

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2025

NEW ISSUE-FULL BOOK ENTRY

**Ratings: S&P: “_” (Insured)
S&P: “_” (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”): (i) acquire certain special tax refunding obligations of the community facilities district (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 fund 75% of the initial Reserve Requirement and fund a cash deposit for the remaining 25% of the initial Reserve Requirement; and (iv) pay costs of issuance of the Bonds. The Local Obligations are being issued to refund five outstanding series of bonds issued by the Beaumont Financing Authority, which with respect to one series of such bonds, were issued in connection with the issuance 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 [June] 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 [INSURER]. 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 75% of the initial Reserve Requirement. See “BOND INSURANCE” herein.

[INSURER LOGO]

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,

** Preliminary, subject to change.*

4906-9803-8065v7/022599-0039

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.

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 _____, 2025.

[STIFEL LOGO]

Dated: _____, 2025

MATURITY SCHEDULE

\$ _____

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

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

[INSURER] ("____") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, _____ 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 _____ supplied by _____ 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.

[INSERT ALL MAPS]

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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 [INSURER] (the “Insurer” or “_____”) 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 75% of the initial Reserve Requirement; and
- (iii) fund a cash deposit to the Reserve Fund for the remaining 25% of the initial Reserve Requirement; and
- (iv) 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 [June] 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”):

Community Facilities District (Improvement Area No. 7A1) 2025 Special Tax Refunding Bonds: \$7,275,000* City of Beaumont Community Facilities District 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).”

Community Facilities District (Improvement Area No. 19A) 2025 Special Tax Refunding Bonds: \$9,445,000* City of Beaumont Community Facilities District 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).”

Community Facilities District (Improvement Area No. 18) 2025 Special Tax Refunding Bonds: \$2,285,000* City of Beaumont Community Facilities District 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.

Community Facilities District (Improvement Area No. 16) 2025 Special Tax Refunding Bonds:

\$3,325,000* City of Beaumont Community Facilities District 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).”

Community Facilities District (Improvement Area No. 8B) 2025 Special Tax Refunding Bonds:

\$3,500,000* City of Beaumont Community Facilities District 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 [June] 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 [June] 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 75% of the Reserve Requirement for deposit in the Reserve Fund, effective as of the date of issuance of the Bonds. The remaining 25% of the Reserve Requirement as of the date of issuance of the Bonds will be funded from the proceeds of the Local Obligations. 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⁾	
Reserve Fund ⁽³⁾	
Total Uses	<u><u>\$</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.

⁽³⁾ Equal to 25% of the Reserve Requirement. The remaining 75% will be satisfied by the Reserve Policy. The Trustee will retain and deposit in the accounts of the Reserve Fund each Taxing Jurisdiction's proportionate share of the Reserve Requirement.

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></u></u>	<u><u></u></u>	<u><u></u></u>
Uses					
Escrow Funds ⁽¹⁾	\$	\$	\$	\$	\$
Costs of Issuance ⁽²⁾					
Reserve Fund ⁽³⁾					
Total Uses	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</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.

⁽³⁾ Equal to 25% of the Reserve Requirement. The remaining 75% will be satisfied by the Reserve Policy. The Trustee will retain and deposit in the accounts of the Reserve Fund each Taxing Jurisdiction's proportionate share of the Reserve Requirement.

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, 20__ are not subject to optional redemption prior to maturity. The Bonds maturing on or after September 1, 20__ 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, 20__ 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.

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

* Preliminary, subject to change.

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, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

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**

<i>Taxing Jurisdictions</i>	<i>Total 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>
2026	\$	\$	\$	\$	\$
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045	--				
Total	<u>\$</u>	\$	\$	\$	\$

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 \$_____ and cash in the amount of \$_____ will be deposited into the Reserve Fund, which in the aggregate, 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 75% of 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. The remaining 25% of the Reserve Requirement, effective as of the date of issuance of the Bonds, will be funded with cash from proceeds of the Local Obligations.

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

[TO COME]

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>Share of Bonds</i>	<i>Total Overlapping Land Secured Debt⁽²⁾</i>	<i>Assessed Value to Lien Ratio*</i>
2025	5	1,651	\$629,236,146	100%	\$25,830,000	24.36:1
2026	5	1,651	629,236,146	100	25,830,000	24.36:1
2027	5	1,651	629,236,146	100	25,830,000	24.36:1
2028	5	1,651	629,236,146	100	25,830,000	24.36:1
2029	5	1,651	629,236,146	100	25,830,000	24.36:1
2030	5	1,651	629,236,146	100	25,830,000	24.36:1
2031	5	1,651	629,236,146	100	25,830,000	24.36:1
2032	5	1,651	629,236,146	100	25,830,000	24.36:1
2033	5	1,651	629,236,146	100	25,830,000	24.36:1
2034	5	1,651	629,236,146	100	25,830,000	24.36:1
2035	3	1,218	450,159,765	100	20,220,000	22.26:1
2036	2	676	230,167,809	100	10,775,000	21.36:1
2037	2	676	230,167,809	100	10,775,000	21.36:1
2038	1	484	160,875,336	100	7,275,000	22.11:1
2039	1	484	160,875,336	100	7,275,000	22.11:1
2040	1	484	160,875,336	100	7,275,000	22.11:1
2041	1	484	160,875,336	200	7,275,000	22.11:1
2042	1	484	160,875,336	300	7,275,000	22.11:1
2043	1	484	160,875,336	400	7,275,000	22.11:1
2044	1	484	160,875,336	500	7,275,000	22.11:1
2045	1	484	160,875,336	600	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. The Taxing Jurisdictions are not 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"), has assigned the rating of "___" 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 "___" 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

