it for all Policy Costs due as a result of a draw on the Reserve Policy and reimbursement of amounts with respect to any other Reserve Credit Facility due as a result of delinquencies on the Local Obligations of the Taxing Jurisdiction. Such reimbursements shall be credited first to each Reserve Account for any series of Local Obligations, other than the Reserve Account to which such delinquent Revenues relate on a Proportionate Share basis if such reimbursements are owing as a result from draws due to delinquencies in the payment of scheduled debt service on that series of Local Obligations from which such delinquent Revenues were received. Such reimbursements will next be credited to the Reserve Account for the series of Local Obligations from which the delinquent Revenues were received.

Second, to the Reserve Account for any series of Local Obligations, other than the Reserve Account to which such delinquent Revenues relate, that amount necessary to increase the amount on deposit in such account to the Reserve Requirement on a Proportionate Share basis if the deficiency in the amount on deposit in such account resulted from draws on such account due to delinquencies in the payment of scheduled debt service on that series of Local Obligations from which such delinquent Revenues were received. In the event that such delinquent Revenues are not sufficient to increase the amount on deposit in each of the applicable Reserve Accounts to the Reserve Requirement, a Proportionate Share of such delinquent Revenues shall be deposited in each such Reserve Account.

Third, after increasing the amount on deposit in each applicable Reserve Account to the applicable Proportionate Share of the Reserve Requirement pursuant to the second step, to the Reserve Account for the series of Local Obligations from which the delinquent Revenues were received that amount necessary to replenish the amount on deposit in such Reserve Account to the applicable Proportionate Share of the Reserve Requirement.

Fourth, after making all deposits pursuant to the three steps above, the remaining delinquent Revenues, if any, shall be transferred to the Revenue Fund.

When amounts in a Reserve Account are sufficient to repay the remaining principal and interest due on the related Local Obligations that will be applied to the Bonds, such amounts will be transferred to the Interest Account and the Principal Account as a credit against the payments due on such Local Obligations, with the amount transferred from a Reserve Account being deposited first to the Interest Account as a credit on

the interest due on such Local Obligations on such date and the balance being deposited to the Principal Account as a credit on the principal due on such Local Obligations on such date.

Surplus Fund

Any amounts transferred to the Surplus Fund pursuant to the Indenture shall no longer be considered Revenues and are not pledged to repay the Bonds. So long as Local Obligations are outstanding, on September 1 of each year after setting aside any amount specified in a Request of the Authority as necessary to pay Administrative Expenses, the remaining balance, if any, in the Surplus Fund shall (i) be transferred by the Trustee to the City for credit to the special tax fund for the Local Obligations, and the Community Facilities District shall be credited a percentage of the total amount available on each September 1 that is equal to the percentage which each series of its outstanding Local Obligation represents of all outstanding Local Obligations held by the Trustee as of the date of disbursement or (ii) as set forth in a Request of the City be applied to the redemption of Local Obligations pursuant to the terms of the Local Obligation Indenture with each series of Local Obligations to be credited a percentage of the total amount available on each September 1 that is equal to the percentage which a series of outstanding Local Obligations represents of all outstanding Local Obligations held by the Trustee as of the date of disbursement. In the event that the Local Obligations have been redeemed or defeased in whole or in part, then such credit shall be applied among the Local Obligations based on a Certificate of an Independent Financial Consultant prepared at the direction of the Authorized Representative of the City. In the event the Community Facilities District is 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 expenses of the Authority, the City or the Community Facilities District relating to the Bonds, the Local Obligations, the Community Facilities District, or any other purpose as specified in a Request of the Authority delivered to the Trustee.

No Additional Bonds Except to Refund Bonds

The Authority may issue Additional Bonds in such principal amount as will be determined by the Authority, pursuant to a Supplemental Indenture adopted or entered into by the Authority.

Additional Bonds may only be issued subject to the following conditions precedent established by the Indenture:

(a) The Authority is in compliance with all covenants set forth in the Indenture and all Supplemental Indentures.

(b) The proceeds of such Additional Bonds will be applied to accomplish a refunding of all or a portion of the Bonds or any Additional Bonds Outstanding. The issuance of Additional Bonds to refund a portion of the Bonds or any Additional Bonds Outstanding will require the prior written consent of the Insurer.

(c) The Supplemental Indenture providing for the issuance of such Additional Bonds will provide that interest thereon will be payable on September 1 and March 1, and principal thereof will be payable on September 1 in any year in which principal is payable.

(d) Prior to the delivery of any Additional Bonds, a written certificate must be provided to the Authority and the Trustee by an Independent Financial Consultant which certifies that following the issuance of the Series of Additional Bonds and the Local Obligations, the principal and interest generated from the Local Obligations is adequate to make the timely payment of principal and interest due on the Bonds and the Series of Additional Bonds to be issued under the Indenture.

(e) The Supplemental Indenture providing for the issuance of Additional Bonds may provide for the establishment of separate funds and accounts.

(f) No Event of Default has occurred and be continuing with respect to the Bonds or any of the Local Obligations.

(g) The Authority will deliver to the Trustee a written Certificate of the Authority certifying that the conditions precedent to the issuance of such Additional Bonds set forth in subsections (a), (b), (c), (d) and (f) above have been satisfied and that, upon the issuance of such Additional Bonds an amount equal to the Reserve Requirement, as adjusted (if necessary) to reflect the issuance of such Additional Bonds will be on deposit in the Reserve Fund.

BOND INSURANCE

The information under this caption has been prepared by Assured Guaranty Inc. (the “Bond Insurer” or “AG”) for inclusion in this Official Statement. None of the Authority, the Districts or 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, AG will issue its Municipal Bond Insurance Policy (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 included as an appendix to this Official Statement.

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

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG’s financial strength rating of “AA” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Capitalization of AG

At March 31, 2025:

- The policyholders’ surplus of AG was approximately \$3,522 million.
- The contingency reserve of AG was approximately \$1,421 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,416 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025); and

- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption “BOND INSURANCE – Assured Guaranty Inc.” or included in a document incorporated by reference herein (collectively, the “AG Information”) shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading “BOND INSURANCE”.

SECURITY FOR THE LOCAL OBLIGATIONS

General

Each series of Local Obligations is a limited obligation of the Community Facilities District payable solely from Net Special Taxes (defined below) collected in the applicable Taxing Jurisdiction and amounts deposited by the Community Facilities District in the applicable Special Tax Fund. The Community Facilities District’s limited obligation to pay the principal of, premium, if any, and interest on the applicable Local Obligations from Net Special Taxes collected in the applicable Taxing Jurisdiction and amounts in the applicable Special Tax Fund is absolute and unconditional.

No Local Obligation (and no obligations issued on a parity therewith under the Local Obligation Indentures relating to the Local Obligations, each a “Local Obligation Parity Bond”) is a legal or equitable pledge, charge, lien or encumbrance upon any of the Community Facilities District’s respective property, or upon any of their income, receipts or revenues, except the Net Special Taxes collected in the applicable Taxing Jurisdiction and other amounts in the applicable Special Tax Fund which are, under the terms of each Local Obligation Indentures and the Mello-Roos Act, set aside for the payment of the Local Obligations and interest thereon and neither the respective members of the legislative body of the Community Facilities District or the City Council nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

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 held by the Trustee and funded at the Reserve Requirement will be available in the event of delinquent Revenues. See “SECURITY FOR THE BONDS — Reserve Fund” herein.

Except for the foregoing, no other taxes are pledged to the payment of the Local Obligations and Local Obligation Parity Bonds. The Local Obligations and any Local Obligation Parity Bonds are not general or special obligations of the City nor general obligations of the Community Facilities District, but are limited obligations of the Community Facilities District payable solely from amounts deposited by the Community Facilities District in certain funds established under the Local Obligation Indentures, as more fully described herein. The Community Facilities District’s limited obligation to pay the principal of, premium, if any, and interest on the Local Obligations and any Local Obligation Parity Bonds from amounts in certain funds established under the Local Obligation Indentures is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Local Obligations or any Local Obligation Parity Bonds may compel the exercise of the taxing power by the Community Facilities District (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Local Obligations and any Local Obligation Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, 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 Community Facilities District may directly bill the Special Tax, and may collect Special Taxes at a different time or in a different manner as determined by the City Council.

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 ten percent (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 Community Facilities District could 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.”

Local Obligation Indentures

The Local Obligations will be issued under separate Local Obligation Indentures to be executed and delivered in connection with such issuance. The following describes certain provisions of the Local Obligation Indentures, which are substantially similar.

Under the Local Obligation Indentures, the “Net Special Taxes” pledged by the Community Facilities District to the Local Obligations (and any related Local Obligation Parity Bonds) is defined as “Gross Special Taxes” minus amounts set aside to pay Administrative Expenses.

“Gross Special Taxes” is defined in each Local Obligation Indenture as the amount of all Special Taxes received by the Community Facilities District from the Taxing Jurisdiction, together with the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Local Obligation Indenture for

the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

“Administrative Expenses” are the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys’ fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Local Obligations or which are not otherwise paid as Costs of Issuance, any costs related to the Community Facilities District’s compliance with state and federal laws requiring continuing disclosure of information concerning the Local Obligations, the Community Facilities District, and any other costs otherwise incurred by the City on behalf of the Community Facilities District, in order to carry out the purposes of the Community Facilities District, as set forth in the Resolution of Formation and any obligation of the Community Facilities District under the Local Obligation Indenture. Administrative Expenses also include the administrative costs with respect to the collection of Delinquency Proceeds.

The portion of any Prepayment received by the Community Facilities District that is to be applied to the redemption of Local Obligations will be identified as such by the Community Facilities District and transferred to Zions Bancorporation, National Association (“Zions Bancorporation”) for deposit in the Redemption Account. Except for the foregoing portion of any Prepayment to be deposited to the Redemption Account, the Community Facilities District will, as soon as practicable, transfer the Special Taxes received by the Community Facilities District to Zions Bancorporation for deposit in the applicable Special Tax Fund to be held by Zions Bancorporation in trust for the Owners of the Local Obligations. Zions Bancorporation will transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Local Obligation Indenture, in the following order of priority, to:

- (1) The Administrative Expense Fund;
- (2) The Interest Account of the Special Tax Fund;
- (3) The Principal Account of the Special Tax Fund;
- (4) The Trustee for deposit in the Reserve Account under the Authority Indenture the amount necessary to cause the balance on deposit therein to equal the Community Facilities District’s Proportionate Share of the Reserve Requirement;
- (5) The Redemption Account of the Special Tax Fund; and
- (6) The Surplus Fund.

Each Local Obligation Indenture creates and establishes a Surplus Fund to be maintained by Zions Bancorporation. As soon as practicable after each September 1, and in any event prior to each October 1, Zions Bancorporation will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the Community Facilities District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year. The amounts in the Surplus Fund are not pledged to the repayment of the Local Obligations or any related Local Obligation Parity Bonds and may be used by the Community Facilities District for any lawful purpose.

Local Obligation Parity Bonds

The Local Obligation Indentures authorize the Community Facilities District to issue additional bonds payable from Special Taxes on a parity with the related Local Obligations but only for the purpose of refunding all or a portion of the applicable Local Obligations or Local Obligation Parity Bonds. Local

Obligations will only be refunded if a corresponding amount of Bonds is refunded. For a description of the conditions established in each Local Obligation Indentures for the issuance of Local Obligation Parity Bonds, see Appendix B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

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 or any other community facilities district special taxes. See “THE TAXING JURISDICTIONS — The Taxing Jurisdictions in the Aggregate” herein.

Covenants of the Community Facilities District

In its respective Local Obligation Indenture, the Community Facilities District has made certain covenants, certain of which are described below.

Punctual Payment. The Community Facilities District will duly and punctually pay or cause to be paid the principal of and interest on every Local Obligation and Local Obligation Parity Bond issued under its Local Obligation Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Local Obligations and Local Obligation Parity Bonds and in accordance with its Local Obligation Indenture to the extent that Net Special Taxes and other amounts pledged thereunder are available therefor, and that the payments into the Funds and Accounts created thereunder will be made, all in strict conformity with the terms of the Local Obligations, any Local Obligation Parity Bonds, and its Local Obligation Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of its Local Obligation Indenture and all Supplemental Indentures and of the Local Obligations and any Local Obligation Parity Bonds issued under its Local Obligation Indenture.

Against Encumbrance. The Community Facilities District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Special Taxes except as provided in the Local Obligation Indenture, and will not issue any obligation or security having a lien or charge upon the Net Special Taxes superior to or on a parity with the Local Obligations, other than Local Obligation Parity Bonds. Nothing in the Local Obligation Indenture shall prevent the Community Facilities District from issuing or incurring indebtedness which is payable from a pledge of Net Special Taxes which is subordinate in all respects to the pledge of Net Special Taxes to repay the Local Obligations and the Local Obligation Parity Bonds.

Levy of Special Tax. So long as any Local Obligations or Local Obligation Parity Bonds issued are Outstanding, the Community Facilities District covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay (1) the principal of and interest on the Local Obligations and Local Obligation Parity Bonds when due, (2) the Administrative Expenses, (3) any amounts required to maintain the Reserve Account of the Special Tax Fund at the Reserve Requirement, (4) any amounts required to replenish the Reserve Account under the Authority Indenture to the Proportionate Share and pay all Policy Costs resulting from the delinquency in the payment of scheduled debt service on the Local Obligations and any Local Obligation Parity Bonds, (5) and any amounts due to the Insurer not included in (1) through (4) above. The Community Facilities District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the Community Facilities District’s authority to levy the Special Tax for so long as the Local Obligations and any Local Obligation Parity Bonds are Outstanding.

Commence Foreclosure Proceedings. The Community Facilities District covenants for the benefit of the Owners of the Local Obligations and any Local Obligation Parity Bonds that it will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies within a Taxing Jurisdiction, if the Community Facilities District

determines that any single property owner subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of \$2,500 or more or as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within a Taxing Jurisdiction, then the Community Facilities District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) the Community Facilities District will cause judicial foreclosure proceedings to be filed in the Superior Court within ninety (90) days of such determination against all properties for which the Special Taxes remain delinquent; provided that, notwithstanding the foregoing, the Community Facilities District may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Account is at least equal to the Reserve Requirement and the amount in the Reserve Account for any series of Local Obligations is at least equal to the Community Facilities District's Proportionate Share. The Community Facilities District may, but shall not be obligated to, advance funds from any source of legally available funds in order to maintain the Reserve Account and the Reserve Account for any series of Local Obligations. The Community Facilities District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the Special Tax Fund.

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.

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.

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 \$629,236,146. The planned developments within the Taxing Jurisdictions are complete with residential homes. Currently, all completed homes have been conveyed to individual owners. Table 3 below shows the development status within the Taxing Jurisdictions as of March 1, 2025.

TABLE 3
CITY OF BEAUMONT
THE TAXING JURISDICTIONS IN AGGREGATE
DEVELOPMENT STATUS AS OF MARCH 1, 2025

<i>Taxing Jurisdictions</i>	<i>Approximate Gross Acres</i>	<i>Sold Dwelling Units⁽¹⁾</i>	<i>Parcels Under Development⁽²⁾</i>	<i>Undeveloped Parcels⁽³⁾</i>	<i>Total Acres of Undeveloped Land⁽⁴⁾</i>	<i>Total Parcels</i>	<i>Percent Sold to Individual Homeowners⁽⁵⁾</i>
Improvement Area No. 7A1	50.46	484	0	0	0	484	100.00%
Improvement Area No. 8B	32.43	192	0	0	0	192	100.00
Improvement Area No. 16	44.23	240	0	0	0	240	100.00
Improvement Area No. 18	40.57	193	0	0	0	193	100.00
Improvement Area No. 19A	<u>85.67</u>	<u>542</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>542</u>	<u>100.00</u>
Totals:	253.36	1,651	0	0	0	1,651	100.00%

⁽¹⁾ Equals the estimated number of completed dwelling units no longer owned by developers as of March 1, 2025.

⁽²⁾ Parcels for which building permits have been obtained as of March 1, 2025, but which have not been completed and conveyed to purchasers.

⁽³⁾ Parcels with no building permits obtained as of March 1, 2025.

⁽⁴⁾ Equals Acreage of Parcels with no building permits obtained as of March 1, 2025.

⁽⁵⁾ Equals the Sold Dwelling Units column divided by the Total Parcels column, expressed as a percentage.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

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 \$629,236,146. The aggregate principal amount of the Local Obligations is \$25,830,000*. The following tables set forth the aggregate assessed value-to-lien ratios of all the taxable property in the Taxing Jurisdictions based on Fiscal Year 2024-25 assessed values in each of the Taxing Jurisdictions and the principal amount direct and overlapping land-secured debt, including the Local Obligations.

TABLE 4
CITY OF BEAUMONT
TAXING JURISDICTIONS IN AGGREGATE
ASSESSED VALUE-TO-LIEN RATIOS

<i>Taxing Jurisdictions</i>	<i>Local Obligations^{(1)*}</i>	<i>Direct and Overlapping Land Secured Debt⁽²⁾</i>	<i>Total Debt*</i>	<i>Assessed Value⁽³⁾</i>	<i>Assessed Value-to-Lien Ratio^{(4)*}</i>
Improvement Area No. 7A1	\$7,275,000	\$0	\$7,275,000	\$160,875,336	22.11:1
Improvement Area No. 8B	3,500,000	0	3,500,000	69,292,473	19.80:1
Improvement Area No. 16	3,325,000	0	3,325,000	101,410,683	30.50:1
Improvement Area No. 18	2,285,000	0	2,285,000	77,665,698	33.99:1
Improvement Area No. 19A	<u>9,445,000</u>	<u>0</u>	<u>9,445,000</u>	<u>219,991,956</u>	<u>23.29:1</u>
Totals:	\$25,830,000	\$0	\$25,830,000	\$629,236,146	24.36:1

* Preliminary, subject to change.

⁽¹⁾ Based on aggregate principal amount of the Local Obligations.

⁽²⁾ Does not include any general obligation bonded indebtedness applicable to the Taxing Jurisdictions.

⁽³⁾ Reflects Fiscal Year 2024-25 assessed value of all taxable property in the Taxing Jurisdictions.

⁽⁴⁾ Calculated by dividing the Assessed Value column by the Total Debt column.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

* Preliminary, subject to change.

Table 5 sets forth the number of Taxing Jurisdictions and dwelling units within the Taxing Jurisdictions which will be levied to pay debt service on the Local Obligations by Bond Year through September 1, 2045, the final maturity of the Bonds.

TABLE 5
CITY OF BEAUMONT
THE TAXING JURISDICTIONS IN AGGREGATE
BY BOND YEAR

<i>Bond Year Ending September 1</i>	<i>No. of Taxing Jurisdictions⁽¹⁾</i>	<i>Dwelling Units</i>	<i>Fiscal Year 2024-25 Assessed Value</i>	<i>Total Overlapping Land Secured Debt⁽²⁾</i>	<i>Assessed Value to Lien Ratio*</i>
2025	5	1,651	\$629,236,146	\$25,830,000	24.36:1
2026	5	1,651	629,236,146	25,830,000	24.36:1
2027	5	1,651	629,236,146	25,830,000	24.36:1
2028	5	1,651	629,236,146	25,830,000	24.36:1
2029	5	1,651	629,236,146	25,830,000	24.36:1
2030	5	1,651	629,236,146	25,830,000	24.36:1
2031	5	1,651	629,236,146	25,830,000	24.36:1
2032	5	1,651	629,236,146	25,830,000	24.36:1
2033	5	1,651	629,236,146	25,830,000	24.36:1
2034	5	1,651	629,236,146	25,830,000	24.36:1
2035	3	1,218	450,159,765	20,220,000	22.26:1
2036	2	676	230,167,809	10,775,000	21.36:1
2037	2	676	230,167,809	10,775,000	21.36:1
2038	1	484	160,875,336	7,275,000	22.11:1
2039	1	484	160,875,336	7,275,000	22.11:1
2040	1	484	160,875,336	7,275,000	22.11:1
2041	1	484	160,875,336	7,275,000	22.11:1
2042	1	484	160,875,336	7,275,000	22.11:1
2043	1	484	160,875,336	7,275,000	22.11:1
2044	1	484	160,875,336	7,275,000	22.11:1
2045	1	484	160,875,336	7,275,000	22.11:1

* Preliminary, subject to change.

(1) See Table 7 for the final maturity date of the Local Obligations for each Taxing Jurisdiction.

(2) Based on outstanding the Local Obligations and Fiscal Year 2024-25 assessed values. Does not include any general obligation bonded indebtedness applicable to the Taxing Jurisdictions. Actual assessed value to lien ratios in future years will be different from the amounts set forth in this table.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Effective Tax Rates. Table 6 below shows the average effective tax rates of property with completed homes within the Taxing Jurisdictions based on the average Fiscal Year 2024-25 assessed values, the average Fiscal Year 2024-25 actual levies for all other overlapping taxing jurisdictions and the projected average Fiscal Year 2025-26 Special Tax levy for each Taxing Jurisdiction. Based on the foregoing, the projected average effective tax rate for the parcels within the Taxing Jurisdictions ranges from approximately 1.80% to 2.10%.

TABLE 6
CITY OF BEAUMONT
THE TAXING JURISDICTIONS IN AGGREGATE
AVERAGE DWELLING UNIT EFFECTIVE TAX RATES

<i>Taxing Jurisdictions</i>	<i>Average Fiscal Year 2024-25 Assessed Value – Completed Dwelling Unit</i>	<i>Projected Average Fiscal Year 2025-26 Taxing Jurisdiction Special Tax</i>	<i>Average Fiscal Year 2024-25 Ad Valorem Taxes Per Completed Dwelling Unit</i>	<i>Average Other Taxes and Assessments Per Completed Dwelling Unit</i>	<i>Average Effective Tax Rate - Completed Dwelling Unit</i>
Improvement Area No. 7A1	\$332,387.06	\$1,248.82	\$4,311.09	\$430.87	1.80%
Improvement Area No. 8B	360,898.30	2,221.86	4,680.89	662.17	2.10
Improvement Area No. 16	422,544.51	2,088.61	5,480.44	804.36	1.98
Improvement Area No. 18	402,412.94	1,812.84	5,219.34	802.84	1.95
Improvement Area No. 19A	405,889.22	2,338.59	5,264.42	874.80	2.09

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Top Taxpayers within the Taxing Jurisdictions. No single owner owns more than four parcels within any one Taxing Jurisdiction, and no single taxpayer is projected to be responsible for more than 0.73% of Fiscal Year 2025-26 Special Taxes within any one Taxing Jurisdiction. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.”

Delinquencies. Special Taxes were levied against 1,651 parcels in the Taxing Jurisdictions in Fiscal Year 2024-25. For the Fiscal Year 2024-25 Special Tax levy, as of April 25, 2025, 51 parcels were delinquent in the payment of the Special Tax levy. For the Special Tax levies, collections and delinquency rates in each of the Taxing Jurisdictions see Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.”

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 2 under the heading “THE BONDS – Estimated Debt Service Schedules: Bonds and Local Obligations” herein.

TABLE 7
CITY OF BEAUMONT
SUMMARY OF LOCAL OBLIGATIONS

<i>Taxing Jurisdictions</i>	<i>Maturity Date (September 1)</i>	<i>Principal Amount*</i>
Improvement Area No. 7A1	2045	\$ 7,275,000
Improvement Area No. 19A	2035	9,445,000
Improvement Area No. 18	2034	2,285,000
Improvement Area No. 16	2034	3,325,000
Improvement Area No. 8B	2037	3,500,000
Total		\$ 25,830,000

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 District 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. 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 Community Facilities District’s legal obligations with respect to any delinquent Special

* Preliminary, subject to change.

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 Community Facilities 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 Community Facilities 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 inability of the Authority to make full or timely payment on the Bonds.

No Obligation of the City

The Local Obligations and the interest thereon, and in turn, the Bonds, are not payable from the general funds of the City. Except with respect to the Special Taxes, neither the credit nor the taxing power of the Community Facilities District or the City 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 Community Facilities District or the City or force the forfeiture of any property of the City or the Community Facilities District. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or the Community Facilities District or a legal or equitable pledge, charge, lien or encumbrance upon any of the City's or the Community Facilities District's property or upon any of the City's or the Community Facilities District's income, receipts or revenues, except the Revenues and other amounts pledged under the Indenture.

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 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."

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. See "THE BONDS — Redemption — *Special Redemption*."

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 all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within the Taxing Jurisdictions. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. According to the Seismic Safety Commission, the area within the Taxing Jurisdictions are located within Zone 4, which is considered to be the highest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major earthquake faults, and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the property within the Taxing Jurisdictions are located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Study Zone).

The Taxing Jurisdictions are not located within a 500-year floodplain. Notwithstanding the foregoing, property in the Taxing Jurisdictions may be subject to unpredictable seismic activity, fires, flood, or other natural disasters.

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 particular, certain electrical operators in the State have seen their distribution/transmission lines cause billions of dollars in property damage and the loss of lives. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in the State, causing wide-spread damage. In 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. Riverside County is also periodically subject to large-scale wildfires and is expected to be subject to wildfires in the future. In recent years, wildfires have burned hundreds of acres at a time and destroyed dozens of homes and structures in Riverside County. The City is located in the San Geronio Pass between the San Bernardino Mountains and the San Jacinto Mountains. Both mountain regions are heavily forested and routinely subject to forest fires.

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

In the event of a major fire or other natural disaster affecting the Taxing Jurisdictions, a similar order affecting the Taxing Jurisdictions could impact the debt service payment for the Bonds.

On March 24, 2025, CAL Fire released an updated Fire Hazard Severity Zone (“FHSZ”) map for the Southern California region which evaluates “hazard,” being the likelihood and expected fire behavior over a 30 to 50-year period without considering mitigation measures such as home hardening, recent wildfire or fuel reduction efforts. On the other hand, “Risk” is the potential damage a fire can do to the area under existing conditions, accounting for any modifications such as fuel reduction projects, defensible space, and ignition resistant building construction. Pursuant to Sections 4201-4204 of the California Public Resources Code, the State Fire Marshal is mandated to classify the state responsibility areas (the “SRAs”), where the state has financial responsibility for wildfire protection and prevention, into FHSZs. These zones are classified as either “Moderate,” “High” or “Very High” and are based on statewide criteria and severity of fire hazard that is expected to prevail in those areas. Each zone embraces relatively homogeneous lands and is based on fuel loading, slope, fire weather, and other relevant factors present, including areas where winds have been identified as a major cause of wildfire spread. In areas designated as the local responsibility areas (the “LRAs”), where local agencies have financial responsibility for wildfire protection and prevention, local agencies must adopt a FHSZ map and all three FHSZ classes. The LRAs map process will happen after the SRAs map process has been completed, which is estimated to occur in the winter of 2025. For more information, see the CAL Fire website. Portions of three of the Taxing Jurisdictions (Improvement Area Nos. 19A, 18 and 16) are located within an area designated as a High or Very High FHSZ.

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 Jurisdiction. 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.

Property Insurance

In recent years, homeowners in many areas in the State have experienced significant increases in premiums for property and homeowners’ insurance policies as well as difficulty in obtaining such insurance from commercial insurance companies. The increases have been driven by, among other factors, the risk of wildfire damage to property in the State.

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

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 Community Facilities 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 Community Facilities 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 City, like many other public and private entities, relies on computer and other digital networks and systems to conduct their operations. The City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the efforts of the City to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the levy and collection of Special Taxes or the payment of debt service on the Bonds.

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 Community Facilities District or the City 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 Community Facilities District or the City 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 Community Facilities District or the City, 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 Community Facilities District has 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 City 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 the Community Facilities District and each Improvement Area over the last five Fiscal Years.

See “SECURITY FOR THE LOCAL OBLIGATIONS — Covenants of the Community Facilities District — *Commence Foreclosure Proceedings*,” for a discussion of the provisions which apply, and procedures which the Community Facilities District is obligated to follow under the Local Obligation Indentures, 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 Community Facilities District’s ability to foreclose on the lien of the Special Taxes in certain circumstances.

The Community Facilities District has the authority and the obligation, subject to the Mello-Roos Act and the maximum Special Tax rates set forth in each 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, the 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 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, the 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 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 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 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 Insurer and its claims-paying ability. The Insurer’s financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the Bonds. See the caption “MISCELLANEOUS—Ratings.”

None of the Authority, the Community Facilities District, the City or the Underwriter has made an independent investigation of the claims-paying ability of the Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is being made by the Authority, the Community Facilities District, the City 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 Insurer through final maturity of the Bonds.

So long as the Policy remains in effect and the Insurer is not in default of its obligations thereunder, the 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 Insurer is not required to obtain the consent of the Owners of the Bonds with respect to the exercise of remedies. See Appendix B.

FDIC/Federal Government Interests in Properties

General. The ability of the Community Facilities District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the 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 the Community Facilities District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association (“FNMA”) is a federal instrumentality for

purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The Community Facilities District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the 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 the Community Facilities District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special 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 Community Facilities District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within 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 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, the Community Facilities District, under certain circumstances, is required to commence enforcement proceedings as described under the heading "SECURITY FOR THE LOCAL OBLIGATIONS — Covenants of the Community Facilities District." However, prosecution of such proceedings could be delayed due to crowded local court calendars, dilatory legal tactics, or bankruptcy. It is also possible that the Community Facilities District will be unable to realize proceeds in an amount sufficient to pay the applicable delinquency. Moreover, the ability of the 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 Indentures by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public corporations such as the Community Facilities District.

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 Community Facilities District and prior to payment by Zions Bancorporation of debt service on the Local Obligations, such funds may be invested in the name of the City or the Community Facilities 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 Community Facilities District 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 — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — SUMMARY OF AUTHORITY INDENTURE — EVENTS OF DEFAULT AND REMEDIES."

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 City or the Community Facilities District in violation of covenants in the Indenture or the Local Obligation Indentures, 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 AGREEMENT.” 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 XIIC and Article XIID to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” The provisions of the Initiative continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes available to the Community Facilities District to pay the principal of and interest on the 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 XIIC of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the 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 “SPECIAL RISK FACTORS — Limitations on Remedies.”

Ballot Initiatives

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 City, or the Community Facilities District 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 District

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 XIIC, 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 three years ago. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the Community Facilities District believes that no successful challenge to the their respective Special Taxes being levied in accordance with the applicable Rate and Method may now be brought.

LEGAL MATTERS

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on

individuals. However, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

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

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

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

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

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

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

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

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. The 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 Stradling Yocca Carlson & Rauth LLP, Newport Beach, 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 (and original issue discount) 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"), is expected to assign the rating of "AA" to the Bonds based upon the delivery of the Policy by the Insurer at the time of issuance of the Bonds. See "BOND INSURANCE" herein.

In addition, S&P has assigned its underlying rating of "A+" 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 City, the Authority or the Community Facilities District 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 Agreement 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 City, the Authority, the Community Facilities District or the Underwriter makes any representation as to the Insurer's creditworthiness or any representation that the 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 Insurer. See the caption "BOND INSURANCE" for further information relating to the Insurer.

Verification of Mathematical Accuracy

Causey Public Finance LLC, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the Underwriter, relating to the sufficiency of moneys and securities deposited into the Escrow Funds to pay, when due, the principal, whether at maturity or upon prior redemption, and interest requirements of the Prior Bonds and the Prior BFA Bonds.

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

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Inc. (the “Underwriter”), at a purchase price of \$_____ (representing the par amount of the Bonds, plus original issue [premium/discount] 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 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 City and to persons and entities with relationships with the Authority or City, 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 City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority or City.

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 City.

Continuing Disclosure

The Authority will execute a Continuing Disclosure Agreement by and between the Authority and Spicer Consulting Group, LLC, as Dissemination Agent, 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 AGREEMENT.” The Continuing Disclosure Agreement will be executed and delivered by the Authority in order to assist the Underwriter in complying with the Rule. The Annual Reports are to be filed by the Authority no later than the February 10 after the end of the Authority’s Fiscal Year, which is currently June 30. The first Annual Report will be due February 10, 2026.

The City will assist the Authority in preparing the Annual Reports. In order to ensure ongoing compliance by the District with its continuing disclosure undertaking, (i) City staff will take steps to ensure that the filing due date is correctly documented in policies and procedures and a single City staff member has been assigned primary responsibility to monitor compliance; and (ii) the City has contracted with Spicer Consulting Group, LLC to assist in filing accurate, complete and timely disclosure reports on behalf of the

Authority. In addition, the City has adopted policies and procedures with respect to its continuing disclosure practices.

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.

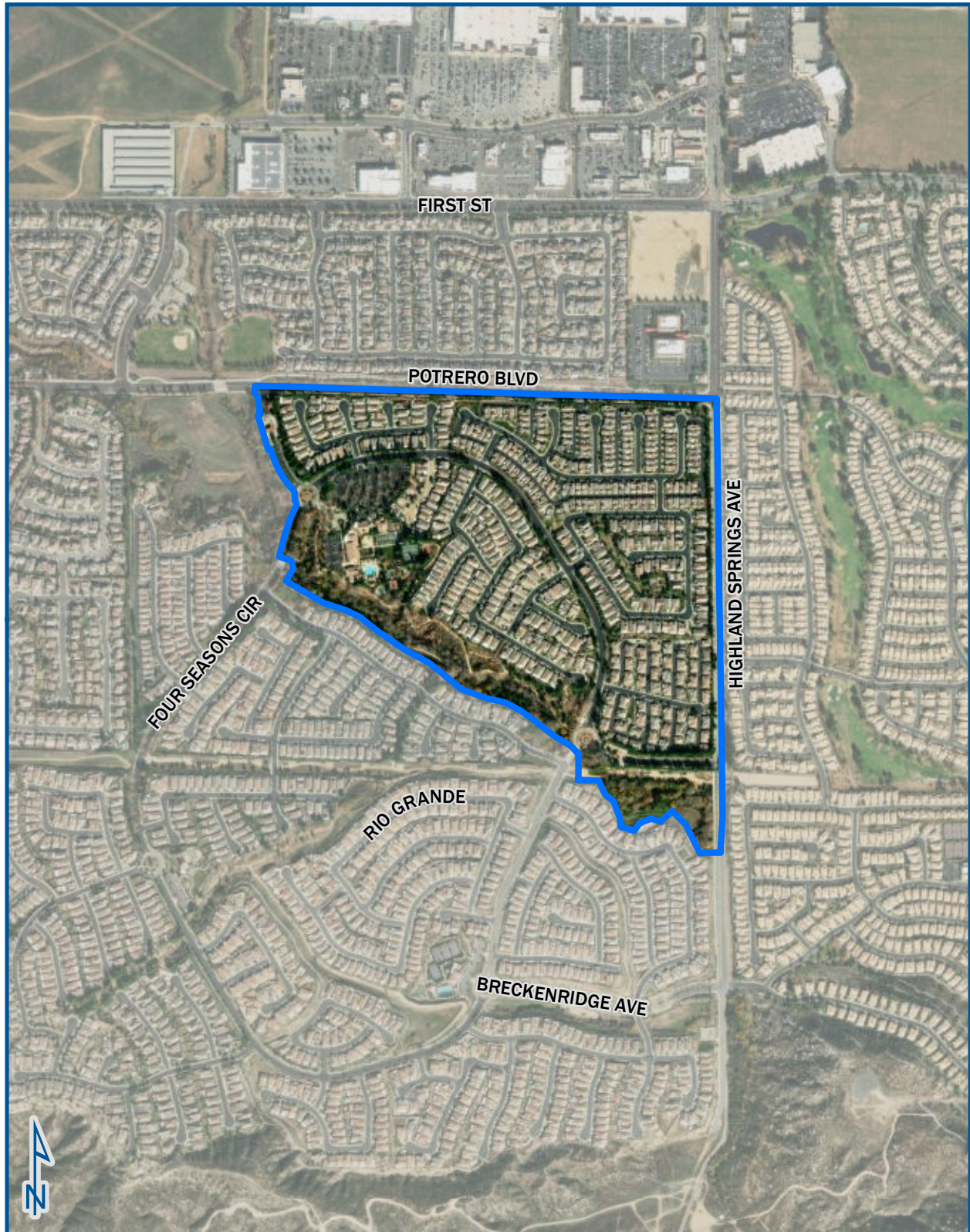
The execution and delivery of this Official Statement has been duly authorized by the Authority.

BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

By: _____
Executive Director

LOCATION MAP

COMMUNITY FACILITIES DISTRICT NO. 93-1 IA 7A1
CITY OF BEAUMONT



 CFD Boundary



APPENDIX A
INFORMATION REGARDING THE TAXING JURISDICTIONS

Community Facilities District (Improvement Area No. 7A1)

Location and Description. The City formed the Community Facilities District in June 1993 and Improvement Area No. 7A1 in May 2014 to finance the construction, acquisition and equipping of certain roadways, storm drain facilities, flood control facilities, water facilities and fire protection facilities. Improvement Area No. 7A1 includes 484 taxable parcels. Improvement Area No. 7A1 is 100% “Developed Property.” A parcel is “Developed Property” if a building permit has been issued on or before June 1 preceding the Fiscal Year in which the Special Tax was levied. As of March 1, 2025, 484 completed single-family detached homes have been conveyed to individual homeowners in Improvement Area No. 7A1. For Fiscal Year 2025-26, all subdivided parcels in Improvement Area No. 7A1 will be levied as Developed Property, 11 of which are partially prepaid with an approximately 77% reduced assigned tax of \$365.75 per unit. Improvement Area No. 7A1 originally consisted of 537 completed single-family detached homes, 53 of which fully prepaid the Special Taxes.

Assigned Special Taxes. Table A-1 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area No. 7A1 in Fiscal Year 2025-26 based on the development status within Improvement Area No. 7A1 as of March 1, 2025. The Special Taxes in Improvement Area No. 7A1 may not be levied after the 2049-50 Fiscal Year. The final maturity of the Improvement Area No. 7A1 Bonds is September 1, 2045.

For the complete text of the Improvement Area No. 7A1’s Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

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**TABLE A-1
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 7A1
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26**

<i>Land Use Designation</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Rate</i>	<i>No. of Units</i>	<i>Aggregate Projected Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Condominium		\$1,230.00	\$937.92	76.3%	106	\$ 99,419.64	16.4%
Single Family Detached ⁽²⁾	< 1,700	1,463.00	1,043.12	71.3	127	132,476.60	21.9
Single Family Detached	1,700-1,999	1,576.00	1,201.76	76.3	79	94,938.97	15.7
Single Family Detached	2,000-2,125	1,896.00	1,445.77	76.3	59	85,300.50	14.1
Single Family Detached	2,126-2,399	2,116.00	1,613.53	76.3	74	119,401.17	19.8
Single Family Detached	> 2,399	2,451.00	1,868.98	76.3	<u>39</u>	<u>72,890.20</u>	<u>12.1</u>
Total					484	\$ 604,427.08	100.0%

* Preliminary, subject to change.

(1) Includes estimated Administrative Expenses of \$30,000.

(2) Includes 11 partially prepaid parcels with an approximately 77% reduced assigned tax of \$365.75 per unit.

Source: Spicer Consulting Group, LLC.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in Improvement Area No. 7A1, as established by the County Assessor for Fiscal Year 2024-25, which totals \$160,875,336.

Improvement Area No. 7A1 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 No. 7A1 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 Improvement Area No. 7A1; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within Improvement Area No. 7A1, based on the Fiscal Year 2024-25 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within Improvement Area No. 7A1, and assuming that the Improvement Area No. 7A1 Bonds have been issued to refund the Prior Improvement Area No. 7A1 Bonds, equals approximately 22.11:1*. This ratio does not include other overlapping debt general obligation debt within Improvement Area No. 7A1. Taking that direct and overlapping general obligation debt into account, the ratio of the aggregate assessed value of the taxable property within Improvement Area No. 7A1 to the total principal amount of all direct and overlapping debt for Improvement Area No. 7A1 is approximately 14.15:1*.

* Preliminary, subject to change.

**TABLE A-2
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 7A1
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025**

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾							\$160,875,336
II. Land Secured Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 7A1 ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Beaumont, CFD No. 93-1 IA 7A1, 2025	CFD	\$11,110,000	\$ 7,275,000*	100.000%	484	\$ 7,275,000*	
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 7,275,000*	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 7A1 ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Beaumont, CFD No.93-1 IA 7A1, 2025	CFD	\$25,000,000	\$ 0	100.000%	484	\$ 0	
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 0	
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS							\$ 7,275,000*
III. General Obligation Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 7A1 ⁽³⁾</i>	<i>Amount Applicable</i>	
San Gorgonio Pass Memorial Hospital	GO	\$363,415,283	\$292,042,190	1.043%	484	\$ 3,047,021	
Mt San Jacinto Jr College	GO	180,955,495	152,811,292	0.119	484	181,458	
Beaumont Unified School District	GO	68,915,000	62,005,000	1.390	484	861,859	
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 4,090,338	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 7A1 ⁽³⁾</i>	<i>Amount Applicable</i>	
San Gorgonio Pass Memorial Hospital	GO	\$363,420,000	\$ 4,717	1.043%	484	\$ 49	
Mt San Jacinto Jr College	GO	180,960,000	4,506	0.119	484	5	
Beaumont Unified School District	GO	105,000,000	36,085,000	1.390	484	501,575	
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 501,630	
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS							\$ 4,591,968
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT							\$11,365,338*
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS							\$11,866,968*
IV. Ratios to Appraisal Value							
	Outstanding Land Secured Bonded Debt		22.11:1*				
	Total Outstanding Bonded Debt		14.15:1*				

* Preliminary, subject to change.

(1) Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

(2) Spicer Consulting Group is not aware of any additional bonded debt for parcels in Improvement Area No. 7A1.

(3) All taxable parcels have been subdivided into 484 individual parcels and have all been classified as developed property per the Rate and Method.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Value-to-Lien. Home construction has been completed on the Taxable Property within Improvement Area No. 7A1, which homes have all been transferred to individual homeowners. Table A-3 sets forth the value-to-lien ratio of the property within Improvement Area No. 7A1 for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-4 below sets forth the stratification of value-to-liens of the Taxable Property within Improvement Area No. 7A1 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the Improvement Area No. 7A1 Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26). The ratio of the value of an individual lot within Improvement Area No. 7A1 to its respective share of the principal amount of the Improvement Area No. 7A1 Bonds can be expected to vary.

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**TABLE A-3
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 7A1
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS**

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax*</i>	<i>Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 93-1 IA 7A1 Local Obligations^{(1)*}</i>	<i>Value-to-Lien Ratio*</i>
INDIVIDUAL OWNER	2	\$ 2,054	0.34%	\$ 639,588	\$ 24,716	25.88:1
INDIVIDUAL OWNER	1	1,869	0.31	594,000	22,495	26.41:1
INDIVIDUAL OWNER	1	1,869	0.31	429,411	22,495	19.09:1
INDIVIDUAL OWNER	1	1,869	0.31	366,980	22,495	16.31:1
INDIVIDUAL OWNER	1	1,869	0.31	623,000	22,495	27.69:1
INDIVIDUAL OWNER	1	1,869	0.31	328,631	22,495	14.61:1
INDIVIDUAL OWNER	1	1,869	0.31	419,903	22,495	18.67:1
INDIVIDUAL OWNER	1	1,869	0.31	574,743	22,495	25.55:1
INDIVIDUAL OWNER	1	1,869	0.31	609,042	22,495	27.07:1
INDIVIDUAL OWNER	<u>1</u>	<u>1,869</u>	<u>0.31</u>	<u>261,784</u>	<u>22,495</u>	<u>11.64:1</u>
Subtotal	11	18,874	3.12	4,847,082	227,175	21.34:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	<u>473</u>	<u>585,553</u>	<u>96.88</u>	<u>156,028,254</u>	<u>7,047,825</u>	<u>22.14:1</u>
Totals	484	\$ 604,427	100.00%	\$ 160,875,336	\$ 7,275,000	22.11:1

* Preliminary, subject to change.

⁽¹⁾ Excludes all other overlapping bonded indebtedness applicable within Improvement Area No. 7A1.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

TABLE A-4
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 7A1
VALUE-TO-LIEN STRATIFICATION FOR TAXABLE PROPERTY^{*(4)}

<i>Value-to-Lien Category</i>	<i>No. of Parcels of Developed Property</i>	<i>% of Developed Property</i>	<i>Assessed Value ⁽¹⁾</i>	<i>% of Assessed Value</i>	<i>CFD No. 93-1 IA 7A1 Projected Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Projected Fiscal Year 2025-26 Levy</i>	<i>CFD No. 93-1 IA 7A1 Local Obligations ⁽²⁾</i>	<i>Percent Share of IA 7A1 Local Obligations</i>	<i>Aggregate Value-to-Lien</i>
Less than 5.00:1 ⁽³⁾	3	0.62%	\$ 206,352	0.13%	\$ 5,096	0.84%	\$ 61,337	0.84%	3.36:1
5.00:1 to 10.00:1	6	1.24	692,832	0.43	7,156	1.18	86,136	1.18	8.04:1
10.01:1 to 15.00:1	78	16.12	16,415,828	10.20	104,115	17.23	1,253,143	17.23	13.10:1
15.01:1 to 20.00:1	87	17.98	25,148,349	15.63	118,248	19.56	1,423,258	19.56	17.67:1
20.01:1 to 25.00:1	122	25.21	41,592,492	25.85	151,351	25.04	1,821,686	25.04	22.83:1
25.01:1 to 30.00:1	133	27.48	55,529,997	34.52	168,455	27.87	2,027,559	27.87	27.39:1
Greater than 30.00:1 ⁽³⁾	<u>55</u>	<u>11.36</u>	<u>21,289,486</u>	<u>13.23</u>	<u>50,006</u>	<u>8.27</u>	<u>601,880</u>	<u>8.27</u>	<u>35.37:1</u>
Totals	484	100.00%	\$ 160,875,336	100.00%	\$ 604,427	100.00%	\$7,275,000	100.00%	22.11:1

* Preliminary, subject to change.

(1) Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

(2) Responsibility of the par amount has been allocated based on the projected Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and bond sizing as provided by the Underwriter.

(3) The minimum value to lien in the less than 5.00:1 category is 2.98:1*. The maximum value to lien in the Greater than 30.00:1 category is 133.27:1*.

(4) Excludes overlapping general obligation debt.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Historical Assessed Values. The following table summarizes the assessed values within Improvement Area No. 7A1 for the Fiscal Years shown.

**TABLE A-5
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 7A1
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25**

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$30,831,609	\$100,080,336	\$130,911,945
2021-22	31,993,315	107,069,495	139,062,810
2022-23	33,463,261	117,975,663	151,438,924
2023-24	33,581,172	123,744,901	157,326,073
2024-25	30,189,985	130,685,351	160,875,336

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-6 below summarizes the Special Tax delinquencies within Improvement Area No. 7A1 for Fiscal Years 2019-20 through 2024-25 as of April 25, 2025.

**TABLE A-6
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 7A1
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 25, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$704,371	486	0	\$ 0	0.00%
2020-21	704,196	485	0	0	0.00
2021-22	703,321	485	0	0	0.00
2022-23	701,721	485	1	934	0.13
2023-24	706,388	484	3	3,382	0.48
2024-25	707,935	484	21	20,079	2.84

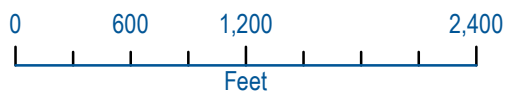
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

LOCATION MAP

COMMUNITY FACILITIES DISTRICT NO. 93-1 IA 19A
CITY OF BEAUMONT



 CFD Boundary



Community Facilities District (Improvement Area No. 19A)

Location and Description. The City formed the Community Facilities District in June 1993 and Improvement Area No. 19A in November 2004 to finance the construction, acquisition and equipping of certain roadways, storm drain facilities, flood control facilities, water facilities and fire protection facilities. Improvement Area No. 19A includes 542 taxable parcels. Improvement Area No. 19A is 100% “Developed Property.” A parcel is “Developed Property” if a building permit has been issued on or before June 1 preceding the Fiscal Year in which the Special Tax was levied. As of March 1, 2025, 542 completed single-family detached homes have been conveyed to individual homeowners in Improvement Area No. 19A. For Fiscal Year 2025-26, all subdivided parcels in Improvement Area No. 19A will be levied as Developed Property. Improvement Area No. 19A originally consisted of 546 completed single-family detached homes, four of which fully prepaid the Special Taxes.

Assigned Special Taxes. Table A-7 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area No. 19A in Fiscal Year 2025-26 based on the development status within Improvement Area No. 19A as of March 1, 2025. The Special Taxes in Improvement Area No. 19A may not be levied after the 2043-44 Fiscal Year. The final maturity of the Improvement Area No. 19A Bonds is September 1, 2035.

For the complete text of the Improvement Area No. 19A’s Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

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TABLE A-7
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 19A
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

Zone 1 – Developed Property

<i>Planning Area</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Rate</i>	<i>No. of Units</i>	<i>Aggregate Projected Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
8B	\$ 0.00	\$ 0.00	0.0%	0	\$ 0.00	0.0%
11C	5,185.96	2,857.24	55.1	40	114,289.59	32.4
12A	0.00	0.00	0.0	0	0.00	0.0
12B	4,116.07	2,267.78	55.1	23	52,158.95	14.8
12C	4,814.47	2,652.57	55.1	21	55,703.89	15.8
15	5,408.85	2,980.04	55.1	44	131,121.92	37.1
Total				128	\$ 353,274.35	100.0%

Zone 2 – Developed Property

<i>Planning Area</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Rate</i>	<i>No. of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
8B	\$ 4,116.07	\$2,267.78	55.1%	78	\$ 176,886.88	19.3%
11C	4,591.58	2,529.76	55.1	38	96,130.97	10.5
12A	3,298.80	1,817.50	55.1	76	138,129.94	15.1
12B	3,298.80	1,817.50	55.1	64	116,319.95	12.7
12C	4,116.07	2,267.78	55.1	97	219,974.71	24.1
15	4,963.06	2,734.44	55.1	61	166,800.58	18.2
Total				414	\$ 914,243.01	100.0%

* Preliminary, subject to change.

(1) Includes estimated Administrative Expenses of \$30,000.

Source: Spicer Consulting Group, LLC.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in Improvement Area No. 19A, as established by the County Assessor for Fiscal Year 2024-25, which totals \$219,991,956.

Improvement Area No. 19A 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 No. 19A is shown in Table A-8 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 No. 19A; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within Improvement Area No. 19A, based on the Fiscal Year 2024-25 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within Improvement Area No. 19A, and assuming that the Improvement Area No. 19A Bonds have been issued to refund the Prior Improvement Area No. 19A Bonds, equals approximately 23.29:1*. This ratio does not include other overlapping debt general obligation debt within Improvement Area No. 19A.

* Preliminary, subject to change.

Taking that direct and overlapping general obligation debt into account, the ratio of the aggregate assessed value of the taxable property within Improvement Area No. 19A to the total principal amount of all direct and overlapping debt for Improvement Area No. 19A is approximately 14.63:1*.

**TABLE A-8
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 19A
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025**

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾							\$219,991,956
II. Land Secured Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 19A ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Beaumont, CFD No. 93-1 IA 19A, 2025	CFD	\$20,095,000	\$ 9,445,000*	100.000%	542	<u>\$ 9,445,000*</u>	
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 9,445,000*	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 19A ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Beaumont, CFD No.93-1 IA 19A, 2025	CFD	\$25,000,000	\$ 0	100.000%	542	<u>\$ 0</u>	
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 0	
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS							\$ 9,445,000*
III. General Obligation Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 19A ⁽³⁾</i>	<i>Amount Applicable</i>	
San Gorgonio Pass Memorial Hospital	GO	\$363,415,283	\$292,042,190	1.427%	542	\$ 4,166,705	
Mt San Jacinto Jr College	GO	180,955,495	152,811,292	0.162	542	248,139	
Beaumont Unified School District	GO	68,915,000	62,005,000	1.901	542	<u>1,178,565</u>	
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 5,593,408	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 19A ⁽³⁾</i>	<i>Amount Applicable</i>	
San Gorgonio Pass Memorial Hospital	GO	\$363,420,000	\$ 4,717	1.427%	542	\$ 67	
Mt San Jacinto Jr College	GO	180,960,000	4,506	0.162	542	7	
Beaumont Unified School District	GO	105,000,000	36,085,000	1.901	542	<u>685,888</u>	
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 685,963	
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS							\$ 6,279,371
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT							\$15,038,408*
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS							\$15,724,371*
IV. Ratios to Appraisal Value							
		Outstanding Land Secured Bonded Debt	23.29:1*				
		Total Outstanding Bonded Debt	14.63:1*				

* Preliminary, subject to change.

- (1) Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.
- (2) Spicer Consulting Group is not aware of any additional bonded debt for parcels in Improvement Area No. 19A.
- (3) All taxable parcels have been subdivided into 542 individual parcels and have all been classified as developed property per the Rate and Method.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Value-to-Lien. Home construction has been completed on the Taxable Property within Improvement Area No. 19A, which homes have all been transferred to individual homeowners. Table A-9 sets forth the value-to-lien ratio of the property within Improvement Area No. 19A for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-10 below sets forth the stratification of value-to-liens of the Taxable Property within Improvement Area No. 19A based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the Improvement Area No. 19A Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26). The ratio of the value of an individual lot within Improvement Area No. 19A to its respective share of the principal amount of the Improvement Area No. 19A Bonds can be expected to vary.

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**TABLE A-9
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 19A
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS**

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 93-1 IA 19A Local Obligations^{(1)*}</i>	<i>Value-to-Lien Ratio*</i>
INDIVIDUAL OWNER	4	\$ 9,268	0.73%	\$ 949,263	\$ 69,058	13.75:1
INDIVIDUAL OWNER	3	8,572	0.68	963,410	63,873	15.08:1
INDIVIDUAL OWNER	2	4,798	0.38	766,850	35,749	21.45:1
INDIVIDUAL OWNER	2	4,085	0.32	661,521	30,442	21.73:1
INDIVIDUAL OWNER	2	3,635	0.29	651,075	27,086	24.04:1
INDIVIDUAL OWNER	2	3,635	0.29	680,411	27,086	25.12:1
INDIVIDUAL OWNER	2	3,635	0.29	615,665	27,086	22.73:1
INDIVIDUAL OWNER	2	3,635	0.29	676,998	27,086	24.99:1
INDIVIDUAL OWNER	1	2,980	0.24	315,255	22,206	14.20:1
INDIVIDUAL OWNER	<u>1</u>	<u>2,980</u>	<u>0.24</u>	<u>388,177</u>	<u>22,206</u>	<u>17.48:1</u>
Subtotal	21	47,222	3.73	6,668,625	351,880	18.95:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	<u>521</u>	<u>1,220,295</u>	<u>96.27</u>	<u>213,323,331</u>	<u>9,093,120</u>	<u>23.46:1</u>
Totals	542	\$ 1,267,517	100.00%	\$ 219,991,956	\$ 9,445,000	23.29:1

* Preliminary, subject to change.

(1) Excludes all other overlapping bonded indebtedness applicable within Improvement Area No. 19A.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

TABLE A-10
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 19A
VALUE-TO-LIEN STRATIFICATION FOR TAXABLE PROPERTY^{*(4)}

<i>Value-to-Lien Category</i>	<i>No. of Parcels of Developed Property</i>	<i>% of Developed Property</i>	<i>Assessed Value ⁽¹⁾</i>	<i>% of Assessed Value</i>	<i>CFD No. 93-1 IA 19A Projected Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Projected Fiscal Year 2025-26 Levy</i>	<i>CFD No. 93-1 IA 19A Local Obligations ⁽²⁾</i>	<i>Percent Share of IA 19A Local Obligations</i>	<i>Aggregate Value-to-Lien</i>
Less than 10.00:1 ⁽³⁾	3	0.55%	\$ 258,577	0.12%	\$ 6,353	0.50%	\$ 47,340	0.50%	5.46:1
10.00:1 to 15.00:1	59	10.89	14,784,065	6.72	144,843	11.43	1,079,310	11.43	13.70:1
15.01:1 to 20.00:1	142	26.20	44,698,341	20.32	338,399	26.70	2,521,603	26.70	17.73:1
20.01:1 to 25.00:1	119	21.96	45,709,569	20.78	279,813	22.08	2,085,047	22.08	21.92:1
25.01:1 to 30.00:1	100	18.45	46,861,450	21.30	229,725	18.12	1,711,816	18.12	27.38:1
30.01:1 to 35.00:1	83	15.31	47,955,184	21.80	200,891	15.85	1,496,954	15.85	32.04:1
Greater than 35.00:1 ⁽³⁾	<u>36</u>	<u>6.64</u>	<u>19,724,770</u>	<u>8.97</u>	<u>67,493</u>	<u>5.32</u>	<u>502,930</u>	<u>5.32</u>	<u>39.22:1</u>
Totals	542	100.00%	\$219,991,956	100.00%	\$1,267,517	100.00%	\$9,445,000	100.00%	23.29:1

* Preliminary, subject to change.

(1) Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

(2) Responsibility of the par amount has been allocated based on the projected Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and bond sizing as provided by the Underwriter.

(3) The minimum value to lien in the less than 10.00:1 category is 3.12:1*. The maximum value to lien in the Greater than 35.00:1 category is 45.26:1*.

(4) Excludes overlapping general obligation debt.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Historical Assessed Values. The following table summarizes the assessed values within Improvement Area No. 19A for the Fiscal Years shown.

TABLE A-11
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 19A
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$41,163,563	\$130,258,419	\$171,421,982
2021-22	42,126,536	139,206,023	181,332,559
2022-23	43,451,977	155,279,273	198,731,250
2023-24	44,563,205	167,262,501	211,825,706
2024-25	39,850,892	180,141,064	219,991,956

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-12 below summarizes the Special Tax delinquencies within Improvement Area No. 19A for Fiscal Years 2019-20 through 2024-25 as of April 25, 2025.

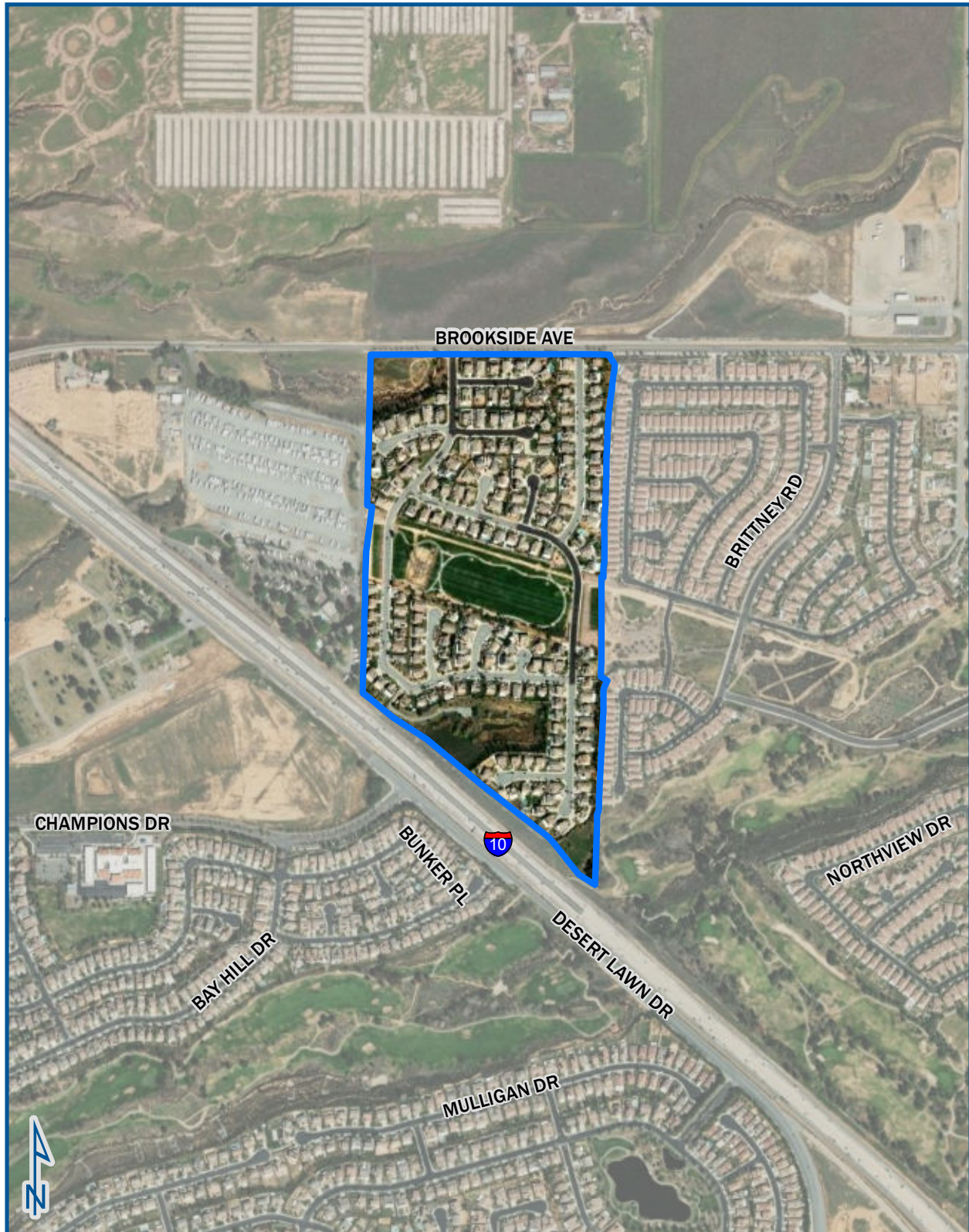
TABLE A-12
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 19A
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 25, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$1,530,244	542	0	\$ 0	0.00%
2020-21	1,527,470	542	0	0	0.00
2021-22	1,527,345	542	0	0	0.00
2022-23	1,529,656	542	0	0	0.00
2023-24	1,542,452	542	1	1,106	0.07
2024-25	1,543,079	542	17	29,910	1.94

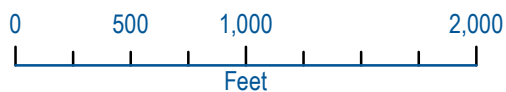
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

LOCATION MAP

COMMUNITY FACILITIES DISTRICT NO. 93-1 IA 18
CITY OF BEAUMONT



 CFD Boundary



Community Facilities District (Improvement Area No. 18)

Location and Description. The City formed the Community Facilities District in June 1993 and Improvement Area No. 18 in January 2004 to finance the construction, acquisition and equipping of certain roadways, storm drain facilities, flood control facilities, water facilities and fire protection facilities. Improvement Area No. 18 includes 193 taxable parcels. Improvement Area No. 18 is 100% “Developed Property.” A parcel is “Developed Property” if a building permit has been issued on or before June 1 preceding the Fiscal Year in which the Special Tax was levied. As of March 1, 2025, 193 completed single-family detached homes have been conveyed to individual homeowners in Improvement Area No. 18. For Fiscal Year 2025-26, all subdivided parcels in Improvement Area No. 18 will be levied as Developed Property. Improvement Area No. 18 originally consisted of 194 completed single-family detached homes, one of which fully prepaid the Special Taxes.

Assigned Special Taxes. Table A-13 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area No. 18 in Fiscal Year 2025-26 based on the development status within Improvement Area No. 18 as of March 1, 2025. The Special Taxes in Improvement Area No. 18 may not be levied after the 2043-44 Fiscal Year. The final maturity of the Improvement Area No. 18 Bonds is September 1, 2034.

For the complete text of the Improvement Area No. 18’s Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

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TABLE A-13
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 18
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Rate</i>	<i>No. of Units</i>	<i>Aggregate Projected Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,700	\$2,538.74	\$1,514.92	59.7%	13	\$ 19,693.95	5.6%
Residential Property	1,700-1,900	2,614.52	0.00	0.0	0	0.00	0.0
Residential Property	1,901-2,100	2,766.09	1,650.58	59.7	31	51,168.09	14.6
Residential Property	2,101-2,300	2,879.77	0.00	0.0	0	0.00	0.0
Residential Property	2,301-2,500	3,031.33	1,808.86	59.7	44	79,589.78	22.7
Residential Property	> 2,501	3,182.90	1,899.30	59.7	<u>105</u>	<u>199,426.66</u>	<u>57.0</u>
Total					193	\$ 349,878.47	100.0%

* Preliminary, subject to change.

⁽¹⁾ Includes estimated Administrative Expenses of \$30,000.

Source: Spicer Consulting Group, LLC.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in Improvement Area No. 18, as established by the County Assessor for Fiscal Year 2024-25, which totals \$77,665,698.

Improvement Area No. 18 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 No. 18 is shown in Table A-14 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 No. 18; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within Improvement Area No. 18, based on the Fiscal Year 2024-25 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within Improvement Area No. 18, and assuming that the Improvement Area No. 18 Bonds have been issued to refund the Prior Improvement Area No. 18 Bonds, equals approximately 33.99:1*. This ratio does not include other overlapping debt general obligation debt within Improvement Area No. 18. Taking that direct and overlapping general obligation debt into account, the ratio of the aggregate assessed value of the taxable property within Improvement Area No. 18 to the total principal amount of all direct and overlapping debt for Improvement Area No. 18 is approximately 18.23:1*.

* Preliminary, subject to change.

**TABLE A-14
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 18
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025**

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾							\$77,665,698
II. Land Secured Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 18 ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Beaumont, CFD No. 93-1 IA 18, 2025	CFD	\$5,335,000	\$ 2,285,000*	100.000%	193	\$ 2,285,000*	
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 2,285,000*	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 18 ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Beaumont, CFD No.93-1 IA 18, 2025	CFD	\$6,000,000	\$ 0	100.000%	193	\$ 0	
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 0	
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS							\$ 2,285,000*
III. General Obligation Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 18 ⁽³⁾</i>	<i>Amount Applicable</i>	
San Gorgonio Pass Memorial Hospital	GO	\$363,415,283	\$292,042,190	0.504%	193	\$ 1,471,008	
Mt San Jacinto Jr College	GO	180,955,495	152,811,292	0.057	193	87,603	
Beaumont Unified School District	GO	68,915,000	62,005,000	0.671	193	416,079	
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 1,974,690	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 18 ⁽³⁾</i>	<i>Amount Applicable</i>	
San Gorgonio Pass Memorial Hospital	GO	\$363,420,000	\$ 4,717	0.504%	193	\$ 24	
Mt San Jacinto Jr College	GO	180,960,000	4,506	0.057	193	3	
Beaumont Unified School District	GO	105,000,000	36,085,000	0.671	193	242,145	
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 242,172	
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS							\$ 2,216,862
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT							\$ 4,259,690*
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS							\$ 4,501,862*
IV. Ratios to Appraisal Value							
	Outstanding Land Secured Bonded Debt		33.99:1*				
	Total Outstanding Bonded Debt		18.23:1*				

* Preliminary, subject to change.

(1) Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

(2) Spicer Consulting Group is not aware of any additional bonded debt for parcels in Improvement Area No. 18.

(3) All taxable parcels have been subdivided into 193 individual parcels and have all been classified as developed property per the Rate and Method.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Value-to-Lien. Home construction has been completed on the Taxable Property within Improvement Area No. 18, which homes have all been transferred to individual homeowners. Table A-15 sets forth the value-to-lien ratio of the property within Improvement Area No. 18 for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-16 below sets forth the stratification of value-to-liens of the Taxable Property within Improvement Area No. 18 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the Improvement Area No. 18 Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26). The ratio of the value of an individual lot within Improvement Area No. 18 to its respective share of the principal amount of the Improvement Area No. 18 Bonds can be expected to vary.

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TABLE A-15
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 18
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 93-1 IA 18 Local Obligations^{(1)*}</i>	<i>Value-to-Lien Ratio*</i>
INDIVIDUAL OWNER	1	\$ 1,899	0.54%	\$ 312,463	\$ 12,404	25.19:1
INDIVIDUAL OWNER	1	1,899	0.54	369,103	12,404	29.76:1
INDIVIDUAL OWNER	1	1,899	0.54	542,593	12,404	43.74:1
INDIVIDUAL OWNER	1	1,899	0.54	525,170	12,404	42.34:1
INDIVIDUAL OWNER	1	1,899	0.54	247,480	12,404	19.95:1
INDIVIDUAL OWNER	1	1,899	0.54	236,172	12,404	19.04:1
INDIVIDUAL OWNER	1	1,899	0.54	579,000	12,404	46.68:1
INDIVIDUAL OWNER	1	1,899	0.54	235,439	12,404	18.98:1
INDIVIDUAL OWNER	1	1,899	0.54	554,000	12,404	44.66:1
INDIVIDUAL OWNER	<u>1</u>	<u>1,809</u>	<u>0.52</u>	<u>324,482</u>	<u>11,813</u>	<u>27.47:1</u>
Subtotal	10	18,903	5.40	3,925,902	123,450	<u>31.80:1</u>
ALL OTHER INDIVIDUAL PROPERTY OWNERS	<u>183</u>	<u>330,976</u>	<u>94.60</u>	<u>73,739,796</u>	<u>2,161,550</u>	<u>34.11:1</u>
Totals	193	\$349,878	100.00%	\$ 77,665,698	\$ 2,285,000	33.99:1

* Preliminary, subject to change.

⁽¹⁾ Excludes all other overlapping bonded indebtedness applicable within Improvement Area No. 18.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

TABLE A-16
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 18
VALUE-TO-LIEN STRATIFICATION FOR TAXABLE PROPERTY^{*(4)}

<i>Value-to-Lien Category</i>	<i>No. of Parcels of Developed Property</i>	<i>% of Developed Property</i>	<i>Assessed Value ⁽¹⁾</i>	<i>% of Assessed Value</i>	<i>CFD No. 93-1 IA 18 Projected Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Projected Fiscal Year 2025-26 Levy</i>	<i>CFD No. 93-1 IA 18 Local Obligations ⁽²⁾</i>	<i>Percent Share of IA 18 Local Obligations</i>	<i>Aggregate Value-to-Lien</i>
Less than 15.00:1 ⁽³⁾	1	0.52%	\$ 139,288	0.18%	\$ 1,809	0.52%	\$ 11,813	0.52%	11.79:1
15.00:1 to 22.00:1	27	13.99	6,315,831	8.13	49,246	14.08	321,619	14.08	19.64:1
22.01:1 to 29.00:1	34	17.62	10,466,318	13.48	62,360	17.82	407,266	17.82	25.70:1
29.01:1 to 36.00:1	54	27.98	20,745,839	26.71	97,882	27.98	639,251	27.98	32.45:1
36.01:1 to 43.00:1	25	12.95	11,474,120	14.77	44,475	12.71	290,461	12.71	39.50:1
43.01:1 to 50.00:1	45	23.32	24,303,164	31.29	81,647	23.34	533,226	23.34	45.58:1
Greater than 50.00:1 ⁽³⁾	<u>7</u>	<u>3.63</u>	<u>4,221,138</u>	<u>5.44</u>	<u>12,459</u>	<u>3.56</u>	<u>81,365</u>	<u>3.56</u>	<u>51.88:1</u>
Totals	193	100.00%	\$ 77,665,698	100.00%	\$ 349,878	100.00%	\$2,285,000	100.00%	33.99:1

* *Preliminary, subject to change.*

(1) Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

(2) Responsibility of the par amount has been allocated based on the projected Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and bond sizing as provided by the Underwriter.

(3) The minimum value to lien in the less than 15.00:1 category is 11.79:1*. The maximum value to lien in the Greater than 50.00:1 category is 54.41:1*.

(4) Excludes overlapping general obligation debt.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Historical Assessed Values. The following table summarizes the assessed values within Improvement Area No. 18 for the Fiscal Years shown.

TABLE A-17
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 18
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$11,719,837	\$48,734,774	\$60,454,611
2021-22	11,992,413	53,120,734	65,113,147
2022-23	12,547,492	58,553,448	71,100,940
2023-24	13,036,399	62,201,330	75,237,729
2024-25	12,832,503	64,833,195	77,665,698

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-18 below summarizes the Special Tax delinquencies within Improvement Area No. 18 for Fiscal Years 2019-20 through 2024-25 as of April 25, 2025.

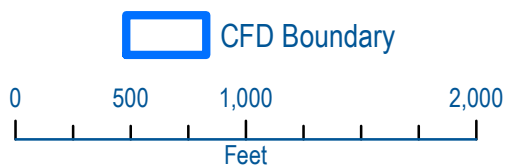
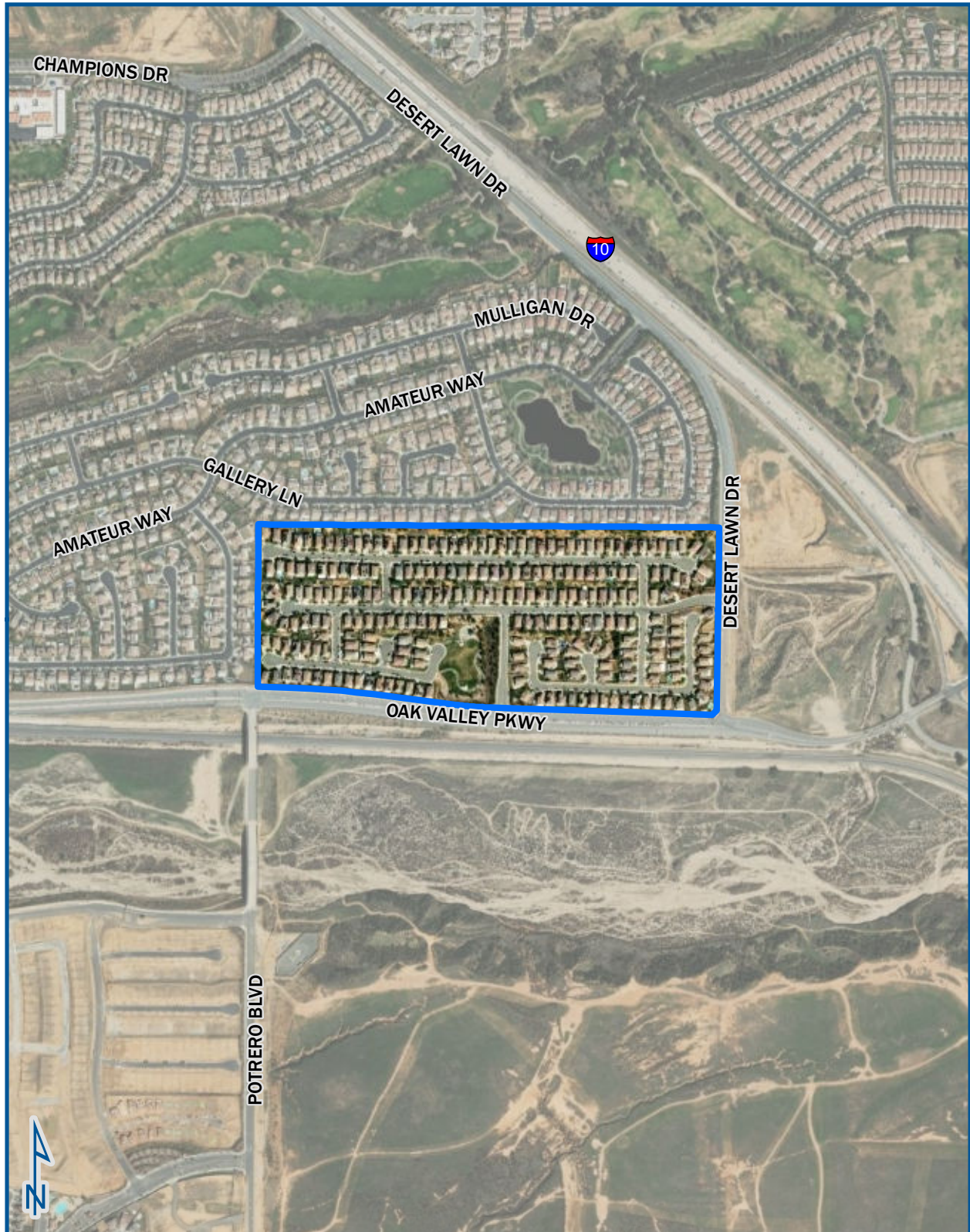
TABLE A-18
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 18
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 25, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$410,517	193	0	\$ 0	0.00%
2020-21	414,611	193	0	0	0.00
2021-22	413,442	193	0	0	0.00
2022-23	411,242	193	0	0	0.00
2023-24	418,004	193	0	0	0.00
2024-25	414,784	193	1	1,126	0.27

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

LOCATION MAP

COMMUNITY FACILITIES DISTRICT NO. 93-1 IA 16
CITY OF BEAUMONT



Community Facilities District (Improvement Area No. 16)

Location and Description. The City formed the Community Facilities District in June 1993 and Improvement Area No. 16 in June 2004 to finance the construction, acquisition and equipping of certain roadways, storm drain facilities, flood control facilities, water facilities and fire protection facilities. Improvement Area No. 16 includes 240 taxable parcels. Improvement Area No. 16 is 100% “Developed Property.” A parcel is “Developed Property” if a building permit has been issued on or before June 1 preceding the Fiscal Year in which the Special Tax was levied. As of March 1, 2025, 240 completed single-family detached homes have been conveyed to individual homeowners in Improvement Area No. 16. For Fiscal Year 2025-26, all subdivided parcels in Improvement Area No. 16 will be levied as Developed Property. Improvement Area No. 16 originally consisted of 241 completed single-family detached homes, one of which fully prepaid the Special Taxes.

Assigned Special Taxes. Table A-19 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area No. 16 in Fiscal Year 2025-26 based on the development status within Improvement Area No. 16 as of March 1, 2025. The Special Taxes in Improvement Area No. 16 may not be levied after the 2043-44 Fiscal Year. The final maturity of the Improvement Area No. 16 Bonds is September 1, 2034.

For the complete text of the Improvement Area No. 16’s Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

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TABLE A-19
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 16
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Rate</i>	<i>No. of Units</i>	<i>Aggregate Projected Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 2,100	\$3,069.22	\$1,696.73	55.3%	10	\$ 16,967.26	3.4%
Residential Property	2,100-2,399	3,296.57	0.00	55.3	0	0.00	0.0
Residential Property	2,400-2,699	3,486.03	1,927.15	55.3	19	36,615.77	7.3
Residential Property	2,700-2,999	3,637.60	2,010.93	55.3	25	50,273.37	10.0
Residential Property	> 3,000	3,864.95	2,136.62	55.3	<u>186</u>	<u>397,410.96</u>	<u>79.3</u>
Total					240	\$501,267.36	100.0%

* Preliminary, subject to change.

⁽¹⁾ Includes estimated Administrative Expenses of \$30,000.

Source: Spicer Consulting Group, LLC.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in Improvement Area No. 16, as established by the County Assessor for Fiscal Year 2024-25, which totals \$101,410,683.

Improvement Area No. 16 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 No. 16 is shown in Table A-20 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 No. 16; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within Improvement Area No. 16, based on the Fiscal Year 2024-25 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within Improvement Area No. 16, and assuming that the Improvement Area No. 16 Bonds have been issued to refund the Prior Improvement Area No. 16 Bonds, equals approximately 30.50:1*. This ratio does not include other overlapping debt general obligation debt within Improvement Area No. 16. Taking that direct and overlapping general obligation debt into account, the ratio of the aggregate assessed value of the taxable property within Improvement Area No. 16 to the total principal amount of all direct and overlapping debt for Improvement Area No. 16 is approximately 17.18:1*.

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* Preliminary, subject to change.

TABLE A-20
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 16
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾							\$101,410,683
II. Land Secured Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>%</i>	<i>Parcels in</i> <i>CFD No. 93-1</i> <i>IA 16 ⁽³⁾</i>	<i>Amount</i> <i>Applicable</i>	
City of Beaumont, CFD No. 93-1 IA 16, 2025	CFD	\$7,820,000	\$ 3,325,000*	100.000%	240	\$ 3,325,000*	
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 3,325,000*	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>%</i>	<i>Parcels in</i> <i>CFD No. 93-1</i> <i>IA 16 ⁽³⁾</i>	<i>Amount</i> <i>Applicable</i>	
City of Beaumont, CFD No.93-1 IA 16, 2025	CFD	\$8,000,000	\$ 0	100.000%	240	\$ 0	
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 0	
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS							\$ 3,325,000*
III. General Obligation Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>%</i>	<i>Parcels in</i> <i>CFD No. 93-1</i> <i>IA 16 ⁽³⁾</i>	<i>Amount</i> <i>Applicable</i>	
San Gorgonio Pass Memorial Hospital	GO	\$363,415,283	\$292,042,190	0.658%	240	\$ 1,920,745	
Mt San Jacinto Jr College	GO	180,955,495	152,811,292	0.075	240	114,386	
Beaumont Unified School District	GO	68,915,000	62,005,000	0.876	240	543,288	
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 2,578,419	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>%</i>	<i>Parcels in</i> <i>CFD No. 93-1</i> <i>IA 16 ⁽³⁾</i>	<i>Amount</i> <i>Applicable</i>	
San Gorgonio Pass Memorial Hospital	GO	\$363,420,000	\$ 4,717	0.658%	240	\$ 31	
Mt San Jacinto Jr College	GO	180,960,000	4,506	0.075	240	3	
Beaumont Unified School District	GO	105,000,000	36,085,000	0.876	240	316,177	
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 316,211	
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS							\$ 2,894,630
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT							\$ 5,903,419*
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS							\$ 6,219,630*
IV. Ratios to Appraisal Value							
		Outstanding Land Secured Bonded Debt		30.50:1*			
		Total Outstanding Bonded Debt		17.18:1*			

* Preliminary, subject to change.

(1) Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

(2) Spicer Consulting Group is not aware of any additional bonded debt for parcels in Improvement Area No. 16.

(3) All taxable parcels have been subdivided into 240 individual parcels and have all been classified as developed property per the Rate and Method.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Value-to-Lien. Home construction has been completed on the Taxable Property within Improvement Area No. 16, which homes have all been transferred to individual homeowners. Table A-21 sets forth the value-to-lien ratio of the property within Improvement Area No. 16 for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-22 below sets forth the stratification of value-to-liens of the Taxable Property within Improvement Area No. 16 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the Improvement Area No. 16 Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26). The ratio of the value of an individual lot within Improvement Area No. 16 to its respective share of the principal amount of the Improvement Area No. 16 Bonds can be expected to vary.

TABLE A-21
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 16
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 93-1 IA 16 Local Obligations^{(1)*}</i>	<i>Value-to-Lien Ratio*</i>
INDIVIDUAL OWNER	1	\$ 2,137	0.43%	\$ 451,012	\$ 14,173	31.82:1
INDIVIDUAL OWNER	1	2,137	0.43	340,518	14,173	24.03:1
INDIVIDUAL OWNER	1	2,137	0.43	480,724	14,173	33.92:1
INDIVIDUAL OWNER	1	2,137	0.43	521,591	14,173	36.80:1
INDIVIDUAL OWNER	1	2,137	0.43	402,003	14,173	28.36:1
INDIVIDUAL OWNER	1	2,137	0.43	420,728	14,173	29.69:1
INDIVIDUAL OWNER	1	2,137	0.43	569,098	14,173	40.15:1
INDIVIDUAL OWNER	1	2,137	0.43	301,684	14,173	21.29:1
INDIVIDUAL OWNER	1	2,137	0.43	591,600	14,173	41.74:1
INDIVIDUAL OWNER	<u>1</u>	<u>2,137</u>	<u>0.43</u>	<u>410,114</u>	<u>14,173</u>	<u>28.94:1</u>
Subtotal	10	21,366	4.26	4,489,072	141,726	31.67:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	<u>230</u>	<u>479,901</u>	<u>95.74</u>	<u>96,921,611</u>	<u>3,183,274</u>	<u>30.45:1</u>
Totals	240	\$ 501,267	100.00%	\$ 101,410,683	\$ 3,325,000	30.50:1

* Preliminary, subject to change.

⁽¹⁾ Excludes all other overlapping bonded indebtedness applicable within Improvement Area No. 16.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

TABLE A-22
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 16
VALUE-TO-LIEN STRATIFICATION FOR TAXABLE PROPERTY^{*(4)}

<i>Value-to-Lien Category</i>	<i>No. of Parcels of Developed Property</i>	<i>% of Developed Property</i>	<i>Assessed Value ⁽¹⁾</i>	<i>% of Assessed Value</i>	<i>CFD No. 93-1 IA 16 Projected Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Projected Fiscal Year 2025-26 Levy</i>	<i>CFD No. 93-1 IA 16 Local Obligations ⁽²⁾</i>	<i>Percent Share of IA 16 Local Obligations</i>	<i>Aggregate Value-to-Lien</i>
Less than 20.00:1 ⁽³⁾	17	7.08%	\$ 4,184,707	4.13%	\$ 34,500	6.88%	\$ 228,846	6.88%	18.29:1
20.00:1 to 25.00:1	49	20.42	15,568,314	15.35	103,039	20.56	683,480	20.56	22.78:1
25.01:1 to 30.00:1	67	27.92	25,744,328	25.39	141,415	28.21	938,031	28.21	27.45:1
30.01:1 to 35.00:1	39	16.25	17,261,442	17.02	81,338	16.23	539,531	16.23	31.99:1
35.01:1 to 40.00:1	26	10.83	13,562,683	13.37	54,149	10.80	359,178	10.80	37.76:1
40.01:1 to 45.00:1	32	13.33	18,788,980	18.53	66,780	13.32	442,963	13.32	42.42:1
Greater than 45.00:1 ⁽³⁾	<u>10</u>	<u>4.17</u>	<u>6,300,229</u>	<u>6.21</u>	<u>20,047</u>	<u>4.00</u>	<u>132,972</u>	<u>4.00</u>	<u>47.38:1</u>
Totals	240	100.00%	\$ 101,410,683	100.00%	\$ 501,267	100.00%	\$3,325,000	100.00%	30.50:1

* Preliminary, subject to change.

(1) Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

(2) Responsibility of the par amount has been allocated based on the projected Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and bond sizing as provided by the Underwriter.

(3) The minimum value to lien in the less than 20.00:1 category is 15.64:1*. The maximum value to lien in the Greater than 45.00:1 category is 50.75:1*.

(4) Excludes overlapping general obligation debt.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Historical Assessed Values. The following table summarizes the historical and current assessed values within Improvement Area No. 16 for the Fiscal Years shown.

TABLE A-23
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 16
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$17,886,555	\$62,579,653	\$ 80,466,208
2021-22	18,304,439	65,759,404	84,063,843
2022-23	18,642,205	72,763,329	91,405,534
2023-24	18,919,953	78,985,439	97,905,392
2024-25	18,414,986	82,995,697	101,410,683

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-24 below summarizes the Special Tax delinquencies within Improvement Area No. 16 for Fiscal Years 2019-20 through 2024-25 as of April 25, 2025.

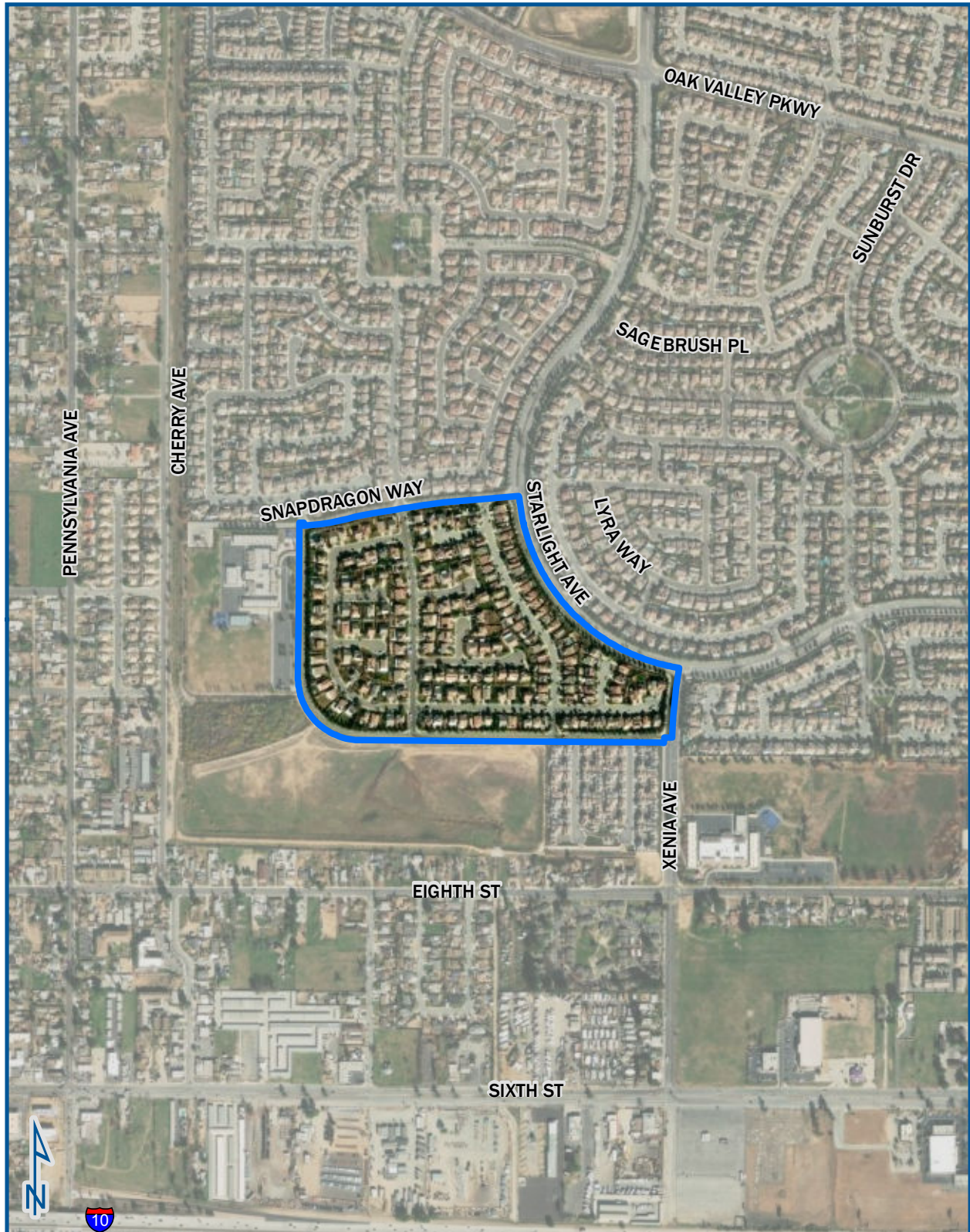
TABLE A-24
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 16
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 25, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$595,566	240	0	\$ 0	0.00%
2020-21	592,192	240	1	1,388	0.23
2021-22	597,415	240	1	1,148	0.19
2022-23	592,211	240	1	2,277	0.38
2023-24	602,332	240	3	7,451	1.24
2024-25	605,715	240	7	12,390	2.05

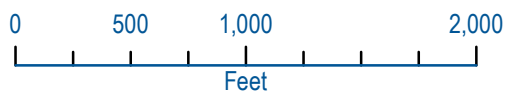
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

LOCATION MAP

COMMUNITY FACILITIES DISTRICT NO. 93-1 IA 8B
CITY OF BEAUMONT



 CFD Boundary



Community Facilities District (Improvement Area No. 8B)

Location and Description. The City formed the Community Facilities District in June 1993 and Improvement Area No. 8B in June 2006 to finance the construction, acquisition and equipping of certain roadways, storm drain facilities, flood control facilities, water facilities and fire protection facilities. Improvement Area No. 8B includes 192 taxable parcels. Improvement Area No. 8B is 100% “Developed Property.” A parcel is “Developed Property” if a building permit has been issued on or before June 1 preceding the Fiscal Year in which the Special Tax was levied. As of March 1, 2025, 192 completed single-family detached homes have been conveyed to individual homeowners in Improvement Area No. 8B. For Fiscal Year 2025-26, all subdivided parcels in Improvement Area No. 8B will be levied as Developed Property.

Assigned Special Taxes. Table A-25 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area No. 8B in Fiscal Year 2025-26 based on the development status within Improvement Area No. 8B as of March 1, 2025. The Special Taxes in Improvement Area No. 8B may not be levied after the 2049-50 Fiscal Year. The final maturity of the Improvement Area No. 8B Bonds is September 1, 2037.

For the complete text of the Improvement Area No. 8B’s Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

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TABLE A-25
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 8B
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Rate</i>	<i>No. of Units</i>	<i>Aggregate Projected Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,901	\$2,948.12	\$1,821.38	61.8%	47	\$ 85,604.77	20.1%
Residential Property	1,901-2,150	3,185.87	1,968.26	61.8	29	57,079.64	13.4
Residential Property	2,151-2,650	3,796.60	2,345.58	61.8	81	189,991.58	44.5
Residential Property	2,651-2,900	4,135.39	2,554.89	61.8	13	33,213.53	7.8
Residential Property	2,901-3,150	4,304.79	2,659.54	61.8	1	2,659.54	0.6
Residential Property	3,151-3,650	4,474.19	2,764.20	61.8	21	58,048.16	13.6
Residential Property	> 3,650	4,983.87	0.00	0.0	<u>0</u>	<u>0.00</u>	<u>0.0</u>
Total					192	\$426,597.22	100.0%

* Preliminary, subject to change.

⁽¹⁾ Includes estimated Administrative Expenses of \$30,000.

Source: Spicer Consulting Group, LLC.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in Improvement Area No. 8B, as established by the County Assessor for Fiscal Year 2024-25, which totals \$69,292,473.

Improvement Area No. 8B 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 No. 8B 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 No. 8B; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within Improvement Area No. 8B, based on the Fiscal Year 2024-25 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within Improvement Area No. 8B, and assuming that the Improvement Area No. 8B Bonds have been issued to refund the Prior Improvement Area No. 8B Bonds, equals approximately 19.80:1*. This ratio does not include other overlapping debt general obligation debt within Improvement Area No. 8B. Taking that direct and overlapping general obligation debt into account, the ratio of the aggregate assessed value of the taxable property within Improvement Area No. 8B to the total principal amount of all direct and overlapping debt for Improvement Area No. 8B is approximately 13.17:1*.

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* Preliminary, subject to change.

**TABLE A-26
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 8B
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025**

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾							\$69,292,473
II. Land Secured Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 8B ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Beaumont, CFD No. 93-1 IA 8B, 2025	CFD	\$5,920,000	\$ 3,500,000*	100.000%	192	\$ 3,500,000*	
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 3,500,000*	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 8B ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Beaumont, CFD No.93-1 IA 8B, 2025	CFD	\$8,000,000	\$ 0	100.000%	192	\$ 0	
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 0	
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS							\$ 3,500,000*
III. General Obligation Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 8B ⁽³⁾</i>	<i>Amount Applicable</i>	
San Gorgonio Pass Memorial Hospital	GO	\$363,415,283	\$292,042,190	0.449%	192	\$ 1,312,417	
Mt San Jacinto Jr College	GO	180,955,495	152,811,292	0.051	192	78,158	
Beaumont Unified School District	GO	68,915,000	62,005,000	0.599	192	371,221	
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 1,761,797	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels in CFD No. 93-1 IA 8B ⁽³⁾</i>	<i>Amount Applicable</i>	
San Gorgonio Pass Memorial Hospital	GO	\$363,420,000	\$ 4,717	0.449%	192	\$ 21	
Mt San Jacinto Jr College	GO	180,960,000	4,506	0.051	192	2	
Beaumont Unified School District	GO	105,000,000	36,085,000	0.599	192	216,039	
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 216,063	
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS							\$ 1,977,859
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT							\$ 5,261,797*
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS							\$ 5,477,859*
IV. Ratios to Appraisal Value							
	Outstanding Land Secured Bonded Debt		19.80:1*				
	Total Outstanding Bonded Debt		13.17:1*				

* Preliminary, subject to change.

(1) Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

(2) Spicer Consulting Group is not aware of any additional bonded debt for parcels in Improvement Area No. 8B.

(3) All taxable parcels have been subdivided into 192 individual parcels and have all been classified as developed property per the Rate and Method.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Value-to-Lien. Home construction has been completed on the Taxable Property within Improvement Area No. 8B, which homes have all been transferred to individual homeowners. Table A-27 sets forth the value-to-lien ratio of the property within Improvement Area No. 8B for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-28 below sets forth the stratification of value-to-liens of the Taxable Property within Improvement Area No. 8B based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the Improvement Area No. 8B Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26). The ratio of the value of an individual lot within Improvement Area No. 8B to its respective share of the principal amount of the Improvement Area No. 8B Bonds can be expected to vary.

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TABLE A-27
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 8B
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax</i>	<i>Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 93-1 IA 8B Local Obligations^{(1)*}</i>	<i>Value-to-Lien Ratio*</i>
INDIVIDUAL OWNER	1	\$ 2,764	0.65%	\$ 455,872	\$ 22,679	20.10:1
INDIVIDUAL OWNER	1	2,764	0.65	269,188	22,679	11.87:1
INDIVIDUAL OWNER	1	2,764	0.65	431,379	22,679	19.02:1
INDIVIDUAL OWNER	1	2,764	0.65	390,429	22,679	17.22:1
INDIVIDUAL OWNER	1	2,764	0.65	363,582	22,679	16.03:1
INDIVIDUAL OWNER	1	2,764	0.65	571,200	22,679	25.19:1
INDIVIDUAL OWNER	1	2,764	0.65	613,000	22,679	27.03:1
INDIVIDUAL OWNER	1	2,764	0.65	495,769	22,679	21.86:1
INDIVIDUAL OWNER	1	2,764	0.65	524,092	22,679	23.11:1
INDIVIDUAL OWNER	<u>1</u>	<u>2,764</u>	<u>0.65</u>	<u>334,547</u>	<u>22,679</u>	<u>14.75:1</u>
Subtotal	10	27,642	6.48	4,449,058	226,788	19.62:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	<u>182</u>	<u>398,955</u>	<u>93.52</u>	<u>64,843,415</u>	<u>3,273,212</u>	<u>19.81:1</u>
Totals	192	\$ 426,597	100.00%	\$ 69,292,473	\$ 3,500,000	19.80:1

* Preliminary, subject to change.

(1) Excludes all other overlapping bonded indebtedness applicable within Improvement Area No. 8B.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

TABLE A-28
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 8B
VALUE-TO-LIEN STRATIFICATION FOR TAXABLE PROPERTY^{*(4)}

<i>Value-to-Lien Category</i>	<i>No. of Parcels of Developed Property</i>	<i>% of Developed Property</i>	<i>Assessed Value ⁽¹⁾</i>	<i>% of Assessed Value</i>	<i>CFD No. 93-1 IA 8B Projected Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Projected Fiscal Year 2025-26 Levy</i>	<i>CFD No. 93-1 IA 8B Local Obligations ⁽²⁾</i>	<i>Percent Share of IA 8B Local Obligations</i>	<i>Aggregate Value-to-Lien</i>
Less than 10.00:1 ⁽³⁾	3	1.56%	\$ 355,421	0.51%	\$ 6,513	1.53%	\$ 53,432	1.53%	6.65:1
10.00:1 to 15.00:1	40	20.83	9,904,762	14.29	91,723	21.50	752,534	21.50	13.16:1
15.01:1 to 20.00:1	64	33.33	21,697,379	31.31	145,475	34.10	1,193,546	34.10	18.18:1
20.01:1 to 25.00:1	47	24.48	18,143,877	26.18	100,740	23.61	826,520	23.61	21.95:1
25.01:1 to 30.00:1	28	14.58	14,194,374	20.48	63,933	14.99	524,534	14.99	27.06:1
30.01:1 to 35.00:1	8	4.17	3,867,826	5.58	14,571	3.42	119,547	3.42	32.35:1
Greater than 35.00:1 ⁽³⁾	2	1.04	1,128,834	1.63	3,643	0.85	29,887	0.85	37.77:1
Totals	192	100.00%	\$ 69,292,473	100.00%	\$ 426,597	100.00%	\$3,500,000	100.00%	19.80:1

* Preliminary, subject to change.

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Responsibility of the par amount has been allocated based on the projected Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and bond sizing as provided by the Underwriter.

⁽³⁾ The minimum value to lien in the less than 10.00:1 category is 2.56:1*. The maximum value to lien in the Greater than 35.00:1 category is 38.29:1*.

⁽⁴⁾ Excludes overlapping general obligation debt.

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Historical Assessed Values. The following table summarizes the assessed values within Improvement Area No. 8B for the Fiscal Years shown.

TABLE A-29
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 8B
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$11,489,630	\$45,431,988	\$56,921,618
2021-22	11,541,346	47,573,203	59,114,549
2022-23	11,908,821	51,988,482	63,897,303
2023-24	11,934,412	55,248,658	67,183,070
2024-25	11,962,401	57,330,072	69,292,473

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-30 below summarizes the Special Tax delinquencies within Improvement Area No. 8B for Fiscal Years 2019-20 through 2024-25 as of April 25, 2025.

TABLE A-30
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 93-1
IMPROVEMENT AREA NO. 8B
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 25, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$450,984	192	0	\$ 0	0.00%
2020-21	452,711	192	1	1,467	0.32
2021-22	449,043	192	1	2,910	0.65
2022-23	450,179	192	1	2,917	0.65
2023-24	455,421	192	2	4,426	0.97
2024-25	455,821	192	5	9,297	2.04

Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

SUMMARY OF AUTHORITY INDENTURE

The following is a brief summary of certain provisions of the Indenture governing the terms of the Bonds. This summary includes only the provisions of the documents not already summarized in the Official Statement and does not purport to be complete and is qualified in its entirety by reference to said documents.

DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

Definitions. Unless the context otherwise requires, the terms defined below will for all purposes of the Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other documents in the Indenture mentioned have the meanings in the Indenture specified.

“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 be amended after the date of the Indenture from time to time.

“Additional Bonds” means additional bonds issued pursuant to the Indenture and secured on a parity with the 2025 Bonds.

“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, whether at maturity or from sinking fund payments.

“Authority Administrative Expenses” means the fees and expenses of the Trustee, including legal fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and the out of pocket expenses incurred by the Trustee, the City and the Authority in carrying out their duties under the Indenture including payment of amounts payable to the United States pursuant to the Indenture.

“Authority” means the Beaumont Public Improvement Authority, a joint exercise of powers agency established pursuant to the laws of the State, whose members as of the date of the Indenture are the City and the Beaumont Parking Authority, until a successor organization will have become such, and thereafter “Authority” will mean such successor organization.

“Authorized Officer” means the Chair, Vice Chair, Executive Director or Treasurer of the Authority or any other Person authorized by the Authority to perform an act or sign a document on behalf of the Authority for purposes of the Indenture.

“Beneficial Owners” means the actual purchasers of the Bonds whose ownership interests are recorded on the books of the DTC Participants.

“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 Insurer” means Assured Guaranty Inc., a Maryland corporation, or any successor thereto or assignee thereof.

“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 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 will be the period from the Closing Date of the Bonds to September 1, 2025, both dates inclusive.

“Bonds” means collectively, the 2025 Bonds and any Additional Bonds authorized by and at any time Outstanding pursuant to the Bond Law and the Indenture.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which the New York Stock Exchange, the Federal Reserve System, or banks or trust companies in New York, New York, Wilmington, Delaware or Los Angeles, California, or where the Trust Office is located, are not required or authorized by law, regulation or executive order to remain closed.

“Certificate of the Authority” means a certificate in writing signed by the Executive Director or Treasurer of the Authority, or by any other officer of the Authority duly authorized in writing by the Board for that purpose.

“CFD Act” means the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 (commencing with Section 53311), Article 1 of Division 2 of Title 5 of the Government Code of that State of California, as amended from time to time.

“City” means the City of Beaumont, County of Riverside, California.

“Closing Date” means for each Series the date on which the Bonds of such Series were executed and delivered to the Original Purchaser thereof.

“Code” means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations proposed or in effect with respect thereto.

“Community Facilities District” or “CFD” means the City of Beaumont Community Facilities District No. 93-1.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Bonds, the Local Obligations, and the acquisition of the Local Obligations by the Authority, including the acceptance and initial annual fees and expenses (including legal fees and expenses) of the Trustee, legal fees and expenses, costs of printing the Bonds and the preliminary and final Official Statements, fees of financial consultants, the underwriter’s discount, the premiums with respect to the Insurance Policy and the Reserve Surety Bond, and other fees and expenses set forth in a Request of the Authority.

“Costs of Issuance Fund” means the fund by that name established in the Indenture.

“Dated Date” means the date on which the Bonds are issued and authenticated by the Trustee.

“Defeasance Securities” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasures”), (b) evidences of ownership of proportionate interests in future interest and principal payments on Treasures held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasures are not available to any person claiming through the custodian or to whom the custodian may be obligated, (c) subject to the prior written consent of the Bond Insurer (so long as the Bond Insurer has not defaulted on any obligation under the Insurance Policy), pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, and (d) subject to the prior written consent of the

Bond Insurer (so long as the Bond Insurer has not defaulted on any obligation under the Insurance Policy), securities eligible for “AAA” defeasance under then existing criteria of S&P.

“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.

“Event of Default” means any of the events described in the Indenture.

“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.

“Improvement Area” means any one of the Improvement Areas.

“Improvement Areas” means, collectively, Improvement Area No. 7A1 of the CFD, Improvement Area No. 19A of the CFD, Improvement Area No. 18 of the CFD, Improvement Area No. 16 of the CFD and Improvement Area No. 8B of the CFD.

“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 of the Indenture.

“Independent Accountant” means any accountant or firm of such 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 or the City;

(b) does not have any substantial interest, direct or indirect, in the Authority or the City;

and

(c) is not an officer or employee of the Authority, or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Independent Financial Consultant” means any financial consultant or firm of such consultants appointed and paid by the Authority, and who, or each of whom –

(a) is in fact independent and not under domination of the Authority or the City;

(b) does not have any substantial interest, direct or indirect, in the Authority or the City;

and

(c) is not an officer or employee of the Authority or the City, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Information Services” means such services providing information with respect to called bonds in accordance with then current guidelines of the Securities and Exchange Commission, such as the Trustee may select in its sole discretion.

“Insurance Policy” or “Policy” means the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the 2025 Bonds when due.

“Interest Account” means the account by that name established and held by the Trustee 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.

“Local Obligation Bond Indentures” means, collectively, the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 7A1) Bond Indenture, the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 19A) Bond Indenture, the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 18) Bond Indenture, the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 16) Bond Indenture and the City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8B) Bond Indenture,

Local Obligation Bond Indentures shall also include any additional Local Obligation Bond Indentures executed and delivered in connection with the issuance hereafter of additional Local Obligations.

“Local Obligations” means collectively, the following:

(a) City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 7A1) 2025 Special Tax Refunding Bonds;

(b) City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 19A) 2025 Special Tax Refunding Bonds;

(c) City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 18) 2025 Special Tax Refunding Bonds;

(d) City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 16) 2025 Special Tax Refunding Bonds; and

(e) City of Beaumont Community Facilities District No. 93-1 (Improvement Area No. 8B) 2025 Special Tax Refunding Bonds.

Local Obligations shall also include any additional Local Obligations issued hereafter pursuant to and in accordance with the provisions of the Local Obligation Bond Indentures.

“Local Obligations Delinquency Revenues” means Revenues received by the Trustee from the Local Obligations Trustee for a Series of the Local Obligations representing the payment of delinquent debt service on such Local Obligations.

“Local Obligations Trustee” means Zions Bancorporation, National Association, a national banking association duly organized and existing under the laws of the United States of America, with a principal corporate trust office in Los Angeles, California, 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 Local Obligation Bond Indentures.

“Maximum Annual Debt Service” means, as of the date of any calculation, the largest Annual Debt Service on a Series during the current or any future Bond Year.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

“Original Purchaser” means, with respect to the 2025 Bonds, Stifel, Nicolaus & Company, Incorporated and with respect to a Series of Additional Bonds, the original purchaser thereof.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore executed and issued by the Authority and authenticated and delivered by the Trustee under the Indenture except –

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation pursuant to the Indenture;

(b) Bonds paid or deemed to have been paid within the meaning of the Indenture or Bonds called for redemption for which funds have been provided 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 will be registered on the Bond Register.

“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 in the Indenture:

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(a) Federal Home Loan Mortgage Corporation (FHLMC)

(i) Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

(ii) Senior Debt obligations

(b) Farm Credit Banks (formerly: Federal Land Banks, Federal

(i) Intermediate Credit Banks and Banks for Cooperatives)

(ii) Consolidated system-wide bonds and notes

(c) Federal Home Loan Banks (FHL Banks)

(i) Consolidated debt obligations

- (d) Federal National Mortgage Association (FNMA)
 - (i) Senior debt obligations
 - (ii) Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- (e) Financing Corporation (FICO)
 - (i) Debt obligations
- (f) Resolution Funding Corporation (REFCORP)
 - (i) Debt obligations

4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated "A-1" or better by Standard & Poor's.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Trustee and any affiliate) which have capital and surplus of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days rated "A-1+" by Standard & Poor's and "Prime-1" by Moody's.

7. Money market funds rated "AAm" or "AAm-G" by Standard & Poor's, or better (including those of the Trustee or its affiliates).

8. "State Obligations," which means:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by Standard & Poor's, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by Standard & Poor's and "Prime-1" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by Standard & Poor's and "Aa" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by Standard & Poor's and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the paying agent for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations (“Verification”);

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or paying agent in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation will be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the paying agent or escrow agent.

10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by Standard & Poor’s and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by Standard & Poor’s and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by Standard & Poor’s and Moody’s:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

(b) The Trustee or a third party acting solely as agent therefor or for the Authority (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

(c) The repurchase agreement will state and an opinion of counsel will be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase agreement will provide that if during its term the provider’s rating by either Moody’s or Standard & Poor’s is withdrawn or suspended or falls below “A “ by Standard & Poor’s or “A3” by Moody’s, as appropriate, the provider must, at the direction of Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least “A” by Standard & Poor’s and Moody’s, respectively.

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

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice; the Trustee agrees to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement will state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments under the agreement with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

(d) the Trustee receives the opinion of domestic counsel (which opinion will be addressed to Trustee) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Trustee;

(e) the investment agreement will provide that if during its term

(i) the provider’s rating by either Standard & Poor’s or Moody’s falls below “AA-” or “Aa3”, respectively, the provider will, at its option, within 10 days of receipt of publication of such downgrade, either (y) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider’s books) to the Trustee or a third party acting solely as agent therefor (the “Holder of the Collateral”) collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Standard & Poor’s and Moody’s to maintain an “A” rating in an “A” rated structured financing (with a market value approach); or (z) repay the principal of and accrued but unpaid interest on the investment; and

(ii) the provider’s rating by either Standard & Poor’s or Moody’s is withdrawn or suspended or falls below “A-” or “A3”, respectively, the provider must, at the direction of the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee; and

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

(g) the investment agreement must provide that if during its term

(i) the provider will default in its payment obligations, the provider’s obligations under the investment agreement will, at the direction of the Trustee, be

accelerated and amounts invested and accrued but unpaid interest thereon will be repaid to the Trustee, and

(ii) the provider will become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. (“event of insolvency”), the provider’s obligations will automatically be accelerated and amounts invested and accrued but unpaid interest thereon will be repaid to the Trustee.

12. The State of California Local Agency Investment Fund.

“Principal Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Prior Bonds” means the following series of bonds previously issued by the Community Facilities District:

(a) City of Beaumont Community Facilities District No. 93-1 Special Tax Refunding Bonds, 2015 Series A (Improvement Area No. 7A1);

(b) City of Beaumont Community Facilities District No. 93-1 Special Tax Refunding Bonds, 2015 Series A (Improvement Area No. 19A);

(c) City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2015 Series A (Improvement Area No. 18);

(d) City of Beaumont Community Facilities District No. 93-1 Special Tax Refunding Bonds, 2015 Series A (Improvement Area No. 16); and

(e) City of Beaumont Community Facilities District No. 93-1 Improvement Area No. 8B Special Tax Refunding Bonds, Series 2017A.

“Prior Beaumont FA Bonds” means the following series of bonds previously issued by the Beaumont Financing Authority:

(a) Beaumont Financing Authority of its 2015 Local Agency Revenue Bonds, Series A (Improvement Area No. 7A1);

(b) Beaumont Financing Authority of its 2015 Local Agency Refunding Revenue Bonds, Series B (Improvement Area No. 19A);

(c) Beaumont Financing Authority of its 2015 Local Agency Refunding Revenue Bonds, Series C (Improvement Area No. 18); and

(d) Beaumont Financing Authority 2015 Local Agency Refunding Revenue Bonds, Series D (Improvement Area No. 16).

“Proportionate Share” means, as of the date of calculation for any issue of the Local Obligations, the ratio derived by dividing the outstanding principal amount of such Local Obligations by the principal amount of the Outstanding Bonds.

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

“Rebate Fund” means the fund by that name established pursuant to the Indenture.

“Rebate Regulations” means the Treasury Regulations issued under Section 148(f) of the Code.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day.

“Request of the Authority” means a written certificate or request executed by an Authorized Officer.

“Request of the City” means a written certificate or request executed by the Mayor of the City, its City Manager, the Finance Director, or any other officer of the City duly authorized by the City Council of the City to sign documents on its behalf with respect to the matters referred to therein.

“Representation Letter” means the representation letter dated as of the Closing Date for a Series among the Authority, the Trustee and DTC.

“Reserve Account” means an account of the Reserve Fund established thereunder.

“Reserve Credit Facility” means (i) the Reserve Surety Bond, or (ii) a policy of insurance, a surety bond, a letter of credit or other comparable credit facility, permitting draws thereunder in accordance with the Indenture to the final date of maturity of the Bonds or Parity Bonds, so long as (a) the provider of any such policy of insurance, surety bond, letter of credit or other comparable credit facility is rated in at the time of delivery to the Trustee not less than the rating on the Bonds from Standard & Poor’s or another rating agency requested by the Authority to rate the Bonds, and (b) so long as the Reserve Surety Bond remains in effect, the Bond Insurer has consented to the delivery of such Reserve Credit Facility.

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

“Reserve Surety Bond” means the Reserve Surety Bond issued by the Bond Insurer guaranteeing certain payments into the Reserve Fund with respect to the 2025 Bonds as provided therein and subject to the limitations set forth therein.

“Reserve Requirement” means an amount equal to the lowest of (i) 10% of the initial principal amount of the Bonds, (ii) Maximum Annual Debt Service on the Outstanding Bonds, or (iii) 125% of Average Annual Debt Service on the Outstanding Bonds. Notwithstanding the foregoing, in no event will the Reserve Requirement exceed the initial deposit thereto except in connection with any increase associated with the issuance of Additional Bonds. As applied to individual accounts of the Reserve Fund, the Reserve Requirement will initially be allocated as set forth in the Indenture.

“Responsible Officer” 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 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 with respect to the Bonds (other than the Administrative Expense Fund, the Rebate 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 with respect to the Bonds (other than investment income on moneys held in the Administrative Expense Fund, the Rebate Fund and the Surplus Fund).

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 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/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“Series” means each series of Bonds issued under the Indenture.

“Series of Local Obligations” means each of the Local Obligations issued pursuant to the Local Obligation Bond Indentures.

“Six Month Period” shall mean the period of time beginning on the Closing Date and ending six months thereafter, and each six month period thereafter until the latest maturity date of the Bonds (and any obligations that refund the Bonds).

“Special Taxes” means the taxes authorized to be levied by the CFD on parcels within the Improvement Areas therein, as applicable, which have been pledged to repay the Local Obligations pursuant to the CFD Act.

“Standard & Poor’s” and “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, its successors and assign.

“State” means the State of California.

“Supplemental Indenture” means any indenture, agreement or other instrument duly executed by the Authority after the date of the Indenture in accordance with the provisions of the Indenture.

“Surplus Fund” means the fund by that name established pursuant to the Indenture.

“Tax Certificate” means the certificate by that name to be executed by the Authority on the Closing Date with respect to a Series of Bonds to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Trust Office” means the office of the Trustee at which at any particular time its corporate trust business with respect to the Indenture will be administered, which office at the date of the Indenture is located in Los Angeles, California, or such other place as designated by the Trustee except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term will mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business will be conducted.

“Trustee” means Zions Bancorporation, National Association, a national banking association duly organized and existing under the laws of the United States of America, with a corporate trust office in Los Angeles, California, 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.

“2025 Bonds” means the Beaumont Public Improvement Authority Local Agency Revenue Refunding Bonds, Series 2025.

Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture will be deemed to be and will constitute a contract between the Authority and the Owners from time to time of the Bonds; and the covenants and agreements therein set forth to be performed on behalf of the Authority will be for the equal and proportionate benefit, security and protection of all Owners of the Bonds and for the equal and proportionate benefit, security and protection of all Owners of the Bonds as their respective interests appear without preference, priority or distinction as to security or otherwise of any of the Bonds over other Bonds or any of the Bonds over any other Bonds by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein.

DEPOSIT AND APPLICATION OF PROCEEDS

Issuance of Bonds. Upon the execution and delivery of the Indenture, the Authority will execute and deliver the 2025 Bonds in the original aggregate principal amount set forth in the Indenture to the Trustee for authentication and delivery to the Original Purchaser thereof upon the Request of the Authority.

Revenue Fund. The Trustee will establish and maintain a separate fund to be known as the “Revenue Fund” and the following separate accounts in the Indenture: Interest Account and Principal Account. Except as otherwise provided in the Indenture, the Trustee will deposit all Revenues received after the Closing Date to the Revenue Fund and will apply amounts in the Revenue Fund as described in the Indenture.

Costs of Issuance Fund. The Trustee will establish and maintain a fund known as the “Costs of Issuance Fund” into which will be deposited the amounts set forth 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 by the Trustee of a Request of the Authority. Each such Request of the Authority will be sufficient evidence to the Trustee of the facts stated in the Indenture and the Trustee will have no duty to confirm the accuracy of such facts. On the date which 120 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 and the Trustee will no longer be obligated to make payments for Costs of Issuance. 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, and upon receipt of such request by the Trustee, the Trustee will comply with such request.

Purchase Fund. The Trustee will establish and maintain a separate fund to be known as the “Purchase Fund” into which will be deposited a portion of the proceeds of sale of the Bonds pursuant to the Indenture or pursuant to the provisions of a Supplemental Indenture. The Trustee will use the proceeds of the Bonds to purchase Local Obligations on the Closing Date; provided, however, that such Local Obligations may be purchased only if the Trustee has received a certificate of the Original Purchaser of the Bonds or an Independent Financial Consultant stating that the Revenues to be available to the Trustee, assuming timely payment of the Local Obligations, will be sufficient to permit the timely payment of the principal of and interest on all Outstanding Bonds.

Reserve Fund. The Trustee will establish and maintain a separate fund to be known as the “Reserve Fund” and within such fund, accounts to be known as the “CFD No. 93-1 IA 7A1 Reserve Account,” the “CFD No. 93-1 IA 19A Reserve Account,” the “CFD No. 93-1 IA 18 Reserve Account,” the “CFD No. 93-1 IA 16 Reserve Account,” and the “CFD No. 93-1 IA 9B Reserve Account,” which will be administered as provided in the Indenture.

Rebate Fund. The Trustee shall establish and maintain a separate fund, when needed, to be known as the “Rebate Fund” and a separate Rebate Account and Alternative Penalty Account therein for the Bonds. The Rebate Fund shall be administered as described in the Indenture.

Surplus Fund. The Trustee will establish and maintain a separate fund, when needed, to be known as the “Surplus Fund” which will be administered as described in the Indenture.

Administrative Expense Fund. The Trustee will establish and maintain a separate fund to be held by the Trustee and known as the “Administrative Expense Fund” into which will be deposited the amounts specified in the Indenture and any amounts transferred to the Trustee by the Community Facilities District for the purpose of paying Authority Administrative Expenses which an Authorized Officer directs to be deposited in the Administrative Expense Fund. The moneys in the Administrative Expense Fund will be used to pay Authority Administrative Expenses or will be transferred to the Surplus Fund, in either case, upon receipt of a Requisition of the Authority.

Validity of Bonds. The validity of the authorization and issuance of the Bonds will not be affected in any way by any proceedings taken by the Authority or the Community Facilities District with respect to the application of the proceeds of the Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law will be conclusive evidence of their validity and of the regularity of their issuance.

REVENUES; FLOW OF FUNDS

Revenue Fund. Amounts in the Revenue Fund will be applied as set forth in the Official Statement under the caption “SECURITY FOR THE BONDS—Revenues and Flow of Funds.”

Reserve Fund. Amounts in the Reserve Fund will be applied as set forth in the Official Statement under the caption “SECURITY FOR THE BONDS—Reserve Fund.”

As long as the Reserve Surety Bond will be in full force and effect, the Authority and the Trustee agree to comply with the following provisions:

(i) In the event and to the extent that moneys on deposit in the Revenue Fund, plus all amounts on deposit in and credited to the Reserve Fund in excess of the amount of the Reserve Surety Bond, are insufficient to pay the amount of principal and interest coming due on the 2025 Bonds, then upon the later of: (1) one (1) Business Day after receipt by the Bond Insurer of a Notice of Nonpayment (as defined in the Reserve Surety Bond), duly executed by the Trustee certifying that payment due under the Indenture has not been made to the Trustee; or (2) the Interest Payment Date, the Bond Insurer will make a deposit of funds in an account with the Trustee or its successor sufficient for the payment to the Trustee of amounts which are then due to the Trustee under the Indenture up to but not in excess of the Policy Limit (as defined in the Reserve Surety Bond); provided, however, that in the event that the amount on deposit in, or credited to, the Reserve Fund, in addition to the amount available under the Reserve Surety Bond, includes amounts available under any other Reserve Credit Facility, draws on the Reserve Surety Bond and the other Reserve Credit Facility will be made on a pro rata basis to fund the insufficiency.

(ii) The Authority will repay any draws under the Reserve Surety Bond and pay all related reasonable expenses incurred by the Bond Insurer. Interest will accrue and be payable on such draws and expenses from the date of payment by the Bond Insurer at the Late Payment Rate. For purposes of the Indenture, “Late Payment Rate” means the lesser of: (1) the greater of: (A) the per annum rate of interest, publicly announced from time to time by JP Morgan Chase Bank at its principal office in the City of New York, as its prime or lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JP Morgan Chase Bank) plus 5%; and (B) the then applicable highest rate of interest on the 2025 Bonds; and (2) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate will be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that JP Morgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate will be the publicly announced prime or base lending rate of such national bank as the Bond Insurer will specify. If the interest provisions of this provision of the Indenture will result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created therein, then all sums in excess of those lawfully collectible as interest for the period in question will, without further agreement or notice between or by any party thereto, be applied as additional interest for any later periods of time when amounts are outstanding thereunder to the extent that interest otherwise due thereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess will be applied upon principal immediately upon receipt of such moneys by the Bond Insurer, with the same force and effect as if the Authority had specifically designated such extra sums to be so applied and the Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event will any agreed-to or actual exaction as consideration for the indebtedness created therein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

(iii) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, “Policy Costs”) will commence in the first month following each draw, and each such monthly payment will be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

(iv) Amounts in respect of Policy Costs paid to the Bond Insurer will 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 Surety Bond will be increased by a like amount, subject to the terms of the Reserve Surety Bond. The obligation to pay Policy Costs will be secured by a valid lien on all Revenues (subject only to the priority of payment provisions set forth in the Indenture).

(v) All cash and investments in the Reserve Fund or a Reserve Account therein will be transferred to the Revenue Fund for payment of the principal of and interest on the 2025 Bonds before any drawing may be made on the Reserve Surety Bond or any other Reserve Credit Facility credited to such Reserve Account in lieu of cash. Payment of any Policy Costs will be made prior to replenishment of any such cash amounts. Draws on the Reserve Surety Bond and any other Reserve Credit Facility on which there is available coverage will be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund or a Reserve Account therein. Payment of Policy Costs and reimbursement of amounts with respect to any other Reserve Credit Facility will be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund or a Reserve Account therein. 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.

(vi) If the Authority fails to pay any Policy Costs in accordance with the requirements of the Indenture, the Bond Insurer will be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than: (i) acceleration of the maturity of the payments of principal of and interest on the Bonds; or (ii) remedies which would adversely affect Owners of the Bonds.

The Trustee will ascertain the necessity for a claim upon the Reserve Surety Bond in accordance with the provisions of the Indenture and provide notice to the Bond Insurer in accordance with the terms of the Reserve Surety Bond at least five (5) Business Days prior to an Interest Payment Date. Where deposits are required to be made by the Authority with the Trustee to the Revenue Fund for the payment of principal of and interest on the 2025 Bonds more often than semi-annually, the Trustee will be instructed to 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.

Surplus Fund. Amounts in the Surplus Fund will be applied as set forth in the Official Statement under the caption “SECURITY FOR THE BONDS—Surplus Fund.”

On September 1 of each year, after making the deposits required under the Indenture, and upon reimbursement to the Bond Insurer for any amounts owed under the Insurance Policy pursuant to the Indenture, the Trustee shall transfer all amounts remaining on deposit in the Revenue Fund to the Administrative Expense Fund unless the Trustee has received a Request of the Authority directing it to transfer all or a portion of the said amounts to the Surplus Fund, in which case the Trustee shall make the transfer to the Surplus Fund so specified.

Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture will be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments. The Trustee will be entitled to conclusively rely on any such Request of the Authority and will be fully protected in relying thereon. In the absence of any such Request of the Authority the Trustee will hold

such moneys uninvested. Permitted Investments purchased as an investment of moneys in any fund or account established pursuant to the Indenture will be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture will be deposited in the fund or account from which such investment was made; provided, however, that all interest or gain derived from the investment of amounts in the accounts of the Reserve Fund will, to the extent the balance in any account thereof exceeds, on September 1 of each year, its Proportionate Share of the Reserve Requirement as set forth in the Indenture, be withdrawn by the Trustee on such September 1, commencing March 1, 2026, and deposited to the special tax fund of the Community Facilities District to be applied to the payment of debt service on the applicable Local Obligations on the next Interest Payment Date.

For purposes of acquiring any investments under the Indenture, the Trustee may commingle moneys held by it in any of the funds and accounts held by it under the Indenture. The Trustee is authorized, in making or disposing of any investment permitted by the Indenture, 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. The Trustee and its affiliates may act as advisor, sponsor, principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee and its affiliates may make any and all investments permitted in the Indenture through its own investment department. The Trustee will incur no liability for losses arising from any investments made pursuant to the Indenture. The parties to the Indenture acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

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 effected by the Trustee as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Indenture or brokers selected by the Authority. Upon the Authority's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account, the value of Permitted Investments credited to such fund or account will be valued at the original cost thereof (excluding any brokerage commissions and excluding any accrued interest) provided that the investment of any funds held in the Reserve Fund, will be valued at fair market value and marked to market at least quarterly by the Authority.

COVENANTS OF THE AUTHORITY

Punctual Payment. The Authority will punctually pay or cause to be paid the principal and interest and premium (if any) 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 will 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 will be extended, such Bonds or claims for interest will 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 will have been so extended. Nothing in the Indenture will be deemed to limit the right of the Authority to issue

Bonds for the purpose of refunding any Outstanding Bonds, and such issuance will not be deemed to constitute an extension of maturity of the Bonds.

Against Encumbrances. The Authority will 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 limited, special obligations of the Authority in accordance with their terms, and the Authority and the Trustee will at all times, subject to the provisions of the Indenture and 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 will 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 will be made of transactions made by it 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 will be available for inspection by the Authority and the Community Facilities District upon reasonable prior notice during regular business hours and under reasonable circumstances, in each case as agreed to by the Trustee.

Not later than 45 days following each Interest Payment Date, the Trustee will prepare and file with the Authority a report in the Trustee's standard statement format setting forth: (i) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under the Indenture; (ii) the balance on deposit in each fund and account as of the date for which such report is prepared; and (iii) a brief description of all obligations held as investments in each fund and account. Copies of such reports may be mailed to any Owner upon the Owner's written request to the Trustee at the expense of such Owner at a cost not to exceed the Trustee's actual costs of duplication and mailing.

Conditions to Issuance of Additional Obligations. Except as set forth in the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness will be issued or incurred which are payable out of Revenues in whole or in part.

The Authority may issue Additional Bonds in such principal amount as will be determined by the Authority, pursuant to a Supplemental Indenture adopted or entered into by the Authority but only for the purpose of refunding the 2025 Bonds or any Additional Bonds. Such Additional Bonds may be issued subject to the following conditions precedent:

(a) The Authority will be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures;

(b) The proceeds of such Additional Bonds will be applied to accomplish a refunding of all or a portion of the Bonds or any Additional Bonds Outstanding.

(c) The Supplemental Indenture providing for the issuance of such Additional Bonds will provide that interest thereon will be payable on March 1 and September 1, and principal thereof will be payable on September 1 in any year in which principal is payable.

(d) Prior to the delivery of any Additional Bonds, a written certificate must be provided to the Authority and the Trustee by an Independent Financial Consultant which certifies that following the issuance of the Series of Additional Bonds, the principal and interest generated from the Local Obligations is adequate to make the timely payment of principal and interest due on all Outstanding Bonds and the Series of Additional Bonds to be issued under the Indenture.

(e) The Supplemental Indenture providing for the issuance of such Additional Bonds may provide for the establishment of separate funds and accounts.

(f) No Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) has occurred and be continuing with respect to the Bonds or any of the Local Obligations unless such Event of Default will be cured upon the issuance of the Additional Bonds.

(g) The Authority will deliver to the Trustee a written Certificate of the Authority certifying that the conditions precedent to the issuance of such Additional Bonds set forth in the Indenture have been satisfied and that, upon the issuance of such Additional Bonds an amount equal to the Reserve Requirement, as adjusted (if necessary) to reflect the issuance of such Additional Bonds will be on deposit in the Reserve Fund.

Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur if the Reserve Fund is not fully funded at the Reserve Requirement.

So long as any Insured Bonds remain outstanding or any amounts are owed to the Bond Insurer by the Authority, without the prior written consent of the Bond Insurer, the Authority will not issue any Additional Bonds that bears interest at other than fixed rates or permits or requires the Owner to tender such indebtedness for purchase prior to the stated maturity thereof.

Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes, the Authority covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) **Private Activity.** The Authority will not take or omit to take any action or make any use of the proceeds of the Bonds or of any other moneys or property which would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) **Arbitrage.** The Authority will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) **Federal Guarantee.** The Authority will make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) **Information Reporting.** The Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(e) **Miscellaneous.** The Authority will take no action inconsistent with its expectations stated in any Tax Certificate executed with respect to the Bonds and will comply with the covenants and requirements stated therein and incorporated by reference therein.

This Section and the covenants set forth therein shall not be applicable to, and nothing contained therein shall be deemed to prevent the Authority from issuing Bonds the interest on which has been determined by the Board to be subject to federal income taxation.

Rebate Fund.

(a) Establishment. The Trustee shall establish a Rebate Fund, when needed, and shall maintain therein separate accounts (solely from amounts deposited by the Authority) designated the “Rebate Account” and the “Alternative Penalty Account.” Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected, the Authority shall cause to be deposited in each such account of the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by the Indenture and the Tax Certificate unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding any other provision of the Indenture, the Trustee shall be deemed conclusively to have complied with the Indenture and the Tax Certificate if it follows the directions set forth in any Request of the Authority or Certificate of the Authority and shall be fully protected in so doing. The Trustee shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the Authority with the terms of the Indenture or the Tax Certificate.

(b) Rebate Account. The following requirements shall be satisfied with respect to the Rebate Account:

(i) Annual Computation. Within 55 days of the end of each Bond Year, the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Rebate Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Rebate Regulations (the “Rebatable Arbitrage”). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the Indenture.

(ii) Annual Transfer. Within 55 days of the end of each applicable Bond Year, upon receipt of the Request of the Authority, an amount shall be deposited to the applicable Rebate Account by the Trustee from any Revenues specified by the Authority in the aforesaid Request of the Authority, if and to the extent required so that the balance in the Rebate Account shall equal the amount of Rebatable Arbitrage so calculated in accordance with (i) of this Subsection (b). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of a Rebate Account exceeds the amount required to be on deposit therein, upon receipt of a Request of the Authority, the Trustee shall withdraw the excess from the applicable Rebate Account and then credit the excess to the Revenue Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by Request of the Authority, to the United States Treasury, out of amounts in the Rebate Account,

(A) Not later than 60 days after the end of (A) the fifth Bond Year, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage as set forth in a Certificate of the Authority delivered to the Trustee calculated as of the end of such Bond Year; and

(B) Not later than 60 days after the payment of all the Bonds, an amount equal to 100% of the Rebatable Arbitrage as set forth in a Certificate of the Authority delivered to the Trustee calculated as of the end of such applicable Bonds Year, and any income attributable to the Rebatable Arbitrage, as set forth in a Certificate of the Authority delivered to the Trustee computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from a Rebate Account, the amount in such Rebate Account is not sufficient to make such payment when such payment is due, the

Authority shall calculate or cause to be calculated the amount of such deficiency and deposit with the Trustee an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (b) shall be made to the Internal Revenue Service Center, Ogden, Utah 84207 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (which form shall be completed and provided by the Authority to the Trustee), or shall be made in such other manner as provided under the Code, in each case as specified in a Request of the Authority delivered to the Trustee.

(c) Alternative Penalty Account.

(i) *Six Month Computation.* If the 1½% Penalty has been elected, within 85 days of each particular Six Month Period, the Authority shall determine or cause to be determined whether the 1½% Penalty is payable (and the amount of such penalty) as of the close of the applicable Six Month Period. The Authority shall obtain expert advice in making such determinations.

(ii) *Six Month Transfer.* Within 85 days of the close of each Six Month Period, upon receipt of the Request of the Authority, the Trustee shall deposit in the Alternative Penalty Account from any source of funds (specified by the Authority in the aforesaid Request), if and to the extent required, so that the balance in the Alternative Penalty Account for a Series equals the amount of 1½% Penalty (as specified in such Request) due and payable to the United States Treasury determined by the Authority as provided in subsection (c)(i) above. In the event that immediately following the transfer provided in the previous sentence, the amount then on deposit to the credit of the Alternative Penalty Account exceeds the amount required to be on deposit therein to make the payments required by subsection (c)(iii) below, the Trustee, pursuant to a Certificate of the Authority, may withdraw the excess from the Alternative Penalty Account and credit the excess to the Revenue Fund.

(iii) *Payment to the Treasury.* The Trustee shall pay, as directed by Request of the Authority, to the United States Treasury, out of amounts in the Alternative Penalty Account, not later than 90 days after the close of each Six Month Period the 1½% Penalty (as specified by the Authority in the aforesaid Request), if applicable and payable, computed by the Authority in accordance with Section 148(f)(4) of the Code. In the event that, prior to the time of any payment required to be made from the Alternative Penalty Account, the amount in such account is not sufficient to make such payment when such payment is due, the Authority shall calculate the amount of such deficiency and deposit with the Trustee an amount received from any legally available source of funds equal to such deficiency for transfer into the Alternative Penalty Account prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (c)(iii) shall be made to the Internal Revenue Service, Ogden, Utah 84207 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (which form shall be completed and provided by the Authority to the Trustee) or shall be made in such other manner as provided under the Code.

(d) Disposition of Unexpended Funds. Any funds remaining in the accounts of the Rebate Fund after redemption and payment of the Bonds and the payments of all amounts described in Subsection (b)(iii) or (c)(iii) (whichever is applicable) or provision made therefor satisfactory to the Trustee, including accrued interest and payment of all applicable fees to the Trustee, may, upon written request, be withdrawn by the Trustee and remitted to the Authority and utilized in any manner by the Authority.

(e) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance of the Bonds.

(f) Trustee. The Trustee shall have no responsibility to monitor or calculate any amounts payable to the U.S. Treasury pursuant to this Section and shall be deemed conclusively to have complied with its obligations thereunder if it follows the written instructions of the Authority given pursuant to this Section.

Local Obligations. Subject to the provisions of the Indenture, the Authority and the Trustee, will use reasonable efforts to collect all amounts due from the Community Facilities District pursuant to the Local Obligations and will enforce, and take all steps, actions and proceedings which the Authority and Trustee determine to be reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations and covenants of the City and the Community Facilities District thereunder. The Authority will instruct the Community Facilities District to authenticate and deliver to the Trustee the Local Obligations registered in the name of the Trustee.

The Authority, the Trustee and the Community Facilities District may at any time consent to, amend or modify any of the Local Obligations pursuant to the terms thereof, (a) with the prior consent of the Bond Insurer and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, or (b) without the consent of any of the Owners or the Bond Insurer if such amendment or modification is for any one or more of the following purposes; provided, however, that any such amendment or modification which adversely affects the rights and interests of the Bond Insurer will require the prior written consent of the Bond Insurer:

(a) to add to the covenants and agreements of the Community Facilities District contained in such Local Obligations, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power in the Indenture reserved to or conferred upon the Community Facilities District; or

(b) 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 Community Facilities District may deem necessary or desirable, provided under any circumstances that such modifications or amendments will not materially adversely affect the interests of the Owners of the Bonds in the opinion of Bond Counsel filed with the Trustee; or

(c) 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, in and of itself, adversely affect the exclusion from gross income of the interest on any Bonds under the Code theretofore issued on a tax-exempt basis, in the opinion of Bond Counsel filed with the Trustee.

Sale of Local Obligations. Notwithstanding anything in the Indenture to the contrary, though subject to the prior consent of the Bond Insurer, the Authority may cause the Trustee to sell, from time to time, all or a portion of a Series of Local Obligations, provided that the Authority will deliver to the Trustee:

(a) a certificate of an Independent Accountant certifying that, following the sale of such Local Obligations and the Revenues to be paid to the Authority (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 Defeasance Securities pledged to the repayment of the Bonds and the Revenues then on deposit in the funds and accounts established under the Indenture (valuing any Permitted Investments held under the Indenture at the then fair market value thereof), will be sufficient to pay the principal of and interest on the Bonds when due;

(b) if any Bonds are then rated by Standard & Poor's a notification from Standard & Poor's to the effect that such rating will not be withdrawn or reduced as a result of such sale of Local Obligations;

(c) 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 any Bonds theretofore issued on a tax-exempt basis from gross income for purposes of federal income taxation; and

(d) to provide for the issuance of an additional Series of Local Obligations subject to and in accordance with the provisions of the applicable Local Obligation Agreement.

Upon compliance with the foregoing conditions by the Authority, the Trustee will sell such Local Obligations in accordance with the Request of the Authority and disburse the proceeds of the sale of such Local Obligations to the Authority or upon the receipt of a Request of the Authority will deposit such proceeds in the Revenue Fund.

Continuing Disclosure Agreement. The Authority covenants and agrees that it will comply with and carry out all of its obligations under the Continuing Disclosure Agreement to be executed and delivered by the Authority in connection with the issuance of the Bonds. Notwithstanding any other provision of the Indenture, failure of the Authority to comply with the Continuing Disclosure Agreement will not be considered an Event of Default; however, any Owner 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 the Indenture. For purposes of this paragraph, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories and other intermediaries).

Further Assurances. The Authority will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided therein.

Pledged Revenues. The Authority represents it has not made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Revenues that ranks on a parity with or prior to the pledge granted under the Indenture. The Authority will not make any pledge or assignment of, lien on, or security interest in the Revenues payable senior to or on a parity with the pledge of Revenues established under the Indenture after the date of the Indenture.

THE TRUSTEE

Appointment of Trustee. Zions Bancorporation, National Association, with a corporate trust office presently located in Los Angeles, California, a national banking association organized and existing under and by virtue of the laws of the United States of America, is appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee under the Indenture and to allocate, use and apply the same as provided in the Indenture. The Authority agrees that it will maintain a Trustee which is a trust company, association or bank of good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers, with a combined capital and surplus of at least Seventy-Five Million Dollars (\$75,000,000), and subject to supervision or examination by federal or state authority, or otherwise approved by the Bond Insurer in writing, so long as any Bonds are Outstanding. If such bank, association or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of the Indenture, the combined capital and surplus will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption prior to maturity, to make regularly scheduled interest payments, and to cancel any Bond upon payment thereof.

Acceptance of Trusts. The Trustee accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. These duties will be deemed purely ministerial in nature, and the Trustee will not be liable except for the performance of such duties, and no implied covenants or obligations will be read into the Indenture against the Trustee. In case an Event of Default under the Indenture has occurred (which has not

been cured or waived), the Trustee may exercise such of the rights and powers vested in it by the Indenture, and will use the same degree of care and skill and diligence in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers of the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, but will not be responsible for the acts of any agents, attorneys or receivers appointed by it unless such appointment was the result of negligence or willful misconduct. The Trustee may consult with and act upon the advice of counsel (which may be counsel to the Authority) concerning all matters of trust and its duty under the Indenture and may conclusively rely upon and will be wholly protected in reliance upon the advice or opinion of such counsel in respect of any action taken or omitted by it in accordance with the Indenture.

(c) The Trustee will not be responsible for any recital in the Indenture, or in the Tax Certificate or in the Bonds, or for any of the supplements thereto or instruments of further assurance, or for the validity, effectiveness or the sufficiency of the security for the Bonds issued under the Indenture or intended to be secured by the Indenture and the Trustee will not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority under the Indenture or under the Tax Certificate. The Trustee will have no responsibility, opinion, or liability with respect to any information, statement, or recital in any offering memorandum, official statement, or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(d) Except as provided in the Indenture, the Trustee will not be accountable for the use of any proceeds of sale of the Bonds delivered under the Indenture. The Trustee may become the Owner of Bonds secured by the Indenture with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee will represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(e) The Trustee will be entitled to request and receive written instructions from the Authority and will have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction thereof. The Trustee will be protected and will incur no liability in acting, or refraining from acting, without negligence, in reliance upon any notice, request, direction, consent, certificate, opinion, order, affidavit, letter, telegram, facsimile, bond, debenture, note, other evidence of indebtedness (including any Bond) or other paper or document believed by it to be genuine and correct and to have been signed, sent or presented by the proper person or persons, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. Any action taken or omitted to be taken by the Trustee without negligence pursuant to the Indenture upon the written request or direction, authority or consent of any person who at the time of making such request or direction or giving such authority or consent is the Owner of any Bond, will be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee will not be bound to recognize any person as an Owner of any Bond or to take any action at such person's request unless the ownership of such Bond by such person will be reflected on the Bond Register.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee will be entitled to rely upon a Certificate of the Authority and/or opinion of counsel as sufficient evidence of the facts in the Indenture contained and prior to the occurrence of an Event of Default under the Indenture of which the Trustee has been given notice or is deemed to have notice, as provided in the Indenture, will also be at liberty to accept a Certificate of the Authority and/or opinion of counsel to the effect that any particular dealing, transaction or action is necessary or expedient, and will be fully protected in relying thereon, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but will in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty and notwithstanding any other provision of the Indenture, the Trustee will not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee will extend to its officers, directors, employees and agents.

(h) The Trustee will not be required to take notice or be deemed to have notice of any Event of Default under the Indenture except where a Responsible Officer has actual knowledge of such Event of Default and except for the failure by the Authority to make any of the payments to the Trustee required to be made by the Authority pursuant to the Indenture, including payments on the Local Obligations, or failure by the Authority to file with the Trustee any document required by the Indenture to be so filed subsequent to the issuance of the Bonds, unless a Responsible Officer will be specifically notified in writing of such default by the Authority or by the Owners of at 25% in aggregate principal amount of the Outstanding Bonds and all notices or other instruments required by the Indenture to be delivered to the Trustee must, in order to be effective, be delivered to a Responsible Officer at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default under the Indenture except as aforesaid. Delivery of a notice to the officer and address for the Trustee set forth in the Indenture, as updated by the Trustee from time to time, will be deemed notice to a Responsible Officer.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, will have the right fully to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) The Trustee will not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the performance of its duties under the Indenture.

(k) Notwithstanding anything elsewhere in the Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of the Indenture, the Trustee will have the right, but will not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable by the Trustee in its sole discretion for the purpose of establishing the right of the Authority to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action referred to in the Indenture, the Trustee may require that security or indemnity satisfactory to it in its sole and exclusive discretion be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(m) All moneys received by the Trustee will, until used or applied or invested as in the Indenture provided, be held in trust for the purposes for which they were received but need not be segregated from other funds.

(n) Whether or not expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee will be subject to the provisions of the Indenture.

(o) The Trustee will not be considered in breach of or in default in its obligations under the Indenture or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, war, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, loss or malfunctions of utilities, computer (hardware or software) or communications service, accidents, labor disputes, the unavailability of the Federal Reserve Bank wire or telex

or other wire or communication facility, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of supplies or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(p) The Trustee agrees to accept and act upon facsimile or electronic transmission of written instructions and/or directions pursuant to the Indenture provided, however, that: (a) such originally executed instructions and/or directions will be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (b) the Trustee will have received a current incumbency certificate containing the specimen signature of such designated person. Any such instructions, directions and other communications furnished by electronic transmission will be in the form of attachments in PDF format.

(q) The Trustee will not be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct.

Fees, Charges and Expenses of Trustee. The Trustee will be entitled to payment and reimbursement by the Authority for reasonable fees for its services rendered under the Indenture and all advances (including any interest on advances), counsel fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default under the Indenture, but only upon an Event of Default with respect to a Series, the Trustee will have a first lien with right of payment prior to payment of any Bond upon the amounts held in Funds and accounts for such Series under the Indenture for the foregoing fees, charges and expenses incurred by it respectively. The Trustee's right to payment of such fees and expenses will survive the discharge and payment or defeasance of the Bonds and termination of the Indenture, and the resignation or removal of the Trustee.

Notice to Bond Owners of Default. If an Event of Default under the Indenture occurs with respect to any Bonds of which the Trustee has been given, or is deemed to have notice, as provided in the Indenture, then the Trustee will promptly give written notice thereof to the Owner of each such Bond unless such Event of Default will have been cured before the giving of such notice.

Intervention by Trustee. In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to the Indenture, will do so if requested in writing by the Owners of at least 25% in aggregate principal amount of such Bonds then Outstanding.

Removal of Trustee. With the consent of the Bond Insurer, the Owners of a majority in aggregate principal amount of the Outstanding Bonds may and the Authority may, so long as no Event of Default then exists, upon 30 calendar days' prior written notice to the Trustee and the Bond Insurer, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee and the Bond Insurer. Upon any such removal, the Authority will appoint a successor or successors thereto; provided that any such successor will be a bank, association or trust company meeting the requirements set forth in the Indenture.

Resignation by Trustee. The Trustee and any successor Trustee may at any time resign and be discharged from its duties and obligations under the Indenture by giving prior written notice of its intention to resign to the Authority, the Community Facilities District, the Bond Insurer and the City by registered or certified mail. Upon receiving such notice of resignation, the Authority will promptly appoint a successor Trustee to which the Bond Insurer consents. Any resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority will cause notice thereof to be sent to the Bond Insurer and the Bond Owners at their respective addresses set forth on the Bond Register.

Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to the Indenture, the Authority will promptly appoint a successor Trustee. In the event the Authority will for any reason whatsoever fail to appoint a successor Trustee within thirty (30) calendar days following the delivery to the Trustee of the instrument described in the Indenture or within thirty (30) calendar days following the receipt of notice by the Authority, the Community Facilities District, the Bond Insurer and the City pursuant to the Indenture, the Trustee may, at the expense of the Authority petition any court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of the Indenture. Any such successor Trustee appointed by such court will become the successor Trustee under the Indenture notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such thirty (30) calendar day period.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it will be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company will meet the requirements set forth in the Indenture, will be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything in the Indenture to the contrary notwithstanding. The Trustee may assign its rights, duties and obligations under the Indenture in whole or in part, to an affiliate or subsidiary thereof, provided such Corporation, affiliate or subsidiary meets the requirements set forth in the Indenture.

Concerning any Successor Trustee. Every successor Trustee appointed under the Indenture will execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment thereunder and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee under the Indenture and thereupon such successor, without any further act, deed or conveyance, will become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor will, nevertheless, on the Request of the Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor under the Indenture; and every predecessor Trustee will deliver all securities and moneys held by it as the Trustee under the Indenture to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing will, on request, be executed, acknowledged and delivered by the Authority.

Appointment of Co-Trustee. It is the purpose of the Indenture that there will be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in the case of litigation under the Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies therein granted to the Trustee or hold title to the properties, in trust, as granted in the Indenture, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate co-Trustee. The provisions of the Indenture are adopted to these ends.

In the event that the Trustee or the Authority appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by the Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto will be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee will run to and be enforceable by either of the Trustee or separate or co-Trustee.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee or the Authority for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing will, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, will become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, will vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Indemnification; Limited Liability of Trustee. The Authority further covenants and agrees to indemnify and save the Trustee and its officers, officials, directors, agents and employees, harmless from and against any damages, loss, cost, claims, expense (including legal fees and expenses of its attorneys) and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties under the Indenture, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. In no event will the Trustee be responsible or liable for any consequential, punitive, indirect, incidental, or special damages or loss of any kind whatsoever (including but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. No provision in the Indenture will require the Trustee to risk or expend its own funds or otherwise incur any financial liability under the Indenture unless security or indemnity satisfactory to it in its sole and absolute discretion against such liability or risk is provided to it. The Trustee will not be liable for any action taken or omitted to be taken by it in accordance with the direction of a majority (or any lesser amount that may direct the Trustee in accordance with the provisions of the Indenture) of the Owners of the principal amount of Bonds Outstanding or the Bond Insurer relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under the Indenture. The Trustee will not be liable for any errors of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent or engaged in willful misconduct in ascertaining the pertinent facts. The rights of the Trustee and the obligations of the Authority under the Indenture will survive termination of the Indenture, discharge of the Bonds and resignation or removal of the Trustee.

MODIFICATION AND AMENDMENT OF THE INDENTURE

Amendment of the Indenture. 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 will become binding when the Owners of a majority in aggregate principal amount of the Bonds then Outstanding and the prior written consent of the Bond Insurer are filed with the Trustee. No such modification or amendment will (a) 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, if any, at the time and place and at the rate and in the currency provided in the Indenture of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without written consent of the Trustee, modify any of the rights or obligations of the Trustee.

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 will 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; provided, however, that any such amendment or modification which adversely affects the rights and interests of the Bond Insurer will require the prior written consent of the Bond Insurer:

(a) 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 in the Indenture reserved to or conferred upon the Authority so long as such addition, limitation or surrender of such rights or powers will not materially adversely affect the Owners of the Bonds; or

(b) 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 will not materially adversely affect the interests of the Owners of the Bonds; or

(c) to amend any provision of the Indenture 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 theretofore issued on a tax-exempt basis, including, but not limited to, amending the procedures set forth in the Indenture with respect to the calculation of Rebatable Arbitrage; or

(d) to amend or clarify any provision of the Indenture to provide for the issuance of any Additional Bonds on a parity with the Bonds for all purposes of the Indenture, including, but not limited to, for the purpose of exercising all rights and remedies under the Indenture; or

(e) to amend the provisions of the Indenture.

The Trustee will be furnished, at the expense of the Authority, 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 and will be fully protected in relying thereon.

Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to the Indenture, the Indenture will be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties to the Indenture or such Supplemental Indenture and all Owners of Outstanding Bonds, as the case may be, will 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 as provided in the Indenture, the Authority may determine that any affected Bonds will 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 Trust Office of the Trustee, a suitable notation as to such action will be made on such Bond. If the Authority so determines, new Bonds so modified as, in the opinion of the Authority, are necessary to conform to such Bond Owners' action will be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds will be exchanged at the Trust 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 will not prevent any Bond Owner, with the Bond Insurer's consent, from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

EVENTS OF DEFAULT AND REMEDIES

Events of Default. The following events will be Events of Default under the Indenture.

(a) Default in the due and punctual payment of the principal of any Bond when and as the same will become due and payable, whether at maturity as in the Indenture 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 and as such interest installment will become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default will have continued for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, will have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than twenty five percent (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) will not constitute an Event of Default under the Indenture if the Authority will with the written approval of the Bond Insurer (so long as the Bond Insurer has not defaulted on any obligation under the Insurance Policy), commence to cure such default within said thirty (30) day period and thereafter diligently and in good faith will cure such default within a reasonable 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 will approve 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 will assume 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. Subject 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 will have occurred and be continuing and if requested to do so by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds, and, in each case, if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by the Indenture and, as applicable, under the Local Obligations, as the Trustee, being advised by counsel, will 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 will be cumulative and will be in addition to any other remedy given to the Trustee or to the Bond Owners under the Indenture or now or existing after the date of the Indenture at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default will impair any such right or power or will be construed to be a waiver of any such Event of Default or acquiescence in the Indenture; such right or power may be exercised from time to time as often as may be deemed expedient.

In no event will the principal of the Bonds be accelerated.

Application of Revenues and Other Funds After Event of Default. All amounts received by the Trustee with respect to the Bonds pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Bonds will be applied by the Trustee in the following order upon presentation of the several 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 the Indenture under the heading "Events of Default," including reasonable compensation to its agents, attorneys and counsel (including outside counsel and the allocated costs of internal attorneys), and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts will be insufficient to pay in full the full amount of such interest and principal, then such amounts will be applied in the following order of priority;

- (a) first to the payment of all installments of interest on the Bonds then due and unpaid,
- (b) second, to the payment of all installments of principal of the Bonds then due and unpaid, and
- (c) third, to the payment of interest on overdue installments of principal and interest on Bonds.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, will have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it may, 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 will not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds opposing such discontinuance, withdrawal, compromise, settlement or other such litigation and provided further that the Trustee will have the right to decline to comply with such written request unless indemnification satisfactory to it has been provided. Any suit, action or proceeding which any Owner of Bonds will have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds 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, will 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.

Anything in the Indenture notwithstanding, so long as the Insurance Policy is in full force and effect and the Bond Insurer has not defaulted on its obligations thereunder, upon the occurrence and continuance of an Event of Default; (a) the Bond Insurer will be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Bonds or the Trustee for the benefit of the holders of the Insured Bonds under the Indenture; (b) no default or Event of Default may be waived without the Bond Insurer's written consent; and (c) the Bond Insurer will be deemed to be the sole owner of the Insured Bonds for all purposes hereunder, including, without limitations, for purposes of exercising remedies and approving amendments.

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 will 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 will confer.

Non Waiver. Nothing in the Indenture, or in the Bonds, will 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 in the Indenture provided, out of the Revenues and other moneys in the Indenture pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners will not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such

subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver of any such default or an acquiescence; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by the Indenture may be enforced and exercised from time to time and as often as will be deemed expedient by the Trustee or the Bond Owners, as the case may be.

Rights and Remedies of Bond Owners. No Owner of any Bond issued under the Indenture will have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner will have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding will have made written request upon the Trustee to exercise the powers in the Indenture before granted or to institute such action, suit or proceeding in its own name; (c) said Owners will have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee will have refused or omitted to comply with such request for a period of sixty (60) days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds will have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner in the Indenture provided, and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner in the Indenture provided and for the equal benefit of all Owners of the Outstanding Bonds.

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 in the Indenture provided or to institute suit for the enforcement of any such payment, will not be impaired or affected without the written consent of such Owner, notwithstanding any provision of the Indenture.

Termination of Proceedings. In case the Trustee will have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings will have been discontinued or abandoned for any reason, or will have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners will be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

MISCELLANEOUS

Limited Liability of Authority. Notwithstanding anything in the Indenture contained, the Authority will not be required to advance any moneys derived from any source of income other than the Revenues or 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 in the Indenture contained (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 will 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 will 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, will 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 and other funds pledged to the payment thereof as in the Indenture provided.

Benefits of Indenture Limited to Parties. Nothing in the Indenture, expressed or implied, is intended to give to any person other than the Authority, the Trustee, the Bond Insurer and the Owners of the Bonds, any right, remedy or claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements in the Indenture contained by and on behalf of the Authority will be for the sole and exclusive benefit of the Trustee, the Bond Insurer and the Owners of Bonds.

Discharge of Indenture. The Authority may 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 any other fiduciary, in trust, Defeasance Securities in such amount as an Independent Accountant will determine 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.

Any Outstanding Bond or Bonds will be deemed to have been paid and discharged under (b) or (c) above if (i) in the case of Bonds to be redeemed prior to the maturity thereof, notice of such redemption will have been provided pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the provision of such notice, (ii) the Authority will deliver an escrow agreement with respect to the deposits under (b) or (c) above which will be acceptable in form and substance to the Bond Insurer, so long as the Bond Insurer has not defaulted on any obligation under the Insurance Policy; (iii) with respect to a deposit under (c) above, a verification report of an Independent Accountant will be delivered to the Trustee and the Bond Insurer; and (iv) an opinion of Bond Counsel will be delivered to the Trustee and the Bond Insurer to the effect that the requirements of the Indenture are satisfied with respect to such discharge of Bonds. The Bond Insurer will be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow. Upon a discharge of one or more Bonds as described above, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues, and other funds provided for in this Indenture with respect to such Bonds, as applicable, and all other pecuniary obligations of the Authority under the Indenture with respect to such Bonds, will cease and terminate, except only the obligation of the Authority to comply with the covenants contained in the Indenture, and 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. Any funds thereafter held by the Trustee, which are not required for said purposes, will be paid over to the Authority or upon a Request of the Authority to the City or the Community Facilities District, as applicable.

Defeasance will be accomplished only with an irrevocable deposit in escrow of cash and/or Defeasance Securities. Further substitutions of securities in the escrow are not permitted. The deposit in the escrow must be sufficient, without reinvestment, to pay all principal and interest as scheduled on the Bonds to and including the date of redemption.

The Indenture will not be discharged until all amounts due or to become due to the Bond Insurer have been paid in full in accordance with the Indenture. The Authority's obligation to pay such amounts will expressly survive payment in full of the payments of principal of and interest on the Bonds.

Successor is Deemed Included in All References to Predecessor. Whenever in the Indenture or any Supplemental Indenture either the Authority is named or referred to, such reference will be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority, and all the covenants, agreements and provisions contained in the Indenture by or on behalf of the Authority will bind and inure to the benefit of its successors whether so expressed or not.

Content of Certificates. Every certificate by or on behalf of the Authority with respect to compliance with a condition or covenant provided for in the Indenture will include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions in the Indenture relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the Authority, or upon the certificate or opinion of or representations by an officer or officers of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

Execution of Documents by Bond Owners. Any request, consent or other instrument required by the Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, will be sufficient for any purpose of the Indenture and will be conclusive in favor of the Trustee and of the Authority if made in the manner provided in the Indenture.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgements of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

The ownership of Bonds will be conclusively proved by the Bond Register. Any request, consent or vote of the Owner of any Bond will bind every future Owner of the same Bond and the Owner of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligation as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are owned or held by or for the account of the Authority, the City or the Community Facilities District (but excluding Bonds held in any employees' or retirement fund) will be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining

whether the Trustee will be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held will be disregarded. Upon request, the Authority will specify to the Trustee those Bonds disqualified pursuant to the Indenture and the Trustee may conclusively rely upon such certificate.

Waiver of Personal Liability. No officer, agent or employee of the Authority will be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing contained in the Indenture will relieve any such officer, agent or employee from the performance of any official duty provided by law.

Entire Agreement; Partial Invalidity. The Indenture and the exhibits thereto set forth the entire agreement and understanding of the parties related to the transaction and supersedes all prior agreements and understandings, oral or written. If any one or more of the covenants or agreements, or portions thereof, provided in the Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, will be null and void and will be deemed separable from the remaining covenants and agreements or portions thereof and will in no way affect the validity of the Indenture or of the Bonds; but the Bond Owners will retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The Authority declares that it would have entered into the Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase thereof and would have authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any or more sections, paragraphs, subdivisions, sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Destruction of Cancelled Bonds. Whenever in the Indenture provision is made for the surrender to the Authority or the Trustee of any Bonds which have been paid or cancelled pursuant to the provisions of the Indenture, the Trustee will destroy such Bonds in accordance with the retention policy of the Trustee then in effect.

Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority will at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee will be at all times maintained in accordance with corporate trust industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, will be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee will thereupon be released and discharged with respect thereto and the Bond Owners will look only to the Authority for the payment of such Bonds; provided, however, that before being required to make such payment to the Authority, the Trustee will, at the expense of Authority, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Bond Register, a notice that said moneys remain unclaimed and that, after a date in said notice, which date will not be less than thirty (30) days after the date of mailing such notice, the balance of such moneys then unclaimed will be returned to the Authority.

Payment Due on Other than a Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture, is not a Business Day, such

payment, with no interest accruing for the period after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in the Indenture.

Governing Law. The Indenture will be construed and governed in accordance with the laws of the State of California.

MUNICIPAL BOND INSURANCE POLICY AND RESERVE SURETY BOND

Rights of the Bond Insurer. As long as the Insurance Policy is in full force and effect, the Authority and the Trustee agree to comply with the provisions in the Indenture, notwithstanding anything therein to the contrary.

(a) The prior written consent of the Bond Insurer will be a condition precedent to the deposit of any other Reserve Credit Facility, other than the Reserve Surety Bond, provided in lieu of a cash deposit into the Reserve Fund. Amounts on deposit in the Reserve Fund will be applied solely to the payment of debt service due on Outstanding Bonds, and the Trustee will draw on the Reserve Accounts of the Reserve Fund to pay debt service and exhaust amounts on deposit or otherwise available therein prior to making any claim on the Insurance Policy.

(b) The Bond Insurer will be deemed to be the sole holder of the 2025 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2025 Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each 2025 Bond, each Owner of an 2025 Bond, the trustee (solely with respect to the 2025 Bonds) and each Owner of a 2025 Bond appoint the Bond Insurer as their agent and attorney-in-fact and agree that the Bond Insurer may at any time during the continuation of any proceeding by or against the Authority or any Community Facilities District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee (solely with respect to the 2025 Bonds) and each Owner of an 2025 Bond delegate and assign to the Bond Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of an 2025 Bond 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. Remedies granted to the Owners of 2025 Bonds shall expressly include mandamus.

(c) Upon the occurrence of an optional redemption of 2025 Bonds in part, the selection of such 2025 Bonds to be redeemed will be subject to the approval of the Bond Insurer; provided, however, that with respect to an optional redemption of 2025 Bonds in part resulting from the redemption of all outstanding maturities of a series of Local Obligations, such approval of the Bond Insurer will not be required. The exercise of any provision of the Indenture which permits the purchase of 2025 Bonds in lieu of redemption will require the prior written approval of the Bond Insurer if any 2025 Bond so purchased is not cancelled upon purchase.

(d) The rights granted to the Bond Insurer under the Indenture or under the Local Obligation Bond Indentures to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the 2025 Bonds and such action does not evidence any position

of the Bond Insurer, affirmative or negative, as to whether the consent of the Owners of the 2025 Bonds or any other person is required in addition to the consent of the Bond Insurer.

(e) The rights granted to the Bond Insurer under the Indenture or under the Local Obligation Bond Indentures to request, consent to or direct any action are rights granted to the Bond Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Bond Insurer of such rights is merely an exercise of the Bond Insurer's contractual rights and will not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the 2025 Bonds and such action does not evidence any position of the Bond Insurer, affirmative or negative, as to whether the consent of the Owners of the 2025 Bonds or any other person is required in addition to the consent of the Bond Insurer.

(f) Each of the Authority and the Trustee, to the extent directed by the Authority, at the expense of the Authority, covenants and agrees to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Revenues under applicable law.

(g) The Bond Insurer is deemed a third party beneficiary to the Indenture.

Payments under the Insurance Policy.

(a) If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the 2025 Bonds due on such Payment Date, the Trustee will give notice to the Bond Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2025 Bonds due on such Payment Date, the Trustee will make a claim under the Insurance Policy and give notice to the Bond Insurer and the Bond Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2025 Bonds and the amount required to pay principal of the 2025 Bonds, confirmed in writing to the Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

(b) The Trustee will designate any portion of payment of principal on 2025 Bonds paid by the Bond Insurer, 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 2025 Bonds registered to the then current Owners of the 2025 Bonds, whether DTC or its nominee or otherwise, and will issue a replacement 2025 Bond to the Bond Insurer, registered in the name of Assured Guaranty Inc., 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 2025 Bond will have no effect on the amount of principal or interest payable by the Authority on any 2025 Bond or the subrogation rights of the Bond Insurer.

(c) The Trustee will keep a complete and accurate record of all funds deposited by the Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any 2025 Bond. The Bond Insurer will have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Insurance Policy, the Trustee will establish a separate special purpose trust account for the benefit of Owners of the 2025 Bonds referred to in the Indenture as the "Policy Payments Account" and over which the Trustee will have exclusive control and sole right of withdrawal. The Trustee will receive any amount paid under the Insurance Policy in trust on behalf of Owners of 2025 Bonds and will deposit any such amount in the Policy Payments Account and distribute such amount

only for purposes of making the payments for which a claim was made. Such amounts will be disbursed by the Trustee to Owners of the 2025 Bonds in the same manner as principal and interest payments are to be made with respect to the 2025 Bonds under the sections of the Indenture regarding payment of the 2025 Bonds. It will not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the Authority agrees to pay to the Bond Insurer (i) a sum equal to the total of all amounts paid by the Bond Insurer under the Insurance Policy (the “Insurer Advances”); and (ii) interest on such Insurer Advances from the date paid by the Bond Insurer until payment thereof in full, payable to the Bond Insurer at the Late Payment Rate per annum (collectively, the “Insurer Reimbursement Amounts”). For purposes of the Indenture, “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 (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2025 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate will be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority covenants and agrees that the Bond Insurer Reimbursement Amounts are secured by a lien on and pledge of the Revenues and payable from such Revenues on a parity with debt service due on Outstanding Bonds.

(e) Funds held in the Policy Payments Account will not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following an Interest Payment Date will promptly be remitted to the Bond Insurer.

(f) The Bond Insurer will, to the extent it makes any payment of principal of or interest on the 2025 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights will also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Authority to the Bond Insurer under the Indenture, the 2025 Bonds, the Local Obligations and the Local Obligation Bond Indentures (collectively, the “Transaction Documents”) will survive discharge or termination of such Transaction Documents.

(g) After payment of reasonable expenses of the Trustee, the application of funds realized upon default will be applied to the payment of expenses of the Authority only after the payment of past due and current debt service on the 2025 Bonds and amounts required to restore the Reserve Fund to the Reserve Requirement.

(h) The Bond Insurer will be entitled to pay principal or interest on the 2025 Bonds that will become Due for Payment but will be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Insurance Policy) whether or not the Bond Insurer has received a notice of Nonpayment or a claim upon the Insurance Policy.

Amounts Paid by Insurer. Amounts paid by the Bond Insurer under the Insurance Policy and the Reserve Surety Bond will not be deemed paid for purposes of the Indenture and the 2025 Bonds relating to such payments will remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Indenture. The Indenture will not be discharged unless all amounts due or to become due to the Bond Insurer have been paid in full or duly provided for.

Reimbursement of Insurer Fees. The Authority will pay or reimburse the Bond Insurer from Revenues any and all charges, fees, costs and expenses that the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Transaction Document; (ii) the pursuit of any remedies under the Indenture or any other Transaction Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Transaction Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Transaction Document or the

transactions contemplated thereby, other than costs resulting from the failure of the Bond Insurer to honor its obligations under the Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Transaction Document.

Provision of Information to Insurer. The Bond Insurer will be provided with the following information by the Authority or the Trustee, as the case may be:

(a) Notice of any draw upon the Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;

(b) Notice of any default known to the Trustee or the Authority within five Business Days after knowledge thereof;

(c) Prior notice of the redemption of any of the Bonds or the Local Obligations, including the principal amount, maturities and CUSIP numbers thereof;

(d) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(e) Notice of the commencement of any Insolvency Proceeding by or against the Authority or a Community Facilities District;

(f) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(g) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Transaction Documents;

(h) All reports, notices and correspondence to be delivered to Bond Owners under the terms of the Transaction Documents; and

(i) All information furnished to Bond Owners pursuant to the Continuing Disclosure Agreement will also be provided to the Bond Insurer, simultaneously with the furnishing of such information.

In addition, the Bond Insurer has the right to receive such additional information as it may reasonably request.

The District will not enter into any interest rate exchange agreement or any other interest rate, maintenance agreement secured by and payable from the Net Special Taxes without the prior written consent of the Bond Insurer.

Discussion of and Access to Information. The Authority will permit the Bond Insurer to discuss the affairs, finances and accounts of the Authority or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Authority and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities, books and records of the Authority on any Business Day upon reasonable prior notice.

Notice to Insurer by Trustee. The Trustee will notify the Bond Insurer of any failure of the Authority or the Community Facilities District to provide notices, certificates and other information under the Transaction Documents of which a Responsible Officer of the Trustee has actual knowledge.

Effect of Insurance Policy. In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Owners of the Bonds, the Trustee will consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

Impairment of Insurer's Rights. No contract will be entered into or any action taken by which the rights of the Bond Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Bond Insurer.

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SUMMARY OF THE LOCAL OBLIGATION INDENTURES

The following is a brief summary of certain provisions of the Bond Indentures for the CFD No. 93-1 (Improvement Area No. 7A1) Bonds, CFD No. 93-1 (Improvement Area No. 19A) Bonds, CFD No. 93-1 (Improvement Area No. 18) Bonds, CFD No. 93-1 (Improvement Area No. 16) Bonds and CFD No. 93-1 (Improvement Area No. 8B) Bonds governing the terms of such bonds (collectively, the “Bond Indentures”). Except as otherwise described below, such Bond Indentures are substantially similar. This summary includes only the provisions of the Bond Indentures not already summarized in the Official Statement and does not purport to be complete and is qualified in its entirety by reference to said documents.

DEFINITIONS

Definitions. Unless the context otherwise requires, the following terms will have the following meanings:

“Account” means any account created pursuant to the Indenture.

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

“Additional Reserve Policy” means a letter of credit, insurance policy, surety bond or other such funding instrument other than the Reserve Policy which is approved by the Bond Insurer and delivered to the Authority Trustee for the purpose of providing a portion of any reserve requirement for Authority Bonds.

“Administrative Expenses” means the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys’ fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for Bonds or which are not otherwise paid as Costs of Issuance, any costs related to the District’s compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds, the District, and any other costs otherwise incurred by the City on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District hereunder. Administrative Expenses will also include the administrative costs with respect to the collection of Delinquency Proceeds.

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

“Administrative Expense Requirement” means _____ in each Bond Year.

“Annual Debt Service” means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled.

“Authority” means the Beaumont Public Improvement Authority.

“Authority Bonds” means any bonds outstanding under the Authority Indenture, which are secured in part by payments made on the Bonds and which may be secured in part by any Parity Bonds.

“Authority Indenture” means that certain Indenture of Trust, dated as of July 1, 2025, by and between the Authority and the Authority Trustee, pursuant to which the Authority Bonds are issued.

“Authority Reserve Account” means the reserve account relating to the Bonds established in the Reserve Fund established under the Authority Indenture.

“Authority Trustee” means Zions Bancorporation, National Association or any successor thereto appointed pursuant to the Authority Indenture.

“Authorized Investments” means any of the following investments, if and to the extent the same are at the time legal for investment of the District’s funds (the Trustee is entitled to rely upon investment direction from the District as a certification that such investment is an Authorized Investment):

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

(a) Federal Home Loan Mortgage Corporation (FHLMC)

(i) Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

(ii) Senior Debt obligations

(b) Farm Credit Banks (formerly: Federal Land Banks, Federal

(i) Intermediate Credit Banks and Banks for Cooperatives)

(ii) Consolidated system-wide bonds and notes

(c) Federal Home Loan Banks (FHL Banks)

(i) Consolidated debt obligations

(d) Federal National Mortgage Association (FNMA)

(i) Senior debt obligations

(ii) Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

(e) Financing Corporation (FICO)

(i) Debt obligations

(f) Resolution Funding Corporation (REFCORP)

(i) Debt obligations

4. Unsecured certificates of deposit, time deposits, demand deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated "A-1" or better by Standard & Poor's.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Trustee and any affiliate) which have capital and surplus of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days rated "A-1+" by Standard & Poor's and "Prime-1" by Moody's.

7. Money market funds rated "AAM" or "AAM-G" by Standard & Poor's, or better (including those of the Trustee or its affiliates).

8. "State Obligations," which means:

(a) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by Standard & Poor's, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by Standard & Poor's and "Prime-1" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by Standard & Poor's and "Aa" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by Standard & Poor's and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the paying agent for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or paying agent in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation will be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the paying agent or escrow agent.

10. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by Standard & Poor’s and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by Standard & Poor’s and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by Standard & Poor’s and Moody’s, provided that:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee or the District to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

(b) The Trustee or a third party acting solely as agent therefor or for the District (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

(c) The repurchase agreement will state and an opinion of counsel will be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase agreement will provide that if during its term the provider’s rating by either Moody’s or Standard & Poor’s is withdrawn or suspended or falls below “A” by Standard & Poor’s or “A3” by Moody’s, as appropriate, the provider must, at the direction of Trustee or the District, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Trustee or the District.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least “A” by Standard & Poor’s and Moody’s, respectively.

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

(a) interest payments are to be made to the Trustee or the District at times and in amounts as necessary to pay debt service on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Trustee or the District agrees to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement will state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks *pari passu* with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

(d) the Trustee or the District receives the opinion of domestic counsel (which opinion will be addressed to Trustee or the District) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Trustee or the District;

(e) the investment agreement will provide that if during its term

(i) the provider's rating by either Standard & Poor's or Moody's falls below "AA-" or "Aa3", respectively, the provider will, at its option, within 10 days of receipt of publication of such downgrade, either (y) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Standard & Poor's and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (z) repay the principal of and accrued but unpaid interest on the investment; and

(ii) the provider's rating by either Standard & Poor's or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Trustee or the District, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee or District; and

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

(g) the investment agreement must provide that if during its term

(i) the provider will default in its payment obligations, the provider's obligations under the investment agreement will, at the direction of the Trustee or the District, be accelerated and amounts invested and accrued but unpaid interest thereon will be repaid to the Trustee or the District, and

(ii) the provider will become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the

provider's obligations will automatically be accelerated and amounts invested and accrued but unpaid interest thereon will be repaid to the Trustee or the District.

12. The State of California Local Agency Investment Fund.

“Authorized Representative of the City” means the means the Mayor, City Manager, Finance Director, or City Clerk or Deputy City Clerk of the City, or any other officer or employee authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in the Indenture as required to be undertaken by an Authorized Representative of the City.

“Bond Counsel” means Stradling Yocca Carlson & Rauth LLP, or an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Insurer” means any municipal bond insurance company providing bond insurance under the Authority Indenture.

“Bondowner” or “Owner” means the person or persons in whose name or names any Bond or Parity Bond is registered.

“Bond Register” means the books which the Trustee will keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds will be recorded.

“Bond Year” means the twelve month period commencing on September 1 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds will begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

“Bonds” means the 2025 Special Tax Refunding Bonds issued by the District.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks or trust companies in New York, New York, Wilmington, Delaware, Los Angeles, California, or the city where the corporate trust office of the Trustee is located, are not required or authorized by law, regulation or executive order to close or to remain closed.

“Certificate of an Authorized Representative” means a written certificate or warrant request executed by an Authorized Representative of the City.

“City” means the City of Beaumont, County of Riverside, California.

“City Council” means the City Council of the City.

“Code” means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Costs of Issuance” will have the meaning set forth in the Authority Indenture.

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

custodian may be obligated, (c) subject to the prior written consent of the Bond Insurer (so long as the Bond Insurer has not defaulted on any obligation under the Insurance Policy), pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, and (d) subject to the prior written consent of the Bond Insurer (so long as the Bond Insurer has not defaulted on any obligation under the Insurance Policy), securities eligible for “AAA” defeasance under then existing criteria of S&P.

“Delinquency Proceeds” means the amounts collected from the redemption of delinquent Special Taxes and from the sale of property sold as a result of the foreclosure of the lien of the Special Tax resulting from the delinquency in the payment of Special Taxes due and payable on such property.

“Delivery Date” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

“Developed Property” has the meaning set forth in the Rate and Method of Apportionment for the Improvement Area or District, as applicable.

“District” means the Community Facilities District established pursuant to the Act and the Resolution of Formation that is a party to the Indenture.

“Escrow Agent” means Zions Bancorporation, National Association, acting as escrow agent pursuant to the Escrow Agreement.

“Escrow Agreement” means that Escrow Agreement, dated as of July 1, 2025, between the District and the Escrow Agent relating to the defeasance and refunding of the Prior Bonds.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

“Gross Special Taxes” means the amount of all Special Taxes received by the District, together with the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

“Improvement Area” means CFD No. 93-1 (Improvement Area No. 7A1), CFD No. 93-1 (Improvement Area No. 19A), CFD No. 93-1 (Improvement Area No. 18), CFD No. 93-1 (Improvement Area No. 16) and CFD No. 93-1 (Improvement Area No. 8B), as applicable.

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

- (1) is in fact independent and not under the domination of the District or the City;
- (2) does not have any substantial interest, direct or indirect, in the Improvement Area, the District or the City; and
- (3) is not connected with the District or the City as a member, officer or employee of the District or the City, but who may be regularly retained to make annual or other reports to the District or the City.

“Indenture” means the Bond Indenture by and between the District and the Trustee, dated July 1, 2025, together with any Supplemental Indenture approved pursuant to the Indenture.

“Insurance Policy” or “Policy” means the insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Authority Bonds when due.

“Interest Payment Date” means each March 1 and September 1, commencing March 1, 2026, and the final maturity date of the Bonds; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date, and in the case of the final Interest Payment Date to and including such date, will be paid on the Business Day next preceding such date.

“Maximum Special Tax” has the meaning ascribed to it in the Rate and Method of Apportionment.

“Moody’s” means Moody’s Investors Service, its successors and assigns.

“Net Special Taxes” means Gross Special Taxes minus amounts set aside to pay Administrative Expenses.

“Ordinance” means the ordinance adopted by the legislative body of the District, providing for the levying of the Special Tax.

“Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds theretofore issued by the District, except:

(1) Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with the Indenture;

(2) Bonds and Parity Bonds for payment or redemption of which moneys will have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as provided in the Indenture or any applicable Supplemental Indenture for Parity Bonds; and

(3) Bonds and Parity Bonds which have been surrendered to the Trustee for transfer or exchange pursuant to the Indenture or for which a replacement has been issued pursuant to the Indenture.

“Parity Bonds” mean bonds or other securities issued by the District and secured by a lien on the Net Special Taxes which is on parity with the lien thereon securing the Bonds.

“Person” means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

“Policy Costs” means repayment of all amounts due under the Reserve Policy and all amounts due with respect to any Additional Reserve Policy resulting from a failure by the District to pay the principal of and interest on the Bonds when due.

“Prepayments” means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District or the Improvement Area made in accordance with the Rate and Method of Apportionment.

“Principal Office of the Trustee” means the principal corporate trust office of the Trustee in Los Angeles, California, provided that for purposes of payment, redemption, exchange, transfer, surrender and cancellation of Bonds and Parity Bonds, such term means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as the Trustee may from time to time designate in writing to the District and the Owners.

“Proportionate Share” means, as of the date of calculation, the portion of the reserve requirement required under the Authority Indenture to be on deposit in the Authority Reserve Account of the Reserve Fund, including any proportionate share of any Policy Costs.

“Rate and Method of Apportionment” means that certain Rate and Method of Apportionment of Special Tax approved pursuant to the Resolution of Formation, as may be amended in accordance with the Act and the Indenture.

“Rating Agency” means Moody’s and Standard & Poor’s, or both, as the context requires.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“Reserve Account” means the account by that name established pursuant to the Indenture.

“Reserve Fund” means the fund by that name established by the Authority Indenture.

“Reserve Policy” means the municipal bond debt service reserve insurance policy issued by the Bond Insurer on the date of issuance of the Bonds representing the reserve requirement established under the Authority Indenture.

“Reserve Requirement” means that amount as of any date of calculation equal to the lesser of: (i) 10% of the initial principal amount of the Bonds and Parity Bonds if any; (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; provided, however, that the Reserve Requirement shall not exceed \$ _____ except in connection with the issuance of Parity Bonds. The initial Reserve Requirement is \$ _____.

“Resolution of Formation” means the resolution adopted by the City Council pursuant to which the City formed the District and designated the Improvement Area therein, as applicable.

“Sinking Fund Payment” means the annual payment to be deposited in the Redemption Account to redeem a portion of the Term Bonds in accordance with any annual sinking fund payment schedule to retire any Bonds or Parity Bonds which are designated as Term Bonds.

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

“Special Taxes” means the taxes authorized to be levied by the District on property within the District in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the election in the District.

“Standard & Poor’s” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, its successors and assigns.

“Supplemental Indenture” means any supplemental indenture amending or supplementing the Indenture.

“Surplus Fund” means the fund by that name created and established pursuant to the Indenture.

“Trustee” means Zions Bancorporation, National Association, a national banking association duly organized and existing under the laws of the United States of America, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank, association or trust company which may at any time be substituted in its place as provided in the Indenture and any successor thereto.

GENERAL AUTHORIZATION AND BOND TERMS

Type and Nature of Bonds and Parity Bonds. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Net Special Taxes, no other taxes are pledged to the payment of the Bonds and Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the City nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund, as more fully described in the Indenture. The District's limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District's property, or upon any of its income, receipts or revenues, except the Net Special Taxes and other amounts in the Special Tax Fund which are, under the terms of the Indenture and the Act, set aside for the payment of the Bonds and interest thereon and neither the members of the legislative body of the District or the City Council nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Notwithstanding anything to the contrary contained in the Indenture, the District will not be required to advance any money derived from any source of income other than the Net Special Taxes for the payment of the interest on or the principal of or premium on the Bonds or any Parity Bonds, or for the performance of any covenants contained in the Indenture. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Equality of Bonds and Parity Bonds and Pledge of Net Special Taxes. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the principal of and interest on the Bonds and any Parity Bonds in accordance with their terms, the provisions of the Indenture and the Act, the District pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Net Special Taxes and any other amounts held in the Special Tax Fund. Said pledge constitutes a first lien on and security interest in such assets, which will immediately attach to such assets and be effective, binding and enforceable against the District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act. Pursuant to the Act and the Indenture, the Bonds and any Parity Bonds will be equally payable from the Net Special Taxes and other amounts in the Special Tax Fund, without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, will be exclusively paid from the Net Special Taxes and other amounts in the Special Tax Fund, which are set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding will not be used for any other purpose, except as permitted by the Indenture or any Supplemental Indenture. Notwithstanding any provision contained in the Indenture to the contrary, Net Special Taxes deposited in the Surplus Fund will no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Surplus Fund or the Administrative Expense Fund be construed as a trust fund held for the benefit of the Owners.

Nothing in the Indenture or any Supplemental Indenture precludes; (a) subject to the limitations herein, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption and payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same

now exists or as hereafter amended, or under any other law of the State of California; or (b) the issuance, subject to the limitations contained therein, of Parity Bonds which will be payable from Net Special Taxes.

Bond Register. The Trustee will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which shall upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in the Indenture, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, with reasonable notice, register or transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as provided in the Indenture.

The District and the Trustee may treat the Owner of any Bond or Parity Bond whose name appears on the Bond Register as the absolute Owner of that Bond or Parity Bond for any and all purposes, and the District and the Trustee shall not be affected by any notice to the contrary. The District and the Trustee may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Trustee of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

Validity of Bonds and Parity Bonds. The validity of the authorization and issuance of the Bonds and any Parity Bonds will not be affected in any way by any defect in any proceedings taken by the District for the financing of the Project, the refunding of the Prior Bonds, and the recital contained in the Bonds or any Parity Bonds that the same are issued pursuant to the Act and other applicable laws of the State shall be conclusive evidence of their validity and of the regularity of their issuance.

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

There is created and established and will be maintained by the Trustee the following funds and accounts:

- (1) The Special Tax Fund (in which there will be established and created an Interest Account, a Principal Account, a Reserve Account and a Redemption Account);
- (2) The Administrative Expense Fund; and
- (4) The Surplus Fund.

The amounts on deposit in the foregoing funds and accounts will be held by the Trustee on behalf of the District and will be invested and disbursed in accordance with the provisions of the Indenture. The investment earnings thereon will be disbursed in accordance with the provisions of the Indenture.

Deposits to and Disbursements from Special Tax Fund.

(a) The Trustee will deposit Gross Special Taxes representing Delinquency Proceeds as follows:

- (1) the amount specified by the District as representing past due interest on the Bonds will be deposited to the Interest Account of the Special Tax Fund; and
- (2) the amount specified by the District as representing past due principal of the Bonds will be deposited to the Principal Account of the Special Tax Fund.

(b) Except for the portion of any Prepayment to be deposited to the Redemption Account, the District will, as soon as practicable transfer the Special Taxes received by the District to the Trustee for deposit in the Special Tax Fund to be held by the Trustee in trust for the Owners. The Trustee will

transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Indenture, in the following order of priority, to:

- (1) the Administrative Expense Fund an amount equal to the Administrative Expense Requirement or, if the Trustee receives written direction from the District to transfer a lesser amount, then such lesser amount, provided that not more than one half of the Administrative Expense Requirement will be so transferred in any Fiscal Year prior to the date on which the balance on deposit in the Interest Account of the Special Tax Fund is at least equal to the interest payable on the Bonds on March 1;
- (2) the Interest Account of the Special Tax Fund the amount necessary to cause the balance on deposit therein to be equal to the interest on the Bonds and any Parity Bonds payable on the next succeeding Interest Payment Date;
- (3) the Principal Account of the Special Tax Fund the amount necessary to cause the balance on deposit therein to be equal to the principal amount of the Bonds and any Parity Bonds and/or the Sinking Fund Payment payable on the next succeeding September 1; provided that not more than one-half of the principal amount and/or the Sinking Fund Payment payable on the next succeeding September 1 will be deposited in the Principal Account prior to March 1 until (i) the balance on deposit in the Administrative Expense Fund equals the Administrative Expense Requirement, or such lesser amount directed by the District in writing to the Trustee, and (ii) the balance on deposit in the Interest Account equals the interest payable on the Bonds and any Parity Bonds through September 1;;
- (4) the Reserve Account the amounts necessary to fund and pay the amounts as set forth in the Indenture;
- (5) the Redemption Account of the Special Tax Fund; and
- (6) the Surplus Fund.

At least ten (10) Business Days prior to each Interest Payment Date, the Trustee will notify the District in writing the amount of Special Taxes required to pay the principal of and interest on the Bonds and any Parity Bonds on the next succeeding Interest Payment Date and the amount necessary to cause the balance on deposit in the Authority Reserve Account to equal the District's Proportionate Share and to cause the balance in the Reserve Account to equal the Reserve Requirement, if any. The Trustee will notify the Authority Trustee at least five (5) Business Days prior to each Interest Payment Date if there is not on deposit with the Trustee, after making all of the transfers required hereunder, moneys sufficient to pay the principal of and interest on the Bonds and any Parity Bonds.

Administrative Expense Fund. The Trustee will transfer from the first available Special Taxes in the Special Tax Fund to the Administrative Expense Fund an amount such that the total amounts so transferred in any Bond Year do not exceed the Administrative Expense Requirement. In the event Administrative Expenses exceed the Administrative Expense Requirement in any Bond Year, the total amount transferred in a Bond Year will not exceed the Administrative Expense Requirement until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds due in such Bond Year, to restore the Reserve Account to the Reserve Requirement and to restore the Authority Reserve Account to the Proportionate Share. Notwithstanding the foregoing, at the direction of the District, amounts in excess of the Administrative Expense Requirement may be transferred to the Administrative Expense Fund prior to the transfers to the Interest Account, the Principal Account and the Redemption Account pursuant to the Indenture to the extent necessary to collect delinquent Special Taxes. Following the required transfers pursuant to the Indenture of amounts sufficient to pay the interest and principal on all Bonds and Parity Bonds due in a Bond Year, to restore the Reserve Account to the Reserve Requirement and to restore the Authority

Reserve Account to the Proportionate Share, an Authorized Representative of the City may direct the Trustee, in writing, to transfer additional amounts from the Special Tax Fund to the Administrative Expense Fund. Moneys in the Administrative Expense Fund may be held uninvested or invested in any Authorized Investments.

Interest Account and Principal Account of the Special Tax Fund. The principal of and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon redemption, will be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by the Indenture, at least five Business Days prior to each March 1 and September 1, the Trustee will make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made. At least fifteen (15) days prior to an Interest Payment Date, the Trustee will notify the Authority and the Authority Trustee if there are insufficient funds to provide for the payment of principal and interest due on the Bonds and any Parity Bonds on such Interest Payment Date.

Reserve Account of the Special Tax Fund. After making the deposits required by the Indenture, the Trustee will transfer to the Reserve Account the amount, if any, necessary to (i) pay Policy Costs with respect to the Reserve Policy then due and payable, (ii) pay Policy Costs with respect to any Additional Reserve Policy then due and payable, and (iii) cause the amount in the Reserve Account, taking into account the amounts then on deposit in the Reserve Account, to be equal to the Reserve Requirement. Amounts deposited to the Reserve Account to pay any Policy Costs due under the Reserve Policy or under any Additional Reserve Policy held by the Authority Trustee will be transferred by the Trustee to the Authority Trustee to be applied in accordance with the Authority Indenture, and amounts deposited to the Reserve Account to pay Policy Costs with respect to any other Additional Reserve Policy will be disbursed by the Trustee to the provider of such Additional Reserve Policy or as otherwise agreed to by such provider. If subsequent to the issuance of the Bonds a Reserve Requirement is established by the District, thereafter there will be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement to be applied as follows:

(a) Moneys in the Reserve Account will be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor and for the purpose of making any required transfer to a rebate fund established in connection with the issuance of Parity Bonds upon written direction from the District. If the amounts in the Interest Account, the Principal Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on any Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to any rebate fund when required, the Trustee will withdraw from the Reserve Account for deposit in the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund or a rebate fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in the Indenture, the Trustee will transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement; provided, however, that such amount so deposited will be on a pro rata basis with any amounts necessary to pay Policy Costs. Moneys in the Special Tax Fund will be deemed available for transfer to the Reserve Account only if the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Interest Account or the Principal Account of the Special Tax Fund in accordance with the Indenture. If amounts in the Special Tax Fund or otherwise transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District will include the amount necessary to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates.

In connection with an optional redemption of Parity Bonds in accordance with any Supplemental Indenture, or a partial defeasance of Parity Bonds in accordance with the Indenture, amounts in the Reserve Account may be applied to such optional redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such optional redemption or partial defeasance equals the Reserve Requirement. To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on an issue of Parity Bonds in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of this paragraph will be withdrawn from the Reserve Account on the fifth Business Day before each March 1 and September 1 and transferred to the Interest Account of the Special Tax Fund.

Redemption Account of the Special Tax Fund. After making the transfers and deposits required by the Indenture, and in accordance with the District's election to call Bonds for optional redemption as set forth in the Indenture, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee will transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement and the amount in the Authority Reserve Account will equal the Proportionate Share

Prepayments deposited to the Redemption Account will be applied on the redemption date established pursuant to the Indenture for the use of such Prepayments to the payment of the principal of, premium, and interest on the Bonds and Parity Bonds to be redeemed with such Prepayments.

Moneys set aside in the Redemption Account will be used solely for the purpose of redeeming Bonds and Parity Bonds and will be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender of such Bonds or Parity Bonds and in the case of an optional redemption or an extraordinary redemption from Prepayments to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account, other than Prepayments, may be used to purchase Outstanding Bonds or Parity Bonds in the manner provided in the Indenture. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Surplus Fund. After making the transfers required by the Indenture, as soon as practicable after each September 1, and in any event prior to each October 1, the Trustee will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to the Indenture. Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the City (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account are insufficient therefor, (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement, (iii) to the Authority Reserve Account to restore the Authority Reserve Account to the Proportionate Share and to pay Policy Costs, (iv) to the Administrative Expense Fund to pay Administrative Expenses to the extent that the amounts on

deposit in the Administrative Expense Fund are insufficient to pay Administrative Expenses, (v) for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund will be invested at the written direction of the District in Authorized Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Investments. Moneys held in any of the Accounts under the Indenture will be invested by the Trustee or the District, as applicable, in accordance with the limitations set forth below only in Authorized Investments which will be deemed at all times to be a part of such Accounts. Any loss resulting from such Authorized Investments will be credited or charged to the Account from which such investment was made, and any investment earnings on amounts deposited in the Special Tax Fund, and each Account therein, and of the Surplus Fund will be deposited in those respective Funds and Accounts. Moneys in the Accounts held under the Indenture may be invested by the District or the Trustee as directed in writing by the District, as applicable, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Interest Account, the Principal Account, and the Redemption Account of the Special Tax Fund will be invested only in Authorized Investments which will by their terms mature, or are available for withdrawal without penalty, on such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds as the same become due.

(b) In the absence of written directions from the District, the Trustee will hold such moneys uninvested.

The District or the Trustee, as applicable, will sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Accounts or from such Accounts to which such Authorized Investments is credited. For the purpose of determining at any given time the balance in any such Accounts, any such investments constituting a part of such Accounts will be valued at the lower of the cost or the market value thereof, exclusive of accrued interest, at least semiannually. In making any valuations hereunder, the District or the Trustee, as applicable, may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything in the Indenture to the contrary, the District or the Trustee, as applicable, will not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of the Indenture.

The Trustee or the District, as applicable, may act as principal or agent in the making or disposing of any investment. The Trustee or the District, as applicable, may sell, or present for redemption, any Authorized Investment so purchased whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, subject to the provisions of the Indenture, the Trustee or the District, as applicable, will not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee or the District, as applicable, may commingle the funds and accounts established under the Indenture, but will account for each separately.

The District acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the District periodic cash transaction statements which will include detail for all investment transactions made by the Trustee under the Indenture or brokers selected by the District. Upon the District's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the holding, acquisition or disposition of any investment. The parties to the Indenture acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

COVENANTS AND WARRANTY

Warranty. The District will preserve and protect the security pledged under the Indenture to the Bonds and any Parity Bonds against all claims and demands of all persons.

Covenants. So long as any of the Bonds or Parity Bonds issued under the Indenture are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and the Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will cause to be deposited all Special Taxes with the Trustee immediately upon their apportionment to the District, and the District will have no beneficial right or interest in the amounts so deposited except as provided by the Indenture. All such Special Taxes will be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and will be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond and Parity Bond issued under the Indenture, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Bonds and the Parity Bonds and in accordance with the Indenture to the extent that Net Special Taxes and other amounts pledged hereunder are available therefor, and that the payments into the Funds and Accounts created under the Indenture will be made, all in strict conformity with the terms of the Bonds, any Parity Bonds, and the Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures and of the Bonds and any Parity Bonds issued hereunder.

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Special Taxes except as provided in the Indenture, and will not issue any obligation or security having a lien or charge upon the Net Special Taxes superior to or on a parity with the Bonds, other than Parity Bonds. Nothing in the Indenture will prevent the District from issuing or incurring indebtedness which is payable from a pledge of Net Special Taxes which is subordinate in all respects to the pledge of Net Special Taxes to repay the Bonds and the Parity Bonds.

(b) Levy of Special Tax. So long as any Bonds or Parity Bonds issued under the Indenture are Outstanding, the legislative body of the District covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay (1) the principal of and interest on the Bonds and any Parity Bonds when due, (2) the Administrative Expenses, (3) any amounts required to maintain the Reserve Account of the Special Tax Fund at the Reserve Requirement, (4) any amounts required to replenish the Authority Reserve Account to the Proportionate Share

and pay all Policy Costs resulting from the delinquency in the payment of scheduled debt service on the Bonds or any Parity Bonds, and (5) any amounts due to the Bond Insurer not included in (1) through (4) above. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

(c) Commence Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds and any Parity Bonds that it (i) will review the public records of the County of Riverside, California, in connection, with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies within the Improvement Area, if the District determines that any single property owner subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of \$2,500 or more or as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within the Improvement Area, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) the District will cause judicial foreclosure proceedings to be filed in the Superior Court within ninety (90) days of such determination against all properties for which the Special Taxes remain delinquent; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Account is at least equal to the Reserve Requirement and the amount in the Authority Reserve Account is at least equal to the District's Proportionate Share. The District may, but shall not be obligated to, advance funds from any source of legally available funds in order to maintain the Reserve Account and the Authority Reserve Account. The District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the Special Tax Fund.

The District covenants that it will deposit the net proceeds of any foreclosure and any other Delinquency Proceeds in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds, to make current payments of principal and interest on the Bonds and any Parity Bonds and to replenish any draw on the Reserve Account and the Authority Reserve Account, and to pay its proportionate share of Policy Costs resulting from the delinquency in the payment of scheduled debt service on the Bonds or any Parity Bonds.

The City Attorney is hereby authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel and costs and expenses of the City Attorney (including a charge for City or District staff time) in conducting foreclosure proceedings will be an Administrative Expense hereunder.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Special Taxes or other funds in the Special Tax Fund, or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided that nothing contained in the Indenture will require the District to make any such payments so long as the District in good faith will contest the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries will be made of all transactions relating to the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts will at all times during business hours be subject to the inspection of the Trustee or of the Owners of not less than 10% of the principal amount of the Bonds or the Owners of not less than 10% of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) Federal Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Authority Bonds

issued on a tax-exempt basis for federal income tax purposes will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) *Private Activity.* The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other moneys or property which would cause the Authority Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code;

(2) *Arbitrage.* The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Authority Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(3) *Federal Guaranty.* The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Authority Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(4) *Hedge Bonds.* The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Authority Bonds issued on a tax-exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority Bonds; and

(5) *Other Tax Exempt Issues.* The District will not use proceeds of other tax exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Authority Bonds issued on a tax-exempt basis.

(d) Reduction of Maximum Special Taxes. The District finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the District or the Improvement Area, as applicable, below the levels provided in the Indenture would interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District does covenant, that it will not initiate proceedings to reduce the maximum Special Tax rates for the District or Improvement Area, as applicable, unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the District or the Improvement Area, as applicable, as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing taxable property in each Bond Year for any Bonds and Parity Bonds Outstanding will equal the sum of the Priority Administrative Expenses for such Bond Year plus 110% of the gross debt service in such Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds and Parity Bonds, (iii) no Policy Costs or amounts under the Insurance Policy are due and payable to the Bond Insurer and (iv) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation,

the Independent Financial Consultants will compute the Administrative Expenses for the current Fiscal Year and escalate that amount by two percent (2%) in each subsequent Fiscal Year.

(e) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District or the Improvement Area, as applicable, which purports to reduce the minimum or the maximum Special Tax below the levels specified in the Indenture or to limit the power of the District to levy the Special Taxes for the purposes set forth in the Indenture, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(f) Limitation on Right to Tender Bonds. The District covenants that it will not adopt any policy pursuant to Section 53344.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District will have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due.

(g) Further Assurances. The District will make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits provided in the Indenture.

(h) Subordinate Debt. Any indebtedness of the District evidenced by any subordinated debt and any renewals or extensions thereof (called "Subordinated Indebtedness" in the Indenture), will at all times be wholly subordinate and junior in right of payment to any and all indebtedness of the District under the Indenture (called "Superior Indebtedness" in the Indenture). Following an event of default under the Indenture, no Subordinated Indebtedness will be paid prior to any Superior Indebtedness in any fiscal year of the District. If the holder of the Subordinated Indebtedness is a commercial bank, savings bank, savings and loan association or other financial institution which is authorized by law to accept and hold deposits of money or issue certificates of deposit, such holder must agree to waive any common law or statutory right of setoff with respect to any deposits of the District maintained with or held by such holder.

(i) Pledged Net Special Taxes. The District represents it has not made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Net Special Taxes that ranks on a parity with or prior to the pledge granted under the Indenture. The District, except as may be provided otherwise in the Indenture, will not after the date of the Indenture make any pledge or assignment of, lien on, or security interest in the Net Special Taxes payable senior to or on a parity with the pledge of Net Special Taxes established under the Indenture.

AMENDMENTS TO INDENTURE

Supplemental Indentures or Orders Not Requiring Bondowner Consent. The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes provided, however, that any such amendment or modification which adversely affects the rights and interests of the Bond Insurer will require the prior written consent of the Bond Insurer:

(a) to cure any ambiguity, to correct or supplement any provisions in the Indenture which may be inconsistent with any other provision in the Indenture, or to make any other provision with respect to matters or questions arising under the Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(d) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect after the date of the Indenture, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which will not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding; or

(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 Special Taxes that may be levied in each year on property within the District or Improvement Area, as applicable, to an amount which is less than 110% of the sum of estimated Administrative Expenses and principal and interest due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment; or

(f) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Bondowners.

Supplemental Indentures or Orders Requiring Bondowner Consent. Exclusive of the Supplemental Indentures described in the Indenture, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding will have the right to consent to and approve the adoption by the District of such Supplemental Indentures as will be deemed necessary or desirable by the District, for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing in the Indenture will permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond, (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon, (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond, or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District desires to adopt a Supplemental Indenture, which pursuant to the terms of the Indenture will require the consent of the Bondowners, the District will so notify the Trustee and will deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee will, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register (if the Authority or the Authority Trustee on the Authority's behalf is the owner of all the Bonds, such amendment may be delivered by other communication methods). Such notice will briefly set forth the nature of the proposed Supplemental Indenture and will state that a copy thereof is on file at the office of the Trustee for inspection by all Bondowners. The failure of any Bondowners to receive such notice will not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by the Indenture. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee receives an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments will refer to the proposed Supplemental Indenture described in such notice, and will specifically consent to and approve the adoption thereof by the District substantially in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, will thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any person directly or

indirectly controlling or controlled by or under the direct or indirect common control with the District, will be disregarded and will be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of the Indenture, the Indenture will be, and will be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds will thereafter be determined, exercised and enforced thereunder, subject in all respects to such modifications and amendments.

The Trustee may in its discretion, but will not be obligated to, enter into any such Supplemental Indenture authorized by the Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

Notwithstanding the foregoing, so long as the Insurance Policy is in full force and effect, any amendment, supplement, modification to, or waiver of, the Indenture pursuant to the Indenture will be subject to the prior written consent of the Bond Insurer.

TRUSTEE

Trustee. Zions Bancorporation, National Association, will be the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District under the Indenture. The District may, at any time, appoint a successor Trustee satisfying the requirements of the Indenture for the purpose of receiving all money which the District is required to deposit with the Trustee under the Indenture and to allocate, use and apply the same as provided in the Indenture; provided, however, that the Trustee will be at all times the same entity as the Authority Trustee.

The Bond Insurer will receive prior written notice of any name change of the Trustee.

The Trustee is authorized to and will mail by first class mail, postage prepaid, or wire transfer in accordance with the Indenture, interest payments to the Bondowners, to select Bonds and Parity Bonds for redemption, and to maintain the Bond Register. The Trustee is authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in the Indenture, and to provide for the authentication of Bonds and Parity Bonds, and will perform all other duties assigned to or imposed on it as provided in the Indenture. The Trustee will keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Trustee is authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee will cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of the Indenture.

The District will from time to time, subject to any agreement between the District and the Trustee then in force, pay to the Trustee compensation for its services, reimburse the Trustee for all its advances and expenditures, including, but not limited to, advances to and fees, costs and expenses of independent accountants or counsel employed by it in the exercise and performance of its powers and duties under the Indenture, and indemnify and save the Trustee, its officers, officials, directors, employees and agents, harmless from and against any losses, costs, damages, claims, expenses and liabilities, including, without limitation, fees, costs and expenses of its attorneys, not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties under the Indenture. In no event will the Trustee be responsible or liable for any consequential, punitive, indirect, incidental or special damages or loss of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has

been advised of the likelihood of such loss or damage and regardless of the form of action. The foregoing obligation of the District to indemnify the Trustee will survive the removal or resignation of the Trustee and the discharge of the Bonds.

Removal of Trustee. The District may at any time at its sole discretion remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a written notice of its decision to remove the Trustee and may appoint a successor or successors thereto; provided that any such successor will be a bank, association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. Any removal will become effective only upon acceptance of appointment by the successor Trustee. If any bank, association or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Indenture the combined capital and surplus of such bank, association or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Bondowners of the successor Trustee's identity and address.

Resignation of Trustee. The Trustee may at any time resign and be discharged from its duties and obligations under the Indenture by giving written notice to the District and by giving to the Owners notice of such resignation, which notice will be mailed to the Owners at their addresses appearing in the registration books in the office of the Trustee. Upon receiving such notice of resignation, the District will promptly appoint a successor Trustee satisfying the criteria in the Indenture by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee will have been appointed and have accepted appointment within thirty (30) calendar days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of itself and all other Owners) may, at the sole expense of the District, petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee.

Liability of Trustee. The recitals of fact and all promises, covenants and agreements contained in the Indenture and in the Bonds and any Parity Bonds will be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of the Indenture, the Bonds or any Parity Bonds, and will incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth on the Indenture, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee will be under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee will not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee will not be liable for any action taken or omitted by it or any of its officers, employees or agents in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture. The Trustee will not be liable for error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee will be entitled to request and receive written instructions from the District and/or Owners and will have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction of any such party. The Trustee will not be liable with respect to any action taken or omitted to be taken by it in accordance with the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of an Owner and/or the District, pursuant to the provisions thereof, unless such party will have offered to the Trustee security or indemnity (satisfactory to the Trustee in its sole and absolute discretion) against the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction.

Neither the Trustee nor any of its directors, officers, employees, agents or affiliates will be responsible for nor have any duty to monitor the performance or any action of the District or any of its directors, members, officers, agents, affiliates or employee, nor will it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such persons of their respective obligations. The Trustee will have no enforcement or notification obligations relating to breaches of representations or warranties of any other person. The Trustee will be conclusively protected in acting upon any notice, resolution, request, direction, consent, order, certificate, opinion, report, bond, debenture, note or other evidence of indebtedness (including any Bond or Parity Bond) or other paper or document believed by it to be genuine and to have been signed, sent or presented by the proper person or persons, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered under the Indenture in good faith and in accordance therewith.

The Trustee will not be bound to recognize any person as the Owner of a Bond or Parity Bond unless and until such Bond or Parity Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Indenture the Trustee will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be therein specifically prescribed) may, be deemed to be conclusively proved and established by a written certificate of the District, and/or opinion of counsel, and such certificate or opinion will be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee will have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it under the Indenture, or as to the correctness of any amounts received, but its liability will be limited to the proper accounting for such funds as it will actually receive. No provision in the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of its rights or powers.

The Trustee will not be deemed to have knowledge of (A) any events of other information, or (B) any default or event of default until an officer at the Trustee's corporate trust officer responsible for the administration of its duties under the Indenture will have actual knowledge thereof or the Trustee will have received written notice thereof at its corporate trust office.

The Trustee will not be considered in breach of or in default in its obligations under the Indenture or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, war, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, loss or malfunctions of utilities, computer (hardware or software) or communications service, accidents, labor disputes, the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief,

condemnation, and unusually severe weather or delays of supplies or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

The Trustee will have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty or in any way expand or impliedly expand the scope of the Trustee's duties hereunder, and, with respect to such permissive rights, the Trustee will not be answerable for other than its negligence or willful misconduct.

The Trustee will be entitled to rely on and will not be liable for any action taken or omitted to be taken by the Trustee in accordance with the advice of counsel or other professionals retained or consulted by the Trustee. The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties through attorneys, agents and receivers and will not be answerable for the conduct of the same if appointed by it with reasonable care.

The Trustee may become the Owner or pledgee of the Bonds and Parity Bonds with the same rights it would have if it were not Trustee.

The Trustee will perform such duties and only such duties as are specifically set forth in the Indenture and no implied duties or obligations will be read into the Indenture against the Trustee. These duties will be deemed purely ministerial in nature, and the Trustee will not be liable except for the performance of such duties, and no implied covenants or obligations will be read into the Indenture against the Trustee.

The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request, order or direction of any of the Owners pursuant to the provisions of the Indenture unless such Owners will have offered to the Trustee security or indemnity satisfactory to the Trustee in its sole and exclusive direction against the costs, expenses and liabilities which may be incurred therein or thereby.

The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee will exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee agrees to accept and act upon facsimile or electronic transmission of written instructions and/or directions pursuant to the Indenture provided, however, that: (a) such originally executed instructions and/or directions will be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (b) the Trustee will have received a current incumbency certificate containing the specimen signature of such designated person. Any such instructions and directions furnished by electronic transmission will be in the form of attachments in PDF format.

Notwithstanding anything to the contrary in the Indenture, the Trustee will have no duty to prepare or file any Federal or state tax report or return with respect to any funds held pursuant to the Indenture or any income earned thereon, except for the delivery and filing of tax information reporting forms required to be delivered and filed with the Internal Revenue Service.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it will be a party or any company to which the Trustee may sell or transfer all or substantially all of its

corporate trust business, will be the successor to the Trustee without the execution or filing of any paper or further act, anything in the Indenture to the contrary notwithstanding.

EVENTS OF DEFAULT; REMEDIES

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

(a) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same will become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same will become due and payable; or

(c) Except as described in (a) or (b), default will be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in the Indenture, the Bonds or any Parity Bonds, and such default will have continued for a period of 30 days after the District will have been given notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds; provided, however, that if in the reasonable opinion of the District the default stated in the notice can be corrected, but not within such thirty (30) day period, and corrective action is instituted by the District, with the written approval of the Bond Insurer (so long as the Bond Insurer has not defaulted on any obligation under the Insurance Policy), within such thirty (30) day period and diligently pursued in good faith until the default is corrected, such default will not be an Event of Default under the Indenture.

The Trustee agrees to give notice to the Owners immediately upon the occurrence of an event of default under (a) or (b) above and within 30 days of the Trustee’s knowledge of an event of default under (c) above.

Remedies of Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture, including:

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

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

(c) By a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default will have occurred and be continuing and if requested so to do by the Owners of at least 25% in aggregate principal amount Outstanding Bonds and Parity Bonds and is indemnified to its satisfaction, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, will deem most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy conferred in the Indenture upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy. Every such remedy will be cumulative and will be in addition to every other remedy given under the Indenture or now or subsequently existing, at law or in equity or by statute or

otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

The Bonds and any Parity Bonds are not subject to acceleration prior to maturity.

Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Bonds and Parity Bonds will be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event such amounts will be insufficient to pay in full the full amount of such interest and principal, then such amounts will be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing,

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing, and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, will have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of 25% in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it will have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee will not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds or Parity Bonds has the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee is appointed (and the successive respective Owners of the Bonds and Parity Bonds issued under the Indenture, by taking and holding the same, will be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney in fact.

Appointment of Receivers. Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds and Parity Bonds under the Indenture, the Trustee will be entitled, as a matter of

right, to the appointment of a receiver or receivers of the Net Special Taxes and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment will confer.

Non Waiver. Nothing in the Indenture, or in the Bonds or the Parity Bonds, will affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as provided in the Indenture, out of the Net Special Taxes and other moneys pledged in the Indenture for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners will not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or the Owners by the Act or by the Indenture may be enforced and exercised from time to time and as often as will be deemed expedient by the Trustee or the Owners, as the case may be.

Limitations on Rights and Remedies of Owners. No Owner of any Bond or Parity Bond issued under the Indenture will have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner will have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds and Parity Bonds then Outstanding will have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name; (c) said Owners will have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee will have refused or omitted to comply with such request for a period of sixty (60) days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are, in every case, conditions precedent to the exercise by any Owner of Bonds and Parity Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds and Parity Bonds will have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided therein, and that all proceedings at law or in equity to enforce any provision of the Indenture will be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds and Parity Bonds.

The right of any Owner of any Bond and Parity Bond to receive payment of the principal of and interest and premium (if any) on such Bond and Parity Bond as provided in the Indenture or to institute suit for the enforcement of any such payment, will not be impaired or affected without the written consent of such Owner, notwithstanding the any provision of the Indenture.

Termination of Proceedings. In case the Trustee will have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings will have been discontinued or abandoned for any reason, or will have been determined adversely, then and in every such case, the District, the Trustee and the Owners will be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee will continue as if no such proceedings had been taken.

DEFEASANCE AND PARITY BONDS

Defeasance. If the District will pay or cause to be paid, or there will otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond will cease to be entitled to the pledge of Net Special Taxes, and, other than as set forth below, all

covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under the Indenture and any Supplemental Indenture relating to such Parity Bond will thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to the Indenture, the Trustee will execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee will pay over or deliver to the District's general fund all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond will be deemed to have been paid within the meaning expressed in the Indenture if such Bond or Parity Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Fund) and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same will become due and payable on and prior to the maturity date or redemption date thereof, as applicable; or

(c) by depositing with the Trustee or another escrow bank appointed by the District, in trust, Defeasance Securities, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Fund) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same will become due and payable on and prior to the maturity date or redemption date thereof, as applicable;

then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds will not have been surrendered for payment, all obligations of the District under the Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond will cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon. Notice of such election will be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under (c) above, there will be provided to the District and the Bond Insurer a verification report from an independent nationally recognized certified public accountant, stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with the Indenture, as and when the same will become due and payable, an escrow agreement with respect to the deposits under (b) and (c) above (which will be acceptable in form and substance to the Bond Insurer, so long as the Bond Insurer has not defaulted on any obligation under the Insurance Policy), and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with the Indenture and any applicable Supplemental Indenture. The Bond Insurer will be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

The Bonds will be deemed Outstanding under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

Upon a defeasance, the Trustee, upon request of the District, will release the rights of the Owners of such Bonds and Parity Bonds which have been defeased under the Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance under the Indenture of all Outstanding Bonds and Parity Bonds, the Trustee will pay over or deliver to the District any funds held by the Trustee at the time of a

defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Bonds and Parity Bonds when due. The Trustee will, at the written direction of the District, send a notice to the Bondowners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

The Indenture will not be discharged until Policy Costs due to the Bond Insurer (to the extent the responsibility of the District as a result of the District's failure to pay principal of, or interest on the Bonds when due) will have been paid in full. The District's obligation to pay such amounts will expressly survive payment in full of the payments of principal of and interest on the Bonds.

Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or Parity Bonds then Outstanding subject to the following specific conditions, which are conditions precedent to the issuance of any such Parity Bonds:

(a) The District will be in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect will have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds will have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds will have been provided for by a Supplemental Indenture duly adopted by the District which will specify the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date will fall on a September 1, (ii) all such Parity Bonds of like maturity will be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, will be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account to increase the amount therein to the Reserve Requirement or to the Authority Reserve Account to increase the amount therein to the Proportionate Share, provided that if the interest on such Parity Bonds is intended by the District to be excluded from the gross income of the recipients thereof for federal income tax purposes, such amount will not exceed the maximum amount of proceeds that, in the opinion of Bond Counsel, can be so deposited without causing the interest on such Parity Bonds to be included in the gross income of the recipients thereof for federal income tax;

- (8) the form of such Parity Bonds; and
- (9) such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The District will have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee will accept any of such documents bearing a prior date):

(1) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(2) a written request of the District as to the delivery of such Parity Bonds;

(3) an opinion of Bond Counsel to the District to the effect that (i) the District has the right and power under the Act to adopt the Supplemental Indenture relating to such Parity Bonds, and the Supplemental Indenture has been duly and lawfully adopted by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (ii) the Indenture creates the valid pledge which it purports to create of the Net Special Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Indenture and all Supplemental Indentures thereto and are entitled to the benefits of the Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture;

(5) a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and

(6) Such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of Parity Bonds.

(d) So long as any Bonds remain outstanding or any amounts are owed to the Bond Insurer by the District, without the prior written consent of the Bond Insurer, the District will not issue any Parity Bonds that permits or requires the Owner to tender such Parity Bonds for purchase prior to the stated maturity thereof without the prior written consent of the Bond Insurer.

MISCELLANEOUS

Cancellation of Bonds and Parity Bonds. All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption will be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized in the Indenture and delivered to the Trustee for such purpose will be,

cancelled forthwith and will not be reissued. The Trustee will destroy such Bonds and Parity Bonds, as provided by law, and furnish to the District a certificate of such destruction.

Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by the Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds will be sufficient for the purposes of the Indenture (except as otherwise provided in the Indenture), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee will also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the person in whose name the same will be registered in the Bond Register will be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, will be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments will be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee will be affected by any notice to the contrary.

Nothing contained in the Indenture will be construed as limiting the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters stated in the Indenture which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond will bind every future Owner of the same Bond or Parity Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent.

Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee in trust at such date, or for two years after the date of deposit of such money if deposited with the Trustee in trust after the date when such Outstanding Bonds or Parity Bonds become due and payable, will be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee will thereupon be released and discharged with respect thereto and the Owners will look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee at the written request of the District or the Authority Trustee will, at the expense of the District, cause to be mailed by first class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date will not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

Provisions Constitute Contract. The provisions of the Indenture will constitute a contract between the District and the Bondowners and the provisions thereof will be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy will be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners

or the Trustee, then the District, the Trustee and the Bondowners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds the Indenture will be irrevocable, but will be subject to modifications to the extent and in the manner provided in the Indenture, but to no greater extent and in no other manner.

Insurer Rights. The Bond Insurer will be deemed to be the sole holder of the Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Bondowners are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies, and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Bond, the Trustee and each Bond Owner of a Bond appoint the Bond Insurer as their agent and attorney-in-fact and agree that the Bond Insurer may at any time during the continuation of any proceeding by or against the District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the trustee (solely with respect to the Bonds) and each Owner of a Bond delegate and assign to the Bond Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of a Bond 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. Remedies granted to the Owners of the Bonds shall expressly include mandamus. The Bond Insurer is deemed a third party beneficiary to the Indenture.

Reimbursement of Insurer Fees. The District will pay or reimburse the Bond Insurer from Special Taxes any and all charges, fees, costs and expenses that the Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security under the Indenture or the Authority Indenture; (ii) the pursuit of any remedies under the Indenture or the Authority Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or the Authority Indenture whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or the Authority Indenture or the transactions contemplated by the Indenture or the Authority Indenture, other than costs resulting from the failure of the Bond Insurer to honor its obligations under the Insurance Policy. The Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or the Authority Indenture.

Provision of Information to Bond Insurer. The Bond Insurer will be provided with the following information by the District or the Trustee, as the case may be:

(a) On request by the Bond Insurer, the District will provide a certificate that the District is not aware of any Event of Default under the Indenture and will provide such information, data or reports as the Bond Insurer, shall reasonably request from time to time;

(b) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(c) Notice of any default known to the Trustee or the District within five Business Days after knowledge thereof;

(d) Prior notice of the redemption of any of the Bonds, including the principal amount and maturities thereof;

(e) Notice of the commencement of any Insolvency Proceeding by or against the Authority or the District;

(f) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;

(g) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Indenture;

(h) All reports, notices and correspondence to be delivered to Bond Owners under the terms hereof; and

(h) In addition, the Bond Insurer shall have the right to receive such additional information as it may reasonably request.

Discussion of and Access to Information. The District will permit the Bond Insurer to discuss the affairs, finances and accounts of the District or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the District and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities, books and records of the District on any Business Day upon reasonable prior notice.

Future Contracts. Nothing contained in the Indenture will be deemed to restrict or prohibit the District from making contracts or creating bonded or other indebtedness payable from a pledge of the Net Special Taxes which is subordinate to the pledge hereunder, or which is payable from the general fund of the District or from taxes or any source other than the Net Special Taxes and other amounts pledged hereunder.

Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in the Indenture.

Entire Agreement; Severability. The Indenture and the exhibits thereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written. If any covenant, agreement or provision, or any portion thereof, contained in the Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of the Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, will be deemed severable and will not be affected thereby, and the Indenture, the Bonds and any Parity Bonds issued pursuant to the Indenture will remain valid and the Bondowners will retain all valid rights and benefits accorded to them under the laws of the State of California.

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APPENDIX C

DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF RIVERSIDE AND THE CITY OF BEAUMONT

The Bonds are not obligations of the City of Beaumont (the “City”) or the County of Riverside (the “County”) and do not represent a lien or charge against any funds or property of 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”).

General

The City was founded in 1912 in Riverside County, California. The City is located approximately 78 miles east of Los Angeles and encompasses an area of 30.9 square miles. The City currently has an estimated population of approximately 57,416 persons.

Population

The following table offers population estimates as of January 1 for the City, the County and the State for years 2020 through 2024.

<i>Area</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
City of Beaumont	51,731	53,920	54,208	56,275	57,416
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, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020 with 2010 Census Benchmark and 2021-2024 with 2020 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 for years 2019 through 2023.

BUILDING PERMIT VALUATIONS City of Beaumont 2019-2023 (Dollars in Thousands)

	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Valuation (\$000):					
Residential	\$159,847	\$73,829	\$141,171	\$160,159	\$161,510
Non-residential	<u>30,156</u>	<u>25,559</u>	<u>16,448</u>	<u>20,799</u>	<u>97,862</u>
Total*	\$190,003	\$99,388	\$157,619	\$180,958	\$259,372
Residential Units:					
Single family	528	271	494	651	519
Multiple family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	528	271	494	651	519

* Totals may not add to sums due to rounding.

Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
County of Riverside
2019-2023
(Dollars in Thousands)

	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Valuation (\$000):					
Residential	\$2,275,405	\$2,519,303	\$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*	\$3,561,261	\$3,673,081	\$3,806,640	\$4,622,731	\$4,982,584
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 Beaumont
(as of June 30, 2024)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	Amazon	6,300	Online Retail
2.	Beaumont Unified School District	1,377	School District
3.	CJ Foods	630	Food & Food Service
4.	Walmart	526	Retail Store

Source: City of Beaumont Annual Comprehensive Financial Report for year ended 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	Government
5.	Walmart	6,465	Retail Store
6.	Moreno Valley Unified School District	6,020	School District
7.	Kaiser Permanente Riverisde Medical Center	5,817	Medical Center
8.	Riverside Unified School District	5,431	School District
9.	Stater Brothers	4,990	Supermarket
10.	Mt. San Jacinto Community College District	4,638	School District

Source: County of Riverside, California Annual Comprehensive Financial Report Fiscal Year Ended 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 Riverside-San Bernardino-Ontario MSA for years 2020 through 2024.

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

	2020	2021	2022	2023	2024
Civilian Labor Force	2,073,400	2,108,400	2,140,500	2,180,300	2,209,100
Civilian Employment	1,868,300	1,951,600	2,049,900	2,078,100	2,093,800
Civilian Unemployment	205,100	156,700	90,700	102,300	115,300
Civilian Unemployment Rate	9.9%	7.4%	4.2%	4.7%	5.2%
 Total Farm	14,100	13,700	13,800	13,200	13,700
Total Nonfarm	1,495,800	1,575,100	1,660,200	1,681,000	1,700,400
Total Private	1,247,800	1,333,100	1,410,200	1,420,700	1,430,200
Goods Producing	202,200	207,700	216,300	215,300	212,900
Mining and Logging	1,300	1,400	1,500	1,500	1,600
Construction	104,900	110,100	114,700	115,400	116,200
Manufacturing	96,000	96,100	100,000	98,500	95,200
Service Providing	1,293,700	1,367,400	1,443,900	1,465,700	1,487,500
Trade, Transportation and Utilities	406,900	443,200	464,900	457,900	456,400
Wholesale Trade	65,600	67,400	69,500	68,900	68,600
Retail Trade	168,800	177,000	181,000	183,000	182,600
Transportation, Warehousing and Utilities	172,500	198,800	214,400	206,000	205,200
Information	12,400	12,500	13,000	13,300	13,000
Financial Activities	44,100	45,200	46,000	44,900	44,100
Professional and Business Services	152,100	166,600	173,900	164,400	161,800
Private Education and Health Services	248,800	254,300	267,900	287,800	306,000
Leisure and Hospitality	141,300	160,200	180,900	187,600	185,300
Other Services	40,200	43,600	47,400	49,400	50,700
Government	248,000	242,000	250,000	260,200	270,200
Total, All Industries	1,509,900	1,588,800	1,674,000	1,694,100	1,714,100

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

Source: State of California, Employment Development Department, Industry Employment – Official Estimates. March 2024 Benchmark.

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

**CITY OF BEAUMONT,
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⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate (%)⁽³⁾</i>
2019				
City of Beaumont	23,700	22,900	800	3.2%
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
2020				
City of Beaumont	23,900	21,800	2,100	8.7%
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
2021				
City of Beaumont	24,200	22,700	1,500	6.3%
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
2022				
City of Beaumont	24,600	23,700	800	3.4%
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
2023				
City of Beaumont	24,900	23,900	1,000	4.0%
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. March 2023 Benchmark.

Personal Income

Personal income consists of the income that persons receive in return for their provision of labor, land, and capital used in current production as well as other income, such as personal current transfer receipts. In the state and local personal income accounts the personal income of an area represents the income received by or on behalf of the persons residing in that area. It is calculated as the sum of wages and salaries, supplements to wages and salaries, proprietors' income with inventory valuation (IVA) and capital consumption adjustments

(CCAdj), rental income of persons with capital consumption adjustment (CCAdj), personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance plus the adjustment for residence.

Total personal income in Riverside County increased by 29.25% between 2019 and 2023. The following tables summarize personal income for Riverside County for 2019 through 2023.

PERSONAL INCOME
Riverside County
2019-2023
(Dollars in Thousands)

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2019	103,647,288	N/A
2020	115,370,344	11.3%
2021	126,493,256	9.6
2022	126,174,731	-0.3
2023	133,968,557	6.2

Note. All dollar estimates are in thousands of current dollars (not adjusted for inflation).
Source: U.S. Bureau of Economic Analysis.

The following table summarizes per capita personal income for Riverside County, California and the United States for years 2019 through 2023. This measure of income is calculated as the total personal income divided by total midyear population.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2019-2023

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2019	43,122	64,219	55,567
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. 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 Beaumont
2019-2023
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2019	1,441	\$ 475,414
2020	1,543	616,039
2021	1,336	1,229,150
2022	1,475	2,472,075
2023	1,605	2,321,599

Source: California Department of Tax and Fee Administration, Taxable Sales – Cities by Type of Business (Taxable Table 4).

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

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

<i>Year</i>	<i>Permits</i>	<i>Taxable 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: California Department of Tax and Fee Administration, Taxable Sales – By County (Taxable Table 2).

APPENDIX D

RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS

RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA NO. 7A1 OF COMMUNITY FACILITIES DISTRICT NO. 93-1 OF THE CITY OF BEAUMONT

A Special tax as hereinafter defined shall be levied on and collected in Improvement Area No. 7A1 (“IA No. 7A1”) of Community Facilities District No. 93-1 of the City of Beaumont (“CFD No. 93-1”) each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for “Developed Property,” “Final Map Property,” and “Undeveloped Property,” as described below. All of the real property in IA No. 7A1 of CFD No. 93-1, 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:

“Acre or Acreage” means the land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor’s Parcel is equal to the Acreage multiplied by 43,560.

“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 of the City to carry out the administration of IA No. 7A1 of CFD No. 93-1 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 City employee whose duties are directly related to the administration of IA No. 7A1, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 7A1.

“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. 93-1.

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s Parcel Number.

“Assigned Special Tax for Facilities” means the Special Tax of that name described in Section D below.

“Backup Special Tax for Facilities” means the Special Tax of that name described in Section E below.

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

“Building Permit” means a permit for new construction for a residential dwelling or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits for construction or installation, 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, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 93-1” means Community Facilities District No. 93-1 established by the City under the Act.

“City” means the City of Beaumont.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 93-1, or its designee.

“Condominium” means a unit meeting the statutory definition of a condominium contained in California Civil Code, Section 1351.

“Consumer Price Index” means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

“County” means the County of Riverside.

“Developed Property” means all Assessor’s Parcels that: (i) were issued Building Permits on or before June 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) were created on or before the June 1st preceding the Fiscal Year in which the Special Tax is being levied, and that each such Assessor’s Parcel is associated with a Lot, as reasonably determined by the City.

“Dwelling Unit” means one or more separate residence on a Parcel.

“Exempt Property” means all Assessors’ Parcels designated as being exempt from Special Tax as determined in Section J.

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

“Improvement Area No. 7A1” or “IA No. 7A1” means Improvement Area No. 7A1 as depicted on the boundary map of CFD No. 93-1.

“Maximum Special Tax” means the Maximum Special Tax for Facilities and Maximum Special Tax for Services.

“Maximum Special Tax for Facilities” means the maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

“Maximum Special Tax for Services” means the maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

“Operating Fund” means a fund that shall be maintained for IA No. 7A1 of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

“Operating Fund Balance” means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax for Facilities obligation for an Assessor’s Parcel, as described in Section H.

“Prepayment Amount” means the amount required to prepay the Special Tax for Facilities obligation in full for an Assessor’s Parcel, as described in Section G.

“Proportionately” means that i) the ratio of the actual Special Tax for Facilities levy to the applicable Assigned Special Tax for Facilities is equal for all applicable Assessor’s Parcels and ii) the ratio of the actual Special Tax for Services levy to the applicable Maximum Special Tax for Services is equal for all applicable Assessor’s Parcels. In case of Developed Property subject to the apportionment of the Special Tax for Facilities under step four of Section F, “Proportionately” means that the quotient of (a) the actual Special Tax for Facilities levy less the Assigned Special Tax for Facilities divided by (b) the Backup Special Tax for Facilities less the Assigned Special Tax for Facilities, is equal for all applicable Assessor’s Parcels.

“Residential Property” means all Assessors’ Parcels of (i) Developed Property for which a Building Permit has been issued for purposes of constructing one or more residential dwelling units, or (ii) Parcels on a Final Map.

“Service Area” means the landscape parkways, neighborhood park, easements and green belts within the boundaries of IA No. 7A1 and the City of Beaumont, and IA No. 7A1’s fair share of storm drain and flood control facilities.

“Special Tax” means Special Tax for Facilities and Special Tax for Services.

“Special Tax Category” means the classification for a Parcel by name and/or Building Square Footage.

“Special Tax for Facilities” means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

“Special Tax for Services” means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

“Special Tax Requirement” means Special Tax Requirement for Facilities and Special Tax Requirement for Services.

“Special Tax Requirement for Facilities” means the amount required in any Fiscal Year for IA No. 7A1 to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (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, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 7A1 provided that such amount shall not be levied later than the 2049-2050 Fiscal Year, less (vi) 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.

“Special Tax Requirement for Services” means the amount determined in any Fiscal Year for IA No. 7A1 equal to (i) the budgeted costs of the maintenance, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 7A1 for the previous Fiscal Year, less (iv) the Operating Fund Balance.

“Taxable Property” means all Assessors’ Parcels within CFD No. 93-1 which are not Exempt Property.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2014-2015, each Assessor’s Parcel within IA No. 7A1 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property. Lastly, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property.

SECTION C MAXIMUM SPECIAL TAXES

Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the application of the Assigned Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property that is classified as Developed Property for Fiscal Year 2014-2015 shall be \$307 per unit. On each July 1, commencing July 1, 2014, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

SECTION D ASSIGNED SPECIAL TAX FOR FACILITIES

Each Fiscal Year, each Assessor’s Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor’s Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 below.

**TABLE 1
ASSIGNED SPECIAL TAX RATES FOR FACILITIES**

Special Tax Class	Land Use Designation	Square Footage Range	Assigned Special Tax
1	Residential, Condominiums	N/A	\$1,230 per Dwelling
2	Residential, Single Family Detached	Less than 1,700	\$1,463 per Dwelling
3	Residential, Single Family Detached	1,700 to 1,999	\$1,576 per Dwelling
4	Residential, Single Family Detached	2,000 to 2,125	\$1,896 per Dwelling
5	Residential, Single Family Detached	2,126 to 2,399	\$2,116 per Dwelling
6	Residential, Single Family Detached	More than 2,399	\$2,451 per Dwelling Unit

SECTION E
BACKUP SPECIAL TAXES FOR FACILITIES

There is no Backup Special Tax for Facilities due to all homes have been completed.

SECTION F
METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES
AND THE SPECIAL TAX FOR SERVICES

1. Commencing Fiscal Year 2014-2015 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 7A1 until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in Table 1 as needed to satisfy the Special Tax Requirement for Facilities.
2. Commencing Fiscal Year 2014-2015 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 7A1 until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps: The Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.

Under no circumstances will the Special Tax for Facilities or the Special Tax for Services levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within CFD No. 93-1 by more than ten (10) percent of the Special Tax that would be levied in that Fiscal Year, if there were no delinquencies, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 93-1.

SECTION G
PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following definitions apply to this Section G:

"CFD Public Facilities" means \$12,000,000 expressed in 2014 dollars, which shall increase by the Construction Inflation Index on January 1, 2015, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

"Construction Fund" means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 93-1.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued bonds issued and secured by the levy of Special Tax for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding bonds to be redeemed at a later date with the proceeds of prior prepayments of the Maximum Special Tax for Facilities.

The Special Tax for Facilities obligation of an Assessor’s Parcel of Developed Property, an Assessor’s Parcel of Final Map Property or Undeveloped Property for which a Building Permit has been issued or an Assessor’s Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J. may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor’s Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor’s Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 93-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor’s Parcel.

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	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
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 Assigned Special Taxes for Facilities and the Backup Special Taxes for Facilities applicable to the Assessor’s Parcel.
2. For each Assessor’s Parcel of Developed Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor’s Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor’s Parcels of Taxable Property at buildout, as reasonably determined by the City.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the “Bond Redemption Amount”.
4. 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.”
5. Compute the Future Facilities Cost.

6. Multiply the larger quotient computed pursuant to paragraph 2 (a) or 2 (b) by the amount determined pursuant to paragraph 5. to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.
8. 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.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. 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."
11. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 93-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities 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.

SECTION H PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property may be partially 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 Special Tax for Facilities obligation would be prepaid.

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_G = the Prepayment Amount calculated according to Section G.
 F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 93-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities 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

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessors' Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 93-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2049-2050 Fiscal Year. The Special Tax for Services shall be levied as long as it is needed to meet the Special Tax Requirement for Services, as determined at the sole discretion of the City Council.

SECTION J EXEMPTIONS

The City 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, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

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 City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 93-1 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 Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

SECTION L MANNER OF COLLECTION

The 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. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 19A OF
COMMUNITY FACILITIES DISTRICT NO. 93-1
OF THE CITY OF BEAUMONT**

A Special tax as hereinafter defined shall be levied on and collected in Improvement Area No. 19A ("IA No. 19A") of Community Facilities District No. 93-1 of the City of Beaumont ("CFD No. 93-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for "Developed Property," "Final Map Property," "Undeveloped Property," "Taxable Owner Association Property," "Taxable Religious Property," and "Taxable Public Property," as described below. All of the real property in IA No. 19A of CFD No. 93-1, 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:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"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 of the City to carry out the administration of IA No. 19A of CFD No. 93-1 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 City employee whose duties are directly related to the administration of IA No. 19A, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 19A.

"Apartment" means a single dwelling unit within a building or buildings comprised of attached residential units, all of which are made available for rental by the general public, exclusive of Condominiums.

"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. 93-1.

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

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

"Backup Special Tax for Facilities" means the Special Tax of that name described in Section E below.

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

"Builder" means a developer, merchant builder, or builder that converts a Parcel to Developed Parcel for sale to the initial buyer following the City issued Certificate of Occupancy.

“Building Permit” means a permit for new construction for a residential dwelling or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits for construction or installation, 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, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 93-1” means Community Facilities District No. 93-1 established by the City under the Act.

“City” means the City of Beaumont.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 93-1, or its designee.

“Condominium Unit” means a unit meeting the statutory definition of a condominium contained in California Civil Code, Section 1351.

“Consumer Price Index” means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

“County” means the County of Riverside.

“Developed Property” means all Assessor’s Parcels for which Building Permits were issued on or before July 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 City.

“Dwelling Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Tax as determined in Section J.

“Final Map” means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or the recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

“Final Map Property” means all Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to the March 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

“Improvement Area No. 19A” means Improvement Area No. 19A as depicted on the boundary map of CFD No. 93-1.

“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 for Facilities and Maximum Special Tax for Services.

“Maximum Special Tax for Facilities” means the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

“Maximum Special Tax for Services” means the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

“Minimum Acreage” means the smallest allowable amount of taxable acreage. For CFD No. 19A shall not be less than 98.4 acres.

“Non Residential Property” means all Assessors’ Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

“Operating Fund” means a fund that shall be maintained for IA No. 19A of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

“Operating Fund Balance” means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax for Facilities 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.

“Residential Property” means all Assessors’ Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“Service Area” means the streets, landscape parkways and medians, neighborhood, community and regional parks, street and landscape lighting and utilities, easements, public rights-of way, green belts and open space, storm drain, water quality and flood control facilities within the boundaries of IA No. 19A and the City.

“Special Tax” means Special Tax for Facilities and Special Tax for Services.

“Special Tax for Facilities” means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

“Special Tax for Services” means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

“Special Tax Requirement for Facilities” means the amount required in any Fiscal Year for IA No. 19A to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (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, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 19A provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) 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.

“Special Tax Requirement for Services” means the amount determined in any Fiscal Year for IA No. 19A equal to (i) the budgeted costs of the maintenance, utilities, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 19A for the previous Fiscal Year, less (iv) the Operating Fund Balance.

“Taxable Property” means all Assessors’ Parcels within CFD No. 93-1 which are not Exempt Property.

“Undeveloped Property” means all Assessors’ Parcels of Taxable Property which are not Developed Property or Final Map Property.

“Zone(s)” means Zone 1 or 2 as geographically identified on the zone map of IA No. 19A, attached as Exhibit 1.

“Zone 1” means the specific area identified on the Exhibit 1 map as Zone 1 of IA No. 19A.

“Zone 2” means the specific area identified on the Exhibit 1 map as Zone 2 of IA No. 19A.

SECTION B - CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2005-2006, each Assessor’s Parcel within IA No. 19A shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property.

SECTION C - MAXIMUM SPECIAL TAXES

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in Table 1 or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Annual Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be \$250 per unit. The Maximum Special Tax for Services for each Assessor’s Parcel of Non-Residential Property

that is classified as Developed Property in any Fiscal Year shall be \$1,600 per Acre. On each July 1, commencing July 1, 2006, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

2. Final Map Property

The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Final Map Property shall be the Assigned Special Tax for Facilities in Table 1.

3. Undeveloped Property

The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax for Facilities in Table 1.

SECTION D - ASSIGNED SPECIAL TAX FOR FACILITIES

1. Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 below.

**TABLE 1
ASSIGNED SPECIAL TAX RATES**

<u>Land Use</u>		<u>Zone 1</u>		<u>Zone 2</u>	
Category	Planning Area	Dwelling Units	Assigned Special Tax Rate per Dwelling Unit	Dwelling Units	Assigned Special Tax Rate per Dwelling Unit
Residential	8B	n/a	n/a	79	\$ 2,770
Residential	11C	40	\$ 3,490	39	\$ 3,090
Residential	12A	n/a	n/a	76	\$ 2,220
Residential	12B	23	\$ 2,770	64	\$ 2,220
Residential	12C	21	\$ 3,240	97	\$ 2,770
Residential	15	65	\$ 3,640	42	\$ 3,340
Final Map Property	All	n/a	\$3,500	n/a	\$ 2,700
Services	All	n/a	\$ 250	n/a	\$ 250
Category			Assigned Special Tax Rate per Acre		Assigned Special Tax Rate per Acre
Non Residential Property		n/a	\$ 8,800	n/a	\$ 8,800
Undeveloped Property		n/a	\$ 16,000	n/a	\$ 16,000
Undeveloped Property Services		n/a	\$ 1,600	n/a	\$ 1,600

On each July 1, commencing on July 1, 2006, the Assigned Special Tax for each Assessor's Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

SECTION E - BACKUP SPECIAL TAXES FOR FACILITIES

Each Fiscal Year, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities rate

for Developed Property classified as Residential Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{R \times A}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax for Facilities per Lot in each Fiscal Year
- R = Maximum Special Tax for Facilities rate per Acre for Undeveloped Property for the applicable Fiscal Year
- A = Acreage of Developed Property classified or to be classified as Residential Property in such Final Map.
- L = Lots in the Final Map which are classified or to be classified as Residential Property.

Each July 1, commencing on July 1, 2006, the Backup Special Tax for each Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

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 Special Tax for Facilities for each Assessor's Parcel of Developed Property classified or to be classified as Residential 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 Special Tax for Facilities 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 Developed Property classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the City.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax for Facilities per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax for Facilities may be levied.

SECTION F - METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES AND THE SPECIAL TAX FOR SERVICES

1. Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 19A until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in Table 1 as needed to satisfy the Special Tax Requirement for Facilities.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

- Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
- Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Assigned Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.
- Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property classified as Undeveloped Property pursuant to Section J. at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
2. Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 19A until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:
- Step One: The Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.
- Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Services after the first step has been completed, the Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax for Services applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Services.

SECTION G - PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following definitions apply to this Section G:

"CFD Public Facilities" means \$40,000,000 expressed in 2004 dollars, which shall increase by the Construction Inflation Index on January 1, 2005, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

"Construction Fund" means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 93-1.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued bonds issued and secured by the levy of Special Tax for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding bonds to be redeemed at a later date with the proceeds of prior prepayments of the Maximum Special Tax for Facilities.

The Special Tax for Facilities obligation of an Assessor’s Parcel of Developed Property, an Assessor’s Parcel of Final Map Property or Undeveloped Property for which a Building Permit has been issued or an Assessor’s Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J. may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor’s Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor’s Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 93-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor’s Parcel.

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	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
<u>less</u>	<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 Assigned Special Taxes for Facilities and the Backup Special Taxes for Facilities applicable to the Assessor’s Parcel. For Assessor’s Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities 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. For Assessor’s Parcels classified as Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities.

2. For each Assessor's Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at build out, as reasonably determined by the City, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at build out, as reasonably determined by the City.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. 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."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2 (a) or 2 (b) by the amount determined pursuant to paragraph 5. to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.
8. 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.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. 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."
11. 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.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 93-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation

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

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities 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.

SECTION H - PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities 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 and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H. below, may be partially 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 Special Tax for Facilities obligation would be prepaid.

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_G = the Prepayment Amount calculated according to Section G.
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 93-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

MANDATORY PARTIAL PREPAYMENT: Prior to the close of escrow for the first transfer of title of any Developed Parcel after the date on which a Certificate of Occupancy for such Parcel was issued by the City, the Maximum Special Tax shall be subject to mandatory partial prepayment in a amount necessary to bring the Total Property Tax Burden for the then-current Fiscal Year to an amount less than or equal to 2% of the sale price of the Parcel. The amount required shall be due and payable upon transfer of title. No prepayment shall be required if the Total Property Tax Burden is not in excess of the 2% limit. The Builder shall notify the City in writing of the mandatory partial repayment requirement at least 30 days prior to close of escrow. The City shall calculate and determine the prepayment amount using the methodology for a partial prepayment herein, such that the partial prepayment shall be in the exact percentage required for a Total Property Tax Burden not in excess of the 2% limit.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities 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

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 93-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2043-44 Fiscal Year. The Special Tax for Services shall be levied as long as it is needed to meet the Special Tax Requirement for Services, as determined at the sole discretion of the City Council.

SECTION J - EXEMPTIONS

The City 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, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than the Minimum Acreage for CFD 19A. Notwithstanding the above, the City Council 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 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 Acreage will continue to be classified as Undeveloped Property, 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 City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 93-1 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 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. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAX FOR FACILITIES AND SERVICES
FOR IMPROVEMENT AREA NO. 18 OF
COMMUNITY FACILITIES DISTRICT NO. 93-1
OF THE CITY OF BEAUMONT**

A Special tax as hereinafter defined shall be levied on and collected in Improvement Area No. 18 ("IA No. 18") of Community Facilities District No. 93-1 of the City of Beaumont ("CFD No. 93-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for "Developed Property," "Final Map Property," "Undeveloped Property," "Taxable Owner Association Property," "Taxable Religious Property," and "Taxable Public Property," as described below. All of the real property in IA No. 18 of CFD No. 93-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"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 of the City to carry out the administration of IA No. 18 of CFD No. 93-1 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 City employee whose duties are directly related to the administration of IA No. 18, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 18.

"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. 93-1.

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

"Assigned Special Tax for Facilities" means the Special Tax of that name described in Section D below.

"Backup Special Tax for Facilities" means the Special Tax of that name described in Section E below.

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

"Building Permit" means a permit for new construction for a residential dwelling or non-residential structure. For purposes of this definition. "Building Permit" shall not include permits for construction

or installation, 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, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 93-1” means Community Facilities District No. 93-1 established by the City under the Act.

“City” means the City of Beaumont.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 93-1, or its designee.

“Consumer Price Index” means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

“County” means the County of Riverside.

“Developed Property” means all Assessor’s Parcels for which Building Permits were issued on or before March 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 City.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Tax as determined in Section J.

“Final Map” means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or the recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

“Final Map Property” means all Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the March 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to the July 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

“Improvement Area No. 18” means Improvement Area No. 18 as depicted on the boundary map of CFD No. 93-1.

“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 for Facilities and Maximum Special Tax for Services.

“Maximum Special Tax for Facilities” means the maximum Special Tax, determined in accordance with Section C. that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

“Maximum Special Tax for Services” means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

“Non Residential Property” means all Assessors’ Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

“Operating Fund” means a fund that shall be maintained for IA No. 18 of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

“Operating Fund Balance” means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax for Facilities 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.

“Residential Property” means all Assessors’ Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“Service Area” means the landscape parkways, neighborhood park, easements and green belts within the boundaries of IA No. 18 and the City of Beaumont, and IA No. 18’s fair share of storm drain and flood control facilities.

“Special Tax” means Special Tax for Facilities and Special Tax for Services.

“Special Tax for Facilities” means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

“Special Tax for Services” means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

“Special Tax Requirement for Facilities” means the amount required in any Fiscal Year for IA No. 18 to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (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, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 18 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) 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.

“Special Tax Requirement for Services” means the amount determined in any Fiscal Year for IA No. 18 equal to (i) the budgeted costs of the maintenance, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 18 for the previous Fiscal Year, less (iv) the Operating Fund Balance.

“Taxable Property” means all Assessors’ Parcels within CFD No. 93-1 which are not Exempt Property.

“Undeveloped Property” means all Assessors’ Parcels of Taxable Property which are not Developed Property or Final Map Property.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2004-05, each Assessor’s Parcel within IA No. 18 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property.

SECTION C MAXIMUM SPECIAL TAXES

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in Table 1 or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Annual Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be \$240 per unit. The Maximum Special Tax for Services for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be \$1,585 per Acre. On each July 1, commencing July 1, 2005, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

2. Final Map Property

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Final Map Property shall be the Assigned Special Tax for Facilities in Table 1.

- b. The Maximum Special Tax for Services for each Assessor's Parcel classified as Final Map Property in Fiscal Year 2004-05 shall be \$1,585 per Acre. On each July 1, commencing July 1, 2005, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

3. Undeveloped Property

The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax for Facilities in Table 1.

**SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES**

1. Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 below.

**TABLE 1
ASSIGNED SPECIAL TAX RATES FOR FACILITIES**

Land Use Type	Building Square Footage	Assigned Special Tax for Fiscal Year 2004-2005
Residential Property	Less than or equal to 1,700	\$1,675 per dwelling unit
Residential Property	1,701 - 1,900	\$1,725 per dwelling unit
Residential Property	1,901 - 2,100	\$1,825 per dwelling unit
Residential Property	2,101 - 2,300	\$1,900 per dwelling unit
Residential Property	2,301 - 2,500	\$2,000 per dwelling unit
Residential Property	Greater than or equal to 2,501	\$2,100 per dwelling unit
Non Residential Property	N/A	\$10,100 per Acre
Final Map Property	N/A	\$2,000 per Lot
Undeveloped Property	N/A	\$10,100 per Acre

On each July 1, commencing on July 1, 2005, the Assigned Special Tax for each Assessor's Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION E
BACKUP SPECIAL TAXES FOR FACILITIES**

Each Fiscal Year, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities rate for Developed Property classified as Residential Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{R \times A}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax for Facilities per Lot in each Fiscal Year
- R = Maximum Special Tax for Facilities rate per Acre for Undeveloped Property for the applicable Fiscal Year
- A = Acreage of Developed Property classified or to be classified as Residential Property in such Final Map.
- L = Lots in the Final Map which are classified or to be classified as Residential Property.

Each July 1, commencing on July 1, 2005, the Backup Special Tax for each Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

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 Special Tax for Facilities for each Assessor's Parcel of Developed Property classified or to be classified as Residential 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 Special Tax for Facilities 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 Developed Property classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the City.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax for Facilities per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax for Facilities may be levied.

SECTION F

METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES AND THE SPECIAL TAX FOR SERVICES

1. Commencing Fiscal Year 2004-05 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 18 until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:
 - Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in Table 1 as needed to satisfy the Special Tax Requirement for Facilities.
 - Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
 - Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., at up to 100% of the

Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Assigned Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property classified as Undeveloped Property pursuant to Section J. at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

2. Commencing Fiscal Year 2004-05 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 18 until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:

Step One: The Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Services after the first step has been completed, the Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax for Services applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Services.

SECTION G PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following definitions apply to this Section G:

"CFD Public Facilities" means **\$5,000,000** expressed in 2003 dollars, which shall increase by the Construction Inflation Index on January 1, 2004, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

"Construction Fund" means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 93-1.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another

index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued bonds issued and secured by the levy of Special Tax for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding bonds to be redeemed at a later date with the proceeds of prior prepayments of the Maximum Special Tax for Facilities.

The Special Tax for Facilities obligation of an Assessor’s Parcel of Developed Property, an Assessor’s Parcel of Final Map Property or Undeveloped Property for which a Building Permit has been issued or an Assessor’s Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J. may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor’s Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor’s Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFO No. 93-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor’s Parcel.

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	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
<u>less</u>	<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 Assigned Special Taxes for Facilities and the Backup Special Taxes for Facilities applicable to the Assessor’s Parcel. For Assessor’s Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities 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. For Assessor’s Parcels classified as Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities.
2. For each Assessor’s Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for

Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City.

3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. 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."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5. to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.
8. 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.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. 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."
11. 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.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 93-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities 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.

SECTION H PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities 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 and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H. below, may be partially 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 Special Tax for Facilities obligation would be prepaid.

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_G = the Prepayment Amount calculated according to Section G.
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 93-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities 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

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 93-1 for uncollected Special Tax for Facilities associated with the levy of

such Special Taxes for Facilities, but not later than the 2043-44 Fiscal Year. The Special Tax for Services shall be levied as long as it is needed to meet the Special Tax Requirement for Services, as determined at the sole discretion of the City Council.

SECTION J EXEMPTIONS

The City 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, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than 63.07 Acres. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 63.07 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 63.07 Acres will continue to be classified as Undeveloped Property, 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 City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 93-1 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 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. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT
OF SPECIAL TAX FOR FACILITIES AND SERVICES
FOR IMPROVEMENT AREA NO. 16 OF
COMMUNITY FACILITIES DISTRICT NO. 93-1
OF THE CITY OF BEAUMONT**

A Special tax as hereinafter defined shall be levied on and collected in Improvement Area No. 16 ("IA No. 16") of Community Facilities District No. 93-1 of the City of Beaumont ("CFD No. 93-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for "Developed Property," "Final Map Property," "Undeveloped Property," "Taxable Owner Association Property," "Taxable Religious Property," and "Taxable Public Property," as described below. All of the real property in IA No. 16 of CFD No. 93-1, 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:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"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 of the City to carry out the administration of IA No. 16 of CFD No. 93-1 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 City employee whose duties are directly related to the administration of IA No. 16, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 16.

"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. 93-1.

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

"Assigned Special Tax for Facilities" means the Special Tax of that name described in Section D below.

"Backup Special Tax for Facilities" means the Special Tax of that name described in Section E below.

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

"Building Permit" means a permit for new construction for a residential dwelling or non-residential structure. For purposes of this definition, "Building Permit" shall not include permits for construction or installation, 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, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 93-1” means Community Facilities District No. 93-1 established by the City under the Act.

“City” means the City of Beaumont.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 93-1, or its designee.

“Consumer Price Index” means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

“County” means the County of Riverside.

“Developed Property” means all Assessor’s Parcels for which Building Permits were issued on or before March 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 City.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Tax as determined in Section J.

“Final Map” means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or the recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

“Final Map Property” means all Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to the July 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

“Improvement Area No. 16” means Improvement Area No. 16 as depicted on the boundary map of CFD No. 93-1.

“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 for Facilities and Maximum Special Tax for Services.

“Maximum Special Tax for Facilities” means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

“Maximum Special Tax for Services” means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

“Non Residential Property” means all Assessors’ Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

“Operating Fund” means a fund that shall be maintained for IA No. 16 of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

“Operating Fund Balance” means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax for Facilities 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.

“Residential Property” means all Assessors’ Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“Service Area” means the landscape parkways, neighborhood park, easements and green belts within the boundaries of IA No. 16 and the City of Beaumont, and IA No. 16’s fair share of storm drain and flood control facilities.

“Special Tax” means Special Tax for Facilities and Special Tax for Services.

“Special Tax for Facilities” means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

“Special Tax for Services” means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

“Special Tax Requirement for Facilities” means the amount required in any Fiscal Year for IA No. 16 to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (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, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 16 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) 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.

“Special Tax Requirement for Services” means the amount determined in any Fiscal Year for IA No. 16 equal to (i) the budgeted costs of the maintenance, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 16 for the previous Fiscal Year, less (iv) the Operating Fund Balance.

“Taxable Property” means all Assessors’ Parcels within CFD No. 93-1 which are not Exempt Property.

“Undeveloped Property” means all Assessors’ Parcels of Taxable Property which are not Developed Property or Final Map Property.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2004-2005, each Assessor’s Parcel within IA No. 16 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non Residential Property.

SECTION C MAXIMUM SPECIAL TAXES

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in Table 1 or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Annual Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be \$240 per unit. The Maximum Special Tax for Services for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be \$1,585 per Acre. On each July 1, commencing July 1, 2005, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

2. Final Map Property

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Final Map Property shall be the Assigned Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel classified as Final Map Property in Fiscal Year 2004-2005 shall be \$1,585 per Acre. On each July 1, commencing July 1, 2005, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

3. Undeveloped Property

The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Undeveloped Property shall be the Assigned Special Tax for Facilities in Table 1.

SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES

1. Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 below.

TABLE 1
ASSIGNED SPECIAL TAX RATES FOR FACILITIES

Land Use Type	Building Square Footage	Assigned Special Tax for Fiscal Year 2004-2005
Residential Property	Less than 2,100	\$2,025 per dwelling unit
Residential Property	2,100 - 2,399	\$2,175 per dwelling unit
Residential Property	2,400 - 2,699	\$2,300 per dwelling unit
Residential Property	2,700 - 2,999	\$2,400 per dwelling unit
Residential Property	Greater than or equal to 3,000	\$2,550 per dwelling unit
Non Residential Property	N/A	\$10,000 per Acre
Final Map Property	N/A	\$10,000 per Acre
Undeveloped Property	N/A	\$9,756 per Acre

On each July 1, commencing on July 1, 2005, the Assigned Special Tax for each Assessor's Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

SECTION E
BACKUP SPECIAL TAXES FOR FACILITIES

Each Fiscal Year, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities rate for Developed Property classified as Residential Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{R \times A}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax for Facilities per Lot in each Fiscal Year
- R = Maximum Special Tax for Facilities rate per Acre for Undeveloped Property for the applicable Fiscal Year
- A = Acreage of Developed Property classified or to be classified as Residential Property in such Final Map.
- L = Lots in the Final Map which are classified or to be classified as Residential Property.

Each July 1, commencing on July 1, 2005, the Backup Special Tax for each Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

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 Special Tax for Facilities for each Assessor's Parcel of Developed Property classified or to be classified as Residential 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 Special Tax for Facilities 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 Developed Property classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the City.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax for Facilities per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax for Facilities may be levied.

SECTION F

METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES AND THE SPECIAL TAX FOR SERVICES

1. Commencing Fiscal Year 2004-2005 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 16 until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in Table 1 as needed to satisfy the Special Tax Requirement for Facilities.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Assigned Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

- Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property classified as Undeveloped Property pursuant to Section J. at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
2. Commencing Fiscal Year 2004-2005 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 16 until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:
- Step One: The Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.
- Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Services after the first step has been completed, the Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax for Services applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Services.
- Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Services after the first two steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., at up to 100% of the Maximum Special Tax for Services applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Services.

SECTION G PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following definitions apply to this Section G:

"CFD Public Facilities" means \$8,000,000 expressed in 2003 dollars, which shall increase by the Construction Inflation Index on January 1, 2005, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

"Construction Fund" means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 93-1.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued bonds issued and secured by the levy of Special Tax for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding bonds to be redeemed at a later date with the proceeds of prior prepayments of the Maximum Special Tax for Facilities.

The Special Tax for Facilities obligation of an Assessor’s Parcel of Developed Property, an Assessor’s Parcel of Final Map Property or Undeveloped Property for which a Building Permit has been issued or an Assessor’s Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J. may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor’s Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor’s Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 93-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor’s Parcel.

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	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
<u>less</u>	<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 Assigned Special Taxes for Facilities and the Backup Special Taxes for Facilities applicable to the Assessor’s Parcel. For Assessor’s Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities 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. For Assessor’s Parcels classified as Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities.
2. For each Assessor’s Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor’s Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor’s Parcels of Taxable Property at buildout, as reasonably determined by the City, and (b) divide

the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City.

3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. 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."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the amount determined pursuant to paragraph 5. to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.
8. 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.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. 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."
11. 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.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 93-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty

(30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities 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.

SECTION H PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities 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 and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H. below, may be partially 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 Special Tax for Facilities obligation would be prepaid.

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_G = the Prepayment Amount calculated according to Section G.
F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 93-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities 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

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 93-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2043-2044 Fiscal Year. The Special Tax for Services shall be levied as long as it is needed to meet the Special Tax Requirement for Services, as determined at the sole discretion of the City Council.

SECTION J EXENIPTIONS

The City 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, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than 55.5 Acres. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 55.5 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 55.5 Acres will continue to be classified as Undeveloped Property, 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 City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 93-1 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 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. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA NO. 8B OF
COMMUNITY FACILITIES DISTRICT NO. 93-1
OF THE CITY OF BEAUMONT**

A Special Tax as hereinafter defined shall be levied on and collected in Improvement Area No. 8B ("IA No. 8B") of Community Facilities District No. 93-1 of the City of Beaumont ("CFD No. 93-1") each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for "Developed Property," "Final Map Property," and "Undeveloped Property," as described below. All of the real property in IA No. 8B of CFD No. 93-1, 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:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"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 City to carry out the administration of IA No. 8B of CFD No. 93-1 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 City employee whose duties are directly related to the administration of IA No. 8B, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 8B.

"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. 93-1.

"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 Special Tax for Facilities" means the Special Tax of that name described in Section D below.

"Backup Special Tax for Facilities" means the Special Tax of that name described in Section E below.

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

"Building Permit" means a permit for new construction for a residential dwelling or non-residential structure. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of 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, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD No. 93-1” means Community Facilities District No. 93-1 established by the City under the Act.

“City” means the City of Beaumont.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 93-1, or its designee.

“Consumer Price Index” means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

“County” means the County of Riverside.

“Developed Property” means all Assessor’s Parcels that: (i) were issued Building Permits on or before June 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) were created on or before the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and that each such Assessor’s Parcel is associated with a Lot, as reasonably determined by the City.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Tax as determined in Section J.

“Final Map” means a subdivision of property evidenced by the recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or the recordation of a condominium plan pursuant to California Civil Code 1352 that creates individual lots for which Building Permits may be issued without further subdivision.

“Final Map Property” means all Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to the June 1st preceding the Fiscal Year in which the Special Tax is being levied.

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

“Improvement Area No. 8B” or “IA No. 8B” means Improvement Area No. 8B as depicted on the boundary map of CFD No. 93-1.

“Lot” means an individual legal lot created by a Final Map, identified by an Assessor’s Parcel Number for which a Building Permit could be issued.

“Maximum Special Tax” means the Maximum Special Tax for Facilities and Maximum Special Tax for Services.

“Maximum Special Tax for Facilities” means the maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

“Maximum Special Tax for Services” means the maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit was issued for any type of non-residential use.

“Operating Fund” means a fund that shall be maintained for IA No. 8B of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

“Operating Fund Balance” means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax for Facilities obligation for an Assessor’s Parcel, as described in Section H.

“Prepayment Amount” means the amount required to prepay the Special Tax for Facilities obligation in full for an Assessor’s Parcel, as described in Section G.

“Proportionately” means that (i) the ratio of the actual Special Tax for Facilities levy to the applicable Assigned Special Tax for Facilities is equal for all applicable Assessor’s Parcels and (ii) the ratio of the actual Special Tax for Services levy to the applicable Maximum Special Tax for Services is equal for all applicable Assessor’s Parcels. In case of Developed Property subject to the apportionment of the Special Tax for Facilities under step four of Section F, “Proportionately” in step four means that the quotient of (a) the actual Special Tax for Facilities levy less the Assigned Special Tax for Facilities divided by (b) the Backup Special Tax for Facilities less the Assigned Special Tax for Facilities, is equal for all applicable Assessor’s Parcels.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more residential dwelling units.

“Service Area” means the landscape parkways, neighborhood park, easements and green belts within the boundaries of IA No. 8B and the City of Beaumont, and IA No. 8B’s fair share of storm drain and flood control facilities.

“Special Tax” means Special Tax for Facilities and Special Tax for Services.

“Special Tax for Facilities” means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

“Special Tax for Services” means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

“Special Tax Requirement” means Special Tax Requirement for Facilities and Special Tax Requirement for Services.

“Special Tax Requirement for Facilities” means the amount required in any Fiscal Year for IA No. 8B to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, and (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 8B provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) 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.

“Special Tax Requirement for Services” means the amount determined in any Fiscal Year for IA No. 8B equal to (i) the budgeted costs of the maintenance, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 8B for the previous Fiscal Year, less (iv) the Operating Fund Balance.

“Taxable Property” means all Assessor’s Parcels within CFD No. 93-1 which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property or Final Map Property.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2005-2006, each Assessor’s Parcel within IA No. 8B shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property.

SECTION C MAXIMUM SPECIAL TAXES

1. Developed Property

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year, shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in Table 1 or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax for Facilities in Table 1 of Section D.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property that is classified as Developed Property for Fiscal Year 2005-2006 shall be \$254.50 per unit. The Maximum Special Tax for Services for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property for Fiscal Year 2005-2006 shall be \$1,617 per Acre. On each July 1, commencing July 1, 2006, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

2. Final Map Property

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Final Map Property shall be the Assigned Special Tax for Facilities in Section D.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel classified as Final Map Property in Fiscal Year 2005-2006 shall be \$1,617 per Acre. On each July 1, commencing July 1, 2006, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an

amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

3. Undeveloped Property

The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax for Facilities in Section D.

**SECTION D
ASSIGNED SPECIAL TAX FOR FACILITIES**

1. Developed Property

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax for Facilities. The Assigned Special Tax for Facilities applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 below.

TABLE 1

ASSIGNED SPECIAL TAX RATES FOR FACILITIES FOR DEVELOPED PROPERTY

Land Use Type	Building Square Footage	Assigned Special Tax for Facilities for Fiscal Year 2005-2006
Residential Property	Less than 1,901	\$1,984 per dwelling unit
Residential Property	1,901 – 2,150	52,144 per dwelling unit
Residential Property	2,151 – 2,650	\$2,555 per dwelling unit
Residential Property	2,651 – 2,900	\$2,783 per dwelling unit
Residential Property	2,901 – 3,150	\$2,897 per dwelling unit
Residential Property	3,151 – 3,650	\$3,011 per dwelling unit
Residential Property	Greater than 3,650	\$3,354 per dwelling unit
Non-Residential Property	N/A	\$17,516 per acre

2. Final Map Property and Undeveloped Property

Each Fiscal Year, each Assessor's Parcel of Final Map Property and Undeveloped Property shall be subject to an Assigned Special Tax for Facilities. The Assigned Special Tax for Facilities for an Assessor's Parcel classified as Final Map Property or Undeveloped Property for Fiscal Year 2005-2006 shall be \$17,516 per acre.

3. Increase in the Assigned Special Tax for Facilities

On each July 1, commencing on July 1, 2006, the Assigned Special Tax for Facilities for each Assessor's Parcel of Developed Property, Final Map Property, and Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION E
BACKUP SPECIAL TAXES FOR FACILITIES**

Each Fiscal Year, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities rate

for Developed Property classified as Residential Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{R \times A}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax for Facilities per Lot in each Fiscal Year
- R = Maximum Special Tax for Facilities rate per Acre for Undeveloped Property for the applicable Fiscal Year
- A = Acreage of Developed Property classified or to be classified as Residential Property in such Final Map.
- L = Lots in the Final Map which are classified or to be classified as Residential Property.

Each July 1, commencing on July 1, 2006, the Backup Special Tax for each Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

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 Special Tax for Facilities for each Assessor's Parcel of Developed Property classified or to be classified as Residential 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 Special Tax for Facilities 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 Developed Property classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the City.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax for Facilities per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax for Facilities may be levied.

SECTION F

METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES AND THE SPECIAL TAX FOR SERVICES

1. Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 8B until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:
 - Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in Table 1 as needed to satisfy the Special Tax Requirement for Facilities.
 - Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of

the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Maximum Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.

Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property classified as Undeveloped Property pursuant to Section J at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

2. Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 8B until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:

Step One: The Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Services after the first step has been completed, the Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax for Services applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Services.

Under no circumstances will the Special Tax for Facilities or the Special Tax for Services levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within CFD No. 93-1 by more than ten (10) percent of the Special Tax that would be levied in that Fiscal Year, if there were no delinquencies, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 93-1.

SECTION G PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following definitions apply to this Section G:

“CFD Public Facilities” means \$7,300,000 expressed in 2006 dollars, which shall increase by the Construction Inflation Index on January 1, 2007, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

“Construction Fund” means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 93-1.

“Construction Inflation Index” means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

“Future Facilities Costs” means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

“Outstanding Bonds” means all previously issued bonds issued and secured by the levy of Special Tax for Facilities which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding bonds to be redeemed at a later date with the proceeds of prior prepayments of the Maximum Special Tax for Facilities.

The Special Tax for Facilities obligation of an Assessor’s Parcel of Developed Property, an Assessor’s Parcel of Final Map Property or Undeveloped Property for which a Building Permit has been issued or an Assessor’s Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor’s Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor’s Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 93-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor’s Parcel.

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	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
<u>less</u>	<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 Assigned Special Taxes for Facilities and the Backup Special Taxes for Facilities applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities 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. For Assessor's Parcels classified as Undeveloped Property pursuant to Section J, compute the Assigned Special Tax for Facilities.
2. For each Assessor's Parcel of Developed Property, Final Map Property, Undeveloped Property, or Undeveloped Property pursuant to Section J to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the "Bond Redemption Amount."
4. 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."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2 (a) or 2 (b) by the amount determined pursuant to paragraph 5 to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.
8. 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.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. 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."

11. 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.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 93-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax For Facilities that may be levied on Taxable Property, net of Administrative Expenses, shall be at least times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each figure Fiscal Year.

SECTION H PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities 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 and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H below, may be partially 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 Special Tax for Facilities obligation would be prepaid.

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

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

The terms above have the following meanings:

- PP = the Partial Prepayment Amount.
- P_G = the Prepayment Amount calculated according to Section G.
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.
- A = the Administrative Fee calculated according to Section G.10.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 93-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's

Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities for shall cease.

MANDATORY PARTIAL PREPAYMENT: Prior to the close of escrow for the first transfer of title of any Developed Parcel after the date on which a Certificate of Occupancy for such Parcel was issued by the City, the Maximum Special Tax shall be subject to mandatory partial prepayment in a amount necessary to bring the Total Property Tax Burden for the then-current Fiscal Year to an amount less than or equal to 2% of the sale price of the Parcel. The amount required shall be due and payable upon transfer of title. No prepayment shall be required if the Total Property Tax Burden is not in excess of the 2% limit. The Builder shall notify the City in writing of the mandatory partial prepayment requirement at least 30 days prior to close of escrow. The City shall calculate and determine the prepayment amount using the methodology for a partial prepayment herein, such that the partial prepayment shall be in the exact percentage required for a Total Property Tax Burden not in excess of the 2% limit.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities 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

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessors' Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 93-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2049-2050 Fiscal Year. The Special Tax for Services shall be levied as long as it is needed to meet the Special Tax Requirement for Services, as determined at the sole discretion of the City Council.

SECTION J EXEMPTIONS

The City 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 homeowner's association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than 29.23 Acres. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 29.23 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 93 Acres will continue to be classified as Undeveloped Property, 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 City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 93-1 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 Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

The City Council may interpret this IA No. 8B and the levy of Special Taxes for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the City Council shall be binding as to all persons.

SECTION L MANNER OF COLLECTION

The 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. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

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APPENDIX E
FORM OF BOND COUNSEL OPINION

[Closing Date]

Beaumont Public Improvement Authority
Beaumont, California

Re: \$ _____ Beaumont Public Improvement Authority Local Agency Revenue Refunding
 Bonds, Series 2025

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Beaumont Public Improvement Authority (the “Authority”) taken in connection with the issuance by the Authority of its Beaumont Public Improvement Authority Local Agency Revenue Refunding Bonds, Series 2025 (the “Bonds”) and such other information and documents as we consider necessary to render this opinion.

In rendering this opinion, we have relied upon certain representations and certifications of fact made by the Authority, the Community Facilities District, the initial purchaser of the Bonds and others and opinions of counsel to the Authority and the Community Facilities District. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Marks Roos Local Bond Pooling Act of 1985, as amended (Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code) (the “Act”), 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, and an authorizing resolution adopted by the Board of Directors of the Authority (the “Board”) on June 3, 2025 (the “Resolution”). Capitalized terms not defined herein shall have the meaning set forth in the Indenture.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the preceding paragraphs of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bonds and the Indenture. We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Bonds and the Indenture.

We call attention to the fact that the rights and obligations under the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the Authority and are legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture.

(2) The Indenture has been duly executed and delivered by the Authority. The Indenture creates a valid pledge of the Revenues to secure the Bonds and the amounts on deposit in certain funds and accounts established under the Indenture to secure the Bonds, as and to the extent provided in the Indenture. The Indenture constitutes the valid and binding agreement of the Authority and is enforceable in accordance with its terms.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

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

(5) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.

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

The opinions expressed in paragraph (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the Authority, the City and the Community Facilities District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority, the City and the Community Facilities District each has covenanted to comply with all such requirements. Except as set forth in paragraphs (3) through (6) above, we express no opinion as to any tax consequences related to the Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Tax Certificate and the Local Obligation Bond Indentures may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion herein as to the effect on the exclusion from gross income for federal income tax purposes of interest

(and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

Our opinion is limited to matters governed by the laws of the State of California and federal income tax law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

By delivering this opinion, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Bonds or the Indenture, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Our engagement as Bond Counsel terminates upon the issuance of the Bonds and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken (or not taken) or do occur (or do not occur).

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

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

Respectfully submitted,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of July 1, 2025, is executed and delivered by the Beaumont Public Improvement Authority (the “Issuer”), and Spicer Consulting Group, LLC, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$_____ aggregate principal amount the Beaumont Public Improvement Authority Local Agency Revenue Refunding Bonds, Series 2025 (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 Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with 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 Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“Taxing Jurisdiction” means any one of Improvement Area No. 7A1, Improvement Area No. 19A, Improvement Area No. 18, Improvement Area No. 16, or Improvement Area No. 8B.

“Improvement Area No. 7A1” means Improvement Area No. 7A1 of the City of Beaumont Community Facilities District No. 93-1, a community facilities district formed pursuant to the CFD Act.

“Improvement Area No. 19A” means Improvement Area No. 19A of the City of Beaumont Community Facilities District No. 93-1, a community facilities district formed pursuant to the CFD Act.

“Improvement Area No. 18” means Improvement Area No. 18 of the City of Beaumont Community Facilities District No. 93-1, a community facilities district formed pursuant to the CFD Act.

“Improvement Area No. 16” means Improvement Area No. 16 of the City of Beaumont Community Facilities District No. 93-1, a community facilities district formed pursuant to the CFD Act.

“Improvement Area No. 8B” means Improvement Area No. 8B of the City of Beaumont Community Facilities District No. 93-1, 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 Spicer Consulting Group, LLC, 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 Agreement.

“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, 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.

“State” shall mean the State of California.

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 10 following the end of the Issuer’s Fiscal Year (June 30) commencing with the report due by February 10, 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 Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer and the 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 or the District’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 Agreement, 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 City 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 City 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 under the Indenture and the Reserve Requirement 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 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;

(iv) an update of the estimated assessed value-to-lien ratio for each Taxing Jurisdiction substantially in the form of Table A-3 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 in such updates, value to lien by ownership need not be shown;

(v) the status of any foreclosure actions being pursued by the Community Facilities Districts within the Taxing Jurisdictions with respect to delinquent Special Taxes;

(vi) an update by Taxing Jurisdiction similar to Tables A-6, A-12, A-18, A-24 and A-30 of the total Special Taxes levied and collected 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 Agreement 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 Agreement 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 Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 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 Agreement, 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 Agreement. 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 Spicer Consulting Group, LLC. 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 Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement 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 Agreement, 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, 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 Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement 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 Agreement, 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 Agreement, 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 Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement 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 Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which 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 Agreement may be given as follows:

Issuer: Beaumont Public Improvement Authority
c/o City of Beaumont
550 E. 6th Street
Beaumont, CA 92223
Attention: City Manager

Dissemination Agent: Spicer Consulting Group, LLC
41880 Kalmia Street, Suite 145
Murrieta, California 92562
Attention: Shane Spicer
Email: shane.spicer@spicercg.com

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 Agreement 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 Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Governing Law. This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.

BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

By: _____
Executive Director

SPICER CONSULTING GROUP, LLC, as Dissemination
Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

Name of Bond Issue: \$_____ BEAUMONT PUBLIC IMPROVEMENT AUTHORITY LOCAL
AGENCY REVENUE REFUNDING BONDS, SERIES 2025

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 Agreement dated as of July 1, 2025, by and between the Issuer and Spicer Consulting Group, LLC, as dissemination agent. The Issuer anticipated that the Annual Report will be filed by _____.

Dated: [DISSEMINATION AGENT],

as Dissemination Agent on behalf of ISSUER

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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. 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.

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APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, 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 Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AG. 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 AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

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 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 AG 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent 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 and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG 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 AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)