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>%</i>	<i>Parcels in</i>	<i>Amount</i>	
City of Beaumont, CFD No. 93-1 IA 7A1, 2025	CFD	\$11,110,000	\$ 7,275,000*	100.000%	CFD No. 93-1 IA 7A1 ⁽³⁾	<i>Applicable</i>	
TOTAL LAND SECURED BONDED DEBT ⁽²⁾					484	<u>\$ 7,275,000*</u>	<u>\$ 7,275,000*</u>
<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>Amount</i>	
City of Beaumont, CFD No. 93-1 IA 7A1, 2025	CFD	\$25,000,000	\$ 0	100.000%	CFD No. 93-1 IA 7A1 ⁽³⁾	<i>Applicable</i>	
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾					484	<u>\$ 0</u>	<u>\$ 0</u>
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>%</i>	<i>Parcels in</i>	<i>Amount</i>	
San Gorgonio Pass Memorial Hospital	GO	\$363,415,283	\$292,042,190	1.043%	CFD No. 93-1 IA 7A1 ⁽³⁾	<i>Applicable</i>	
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⁾						<u>\$ 4,090,338</u>	
<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>Amount</i>	
San Gorgonio Pass Memorial Hospital	GO	\$363,420,000	\$ 4,717	1.043%	CFD No. 93-1 IA 7A1 ⁽³⁾	<i>Applicable</i>	
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⁾						<u>\$ 501,630</u>	
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 2025-26 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*

<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*.

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.

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	<u>44</u>	<u>131,121.92</u>	<u>37.1</u>
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	<u>61</u>	<u>166,800.58</u>	<u>18.2</u>
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 2025-26 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*

<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*.

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.

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>%</i>	<i>Parcels in</i> <i>CFD No. 93-1</i> <i>IA 18 ⁽³⁾</i>	<i>Amount</i> <i>Applicable</i>
City of Beaumont, CFD No. 93-1 IA 18, 2025	CFD	\$5,335,000	\$ 2,285,000*	100.000%	193	<u>\$ 2,285,000*</u>
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>%</i>	<i>Parcels in</i> <i>CFD No. 93-1</i> <i>IA 18 ⁽³⁾</i>	<i>Amount</i> <i>Applicable</i>
City of Beaumont, CFD No. 93-1 IA 18, 2025	CFD	\$6,000,000	\$ 0	100.000%	193	<u>\$ 0</u>
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>%</i>	<i>Parcels in</i> <i>CFD No. 93-1</i> <i>IA 18 ⁽³⁾</i>	<i>Amount</i> <i>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	<u>416,079</u>
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>%</i>	<i>Parcels in</i> <i>CFD No. 93-1</i> <i>IA 18 ⁽³⁾</i>	<i>Amount</i> <i>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	<u>242,145</u>
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 2025-26 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*

<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*.

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.

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						
Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels in CFD No. 93-1 IA 16 ⁽³⁾	Amount Applicable
City of Beaumont, CFD No. 93-1 IA 16, 2025	CFD	\$7,820,000	\$ 3,325,000*	100.000%	240	<u>\$ 3,325,000*</u>
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 3,325,000*
Authorized but Unissued Direct and Overlapping Indebtedness	Type	Authorized	Unissued	% Applicable	Parcels in CFD No. 93-1 IA 16 ⁽³⁾	Amount Applicable
City of Beaumont, CFD No. 93-1 IA 16, 2025	CFD	\$8,000,000	\$ 0	100.000%	240	<u>\$ 0</u>
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 0
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS						\$ 3,325,000*
III. General Obligation Bond Indebtedness						
Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels in CFD No. 93-1 IA 16 ⁽³⁾	Amount Applicable
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	<u>543,288</u>
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 2,578,419
Authorized but Unissued Direct and Overlapping Indebtedness	Type	Authorized	Unissued	% Applicable	Parcels in CFD No. 93-1 IA 16 ⁽³⁾	Amount Applicable
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	<u>316,177</u>
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 2025-26 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*

<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 paramount 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 *.

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.

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	<u>\$ 3,500,000*</u>
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	<u>\$ 0</u>
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	<u>371,221</u>
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	<u>216,039</u>
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 2025-26 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*

<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⁾	<u>2</u>	<u>1.04</u>	<u>1,128,834</u>	<u>1.63</u>	<u>3,643</u>	<u>0.85</u>	<u>29,887</u>	<u>0.85</u>	<u>37.77:1</u>
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 paramount 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*.

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.

[TO COME]

SUMMARY OF THE LOCAL OBLIGATION INDENTURES

[TO COME]

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.

Area	2020	2021	2022	2023	2024
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)

	2019	2020	2021	2022	2023
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)

	2019	2020	2021	2022	2023
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)

Rank	Name of Business	Employees	Type of Business
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)

Rank	Name of Business	Employees	Type of Business
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 for 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.

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 [June] 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 _____, 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,

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of [June] 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 [June] 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 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 [June] 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

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.

APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY