

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2025

NEW ISSUE-FULL BOOK ENTRY

NO RATING

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.

\$9,065,000*

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

Dated: Date of Delivery

Due: September 1 as shown on inside cover

The Bonds described herein are being issued by the Beaumont Public Improvement Authority (the “Authority”) to: (i) acquire certain special tax bonds (the “Local Obligations”) issued for improvement areas within the City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) (collectively, the “Improvement Areas”); (ii) make a deposit to the Reserve Fund to satisfy the initial Reserve Requirement; and (iii) pay costs of issuance of the Bonds. The Local Obligations are being issued to finance certain public improvements to be owned by the City of Beaumont. See the caption “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Bonds are payable solely from Revenues pledged by the Authority pursuant to that certain Indenture of Trust, dated as of _____ 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 Improvement Areas. See the captions “SECURITY FOR THE BONDS” and “SECURITY FOR THE LOCAL OBLIGATIONS” herein.

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 caption “THE BONDS” herein.

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

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

Maturity Schedule
(see inside cover)

The Bonds are offered when, as and if issued and accepted by Stifel, Nicolaus & Company, Incorporated, the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Bond Counsel and Disclosure Counsel. Certain legal matters will be passed upon for the Authority and the Community Facilities District by Slovak Baron Empey Murphy & Pinkney LLP, Palm Springs, California, for the Underwriter by its counsel, Kutak Rock LLP, and for the Trustee by its counsel. It is anticipated that the Bonds in definitive form will be available for delivery to DTC or its agent on or about _____, 2025.

[STIFEL LOGO]

Dated: _____, 2025

* Preliminary, subject to change.

4915-7262-1161v5/022599-0040

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

MATURITY SCHEDULE

\$9,065,000*

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

<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.[†] _____

* Preliminary, subject to change.

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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

Zions Bancorporation, National Association
Los Angeles, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Walnut Creek, California

SPECIAL TAX CONSULTANT

Spicer Consulting Group, LLC
Murrieta, California

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

Except where otherwise indicated, all information contained in this Official Statement has been provided by the 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 of 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.

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 MAPS]

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OFFICIAL STATEMENT

\$9,065,000*

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

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 \$9,065,000* Beaumont Public Improvement Authority Local Agency Revenue Bonds, Series 2025B (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 (i) acquire the “Local Obligations” described below (see “FINANCING PLAN” herein); (ii) make a deposit to the Reserve Fund to satisfy the initial Reserve Requirement; and (iii) the costs of issuing the Bonds.

Purpose of the Local Obligations. The Local Obligations are being issued to finance certain public facilities to be owned and operated by the City of Beaumont (the “City”).

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 two separate series of bonds described below issued by the City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) (the “Community Facilities District”) 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”):

Improvement Area No. 1 Bonds: The \$2,050,000* City of Beaumont CFD No. 2023-1 (Fairway Canyon) (Improvement Area No. 1) 2025 Special Tax Bonds (the “Improvement Area No. 1 Bonds”) are being issued by the Community Facilities District for Improvement Area No. 1 therein (“Improvement Area No. 1”). The Improvement Area No. 1 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 1. See “IMPROVEMENT AREA NO. 1”

Improvement Area No. 2 Bonds: The \$7,015,000* City of Beaumont CFD No. 2023-1 (Fairway Canyon) (Improvement Area No. 2) 2025 Special Tax Bonds (the “Improvement Area No. 2 Bonds” and, together with the Improvement Area No. 1 Bonds, the “Local Obligations”) are being issued by the

* Preliminary, subject to change.

Community Facilities District for Improvement Area No. 2 therein (“Improvement Area No. 2” and, together with Improvement Area No. 1, the “Improvement Areas”). The Improvement Area No. 2 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 2. See “IMPROVEMENT AREA NO. 2.”

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 _____ 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 two separate bond indentures, dated as of _____ 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
- (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”). See “SECURITY FOR THE BONDS — Revenues and Flow of Funds” and “— Reserve Fund” herein.

Local Obligations. Each series of Local Obligations are secured by Net Special Taxes collected in the applicable Improvement Area as a result of the levy of the 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 Improvement Area cannot be used to cover any shortfall in the payment of debt service on the Local Obligation of another Improvement Area. However, the Reserve Fund held by the Trustee and funded with

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 an Improvement Area. 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 Community Facilities District and the Improvement Areas

General. The Community Facilities District is located in the western portion of the City of Beaumont (the “City”), west of the 10 Freeway and north of Oak Valley Parkway and includes a total of 419 residential lots comprising Planning Area 4B of the Fairway Canyon master planned community. The Fairway Canyon master planned community surrounds the Morongo Golf Club at Tukwet Canyon golf course, which meanders through the community. At buildout, Fairway Canyon is expected to consist of approximately 3,300 residential units on approximately 1,556 acres of land, with 46.4 acres of commercial/industrial land uses and the balance set aside for public/quasi/public uses. As of October 1, 2025, approximately 2,588 homes within Fairway Canyon have been completed and sold to individual homeowners.

The Community Facilities District consists of Improvement Area No. 1 and Improvement Area No. 2 and is expected to be developed with a total of 419 single family homes.

Improvement Area No. 1. Improvement Area No. 1 consists of two non-contiguous tax zones, with Tax Zone 1 generally located in the southwest portion of the Community Facilities District, north of West Oak Valley Parkway, and with Tax Zone 2 located in the northeastern portion of the Community Facilities District, west of Tukwet Canyon Parkway and south of Mickelson Drive. Improvement Area No. 1 was developed with 132 single family homes by D.R. Horton Los Angeles Holding Company, Inc., a California corporation (“D.R. Horton”) in a development known as August II at The Fairways. As of September 5, 2025, the date of value of the Appraisal Report (as defined herein), D.R. Horton had conveyed 132 homes to individuals and owned one completed home within Improvement Area No. 1 which was in escrow to an individual homeowner and expected to close in November 2025. For more information regarding Improvement Area No. 1, see the caption “IMPROVEMENT AREA NO. 1.”

Improvement Area No. 2. Improvement Area No. 2 is located in the center of the Community Facilities District, along Sorenstam Drive. Improvement Area No. 2 is being developed with 287 single family homes by Meritage Homes of California, Inc., a California corporation (“Meritage”), in three developments known as “Magnolia at The Fairways,” “Holly at The Fairways” and “Azalea at The Fairways.” As of September 5, 2025, the date of value of the Appraisal Report (as defined herein), Meritage had conveyed 271 completed single family homes to individual homeowners and owned three completed homes and 13 homes in various stages of construction. For more information regarding Improvement Area No. 2 and the development

therein, including development status as of October 8, 2025, see the caption “IMPROVEMENT AREA NO. 2—Property Ownership and the Development.”

Additional information on D.R. Horton and Meritage Homes, including Annual Reports and related financial statements, prepared in accordance with generally accepted accounting standards, can be found on the websites of D.R. Horton’s and Meritage Homes’ parent companies. Information on such internet sites is not a part of this Official Statement and is not incorporated by reference into this Official Statement. Neither the Community Facilities District nor the Underwriter makes any representation as to the accuracy or adequacy of the information contained on the internet site.

Formation Proceedings. The Community Facilities District was formed, and Improvement Area No. 1 and Improvement Area No. 2 were designated therein, by the Community Facilities District pursuant to the Mello-Roos Act as discussed below.

The Mello-Roos Act was enacted by the California legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Mello-Roos Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a community facilities district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Mello-Roos Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district or any improvement area designated therein to repay such indebtedness.

Pursuant to the Mello-Roos Act, on April 4, 2023, the legislative body of the Community Facilities District adopted Resolution No. 2023-06 (the “Resolution of Intention”), stating its intention to form Community Facilities District No. 2023-1, designate Improvement Area Nos. 1 and 2 therein, and to authorize the levy of special taxes on the taxable property within Improvement Area No. 1 and Improvement Area No. 2. On April 4, 2023 the legislative body of the Community Facilities District also adopted Resolution No. 2023-07, stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed \$3,500,000 for Improvement Area No. 1 and not to exceed \$11,000,000 for Improvement Area No. 2 for the purpose of financing the acquisition, construction, expansion, improvement, or rehabilitation of certain public facilities.

Subsequent to a noticed public hearing, the legislative body of the Community Facilities District adopted Resolution Nos. 2023-22 and 2023-23 on June 20, 2023 (the “Resolution of Formation” and the “Resolution to Incur Debt,” respectively) which established the Community Facilities District, designated Improvement Area No. 1 and Improvement Area No. 2 therein, authorized the levy of a special tax within Improvement Area No. 2, determined the necessity to incur bonded indebtedness within the Community Facilities District, including for Improvement Area No. 1 and Improvement Area No. 2, and called elections within Improvement Area No. 1 and Improvement Area No. 2 on the propositions of incurring bonded indebtedness, levying special taxes and setting an appropriations limit therein and therefor.

On June 20, 2023, elections were held within Improvement Area No. 1 and Improvement Area No. 2 at which the landowners within each of Improvement Area No. 1 and Improvement Area No. 2 eligible to vote approved the issuance of bonds by the Community Facilities District in an aggregate principal amount not to exceed \$3,500,000 for Improvement Area No. 1 and not to exceed \$11,000,000 for Improvement Area No. 2, and authorized the levy of a special tax to repay the bonds. A separate Notice of Special Tax Lien for each of Improvement Area No. 1 and Improvement Area No. 2 was recorded in the office of the County Recorder on July 6, 2023 as Document No. 2023-0194585 and Document No. 2023-014586, respectively. On July 18, 2023, the Board, acting as the legislative body of the Community Facilities District, adopted Ordinance No. 1161 which authorized the levy of special taxes within Improvement Area No. 1 (the “Improvement Area No. 1 Special Tax”) pursuant to the Rate and Method of Apportionment of Special Tax for Improvement Area

No. 1 (the “Improvement Area No. 1 Rate and Method”) and within Improvement Area No. 2 (the “Improvement Area No. 2 Special Tax and, together with the Improvement Area No. 1 Special Tax, the “Special Taxes”) pursuant to the Rate and Method of Apportionment of Special Tax for Improvement Area No. 2 (the “Improvement Area No. 2 Rate and Method” and, together with the Improvement Area No. 1 Rate and Method, the “Rates and Methods”), all as approved by the eligible voters at the June 20, 2023, elections. Copies of the Rates and Methods are attached hereto as Appendix A.

Appraisal Report

An appraisal (the “Appraisal Report”) of the land and existing improvements within the Improvement Areas was prepared by Integra Realty Resources, Los Angeles, California, a Member Appraisal Institute, MAI appraiser) (the “Appraiser”). The Appraisal is dated September 29, 2025 and a copy of the Appraisal is attached to this Official Statement as Appendix C. The Appraisal Report provides an estimate of the aggregate minimum market value of the as-is condition of certain of the taxable property within each Improvement Area as of the date of value, September 5, 2025, and the assessed value of the remainder of the taxable property in each Improvement Area.

As of September 5, 2025, the Appraiser estimated the minimum aggregate value of the fee simple interest of the taxable property within Improvement Area No. 1 was not less than \$79,893,725, consisting of an aggregate Fiscal Year 2025-26 assessed value of \$13,293,725 for the 21 single family homes with a complete improvement value assigned by the County for Fiscal Year 2025-26, and an aggregate appraised value of \$66,600,000 for the 111 single family homes which did not have a complete improvement value assigned by the County for Fiscal Year 2025-26.

As of September 5, 2025, the Appraiser estimated the minimum aggregate value of the fee simple interest of the taxable property within Improvement Area No. 2 was not less than \$162,727,411, consisting of an aggregate Fiscal Year 2025-26 assessed value of \$90,399,411 for the 148 single family homes with a complete improvement value assigned by the County for Fiscal Year 2025-26, and an aggregate appraised value of \$72,328,000 for the 139 single family homes which did not have a complete improvement value assigned by the County for Fiscal Year 2025-26.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix C. The Authority and the Community Facilities District make no representation as to the accuracy of the Appraisal Report. There is no assurance that the property within the Improvement Areas can be sold for the prices set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to pay the Special Taxes for that parcel in the event of a default in payment of Special Taxes by the landowner. The complete Appraisal Report is attached hereto as Appendix C.

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. Urban Futures, Inc., Walnut Creek, California, is acting as Municipal Advisor to the City. Zions Bancorporation, National Association, Los Angeles, California, will act as Trustee with respect to the Bonds and the Local Obligations. 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.

Payment of the fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, 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 Improvement Areas 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.

ESTIMATED SOURCES AND USES OF FUNDS

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

Total

Sources:

- Principal Amount of the Bonds
- [Plus/Less] [Net] Original Issue [Premium/Discount]
- Less Underwriter’s Discount

Total Sources

Uses:

- Purchase of Local Obligations ⁽¹⁾
- Reserve Fund
- Costs of Issuance⁽²⁾

Total Uses

-
- ⁽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 Improvement Area’s proportionate share of the costs of issuance of the Bonds.

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

Improvement Area No. 1 Bonds Improvement Area No. 2 Bonds

Sources

- Principal Amount
- [Plus/Less] [Net] Original Issue
- [Premium/Discount]
- Less Underwriter’s Discount

Total Sources

Uses

- Acquisition and Construction Fund
- Reserve Fund⁽¹⁾
- Costs of Issuance⁽²⁾

Total Uses

-
- ⁽¹⁾ Represents the Proportionate Share of the initial Reserve Requirement for each series of the Local Obligations.
 - ⁽²⁾ Reflects each Improvement Area’s proportionate share of the costs of issuance of the Bonds.

THE BONDS

General Provisions

The Bonds will be dated their date of delivery, and the Bonds will be issued in the aggregate principal amounts set forth on the inside front cover hereof. The Bonds will bear interest from their dated date at the rates per annum set forth on the inside front cover hereof, payable semiannually on each March 1 and September 1, commencing March 1, 2026 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside front cover hereof. The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof.

Interest on the Bonds will be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner as of the Record Date immediately preceding each Interest

Payment Date. Interest will be paid by check of the Trustee mailed on the Interest Payment Date by first class mail, postage prepaid, to the Owner at the address as it appears on the Bond Register or by wire transfer to an account in the United States of America upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds of a Series provided to the Trustee, in writing, at least five (5) Business Days before the Record Date for such Interest Payment Date. The Bonds are issued in fully registered form and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple. See the subsection hereof entitled “— Book-Entry Only System.”

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

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date (the 15th calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day) and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2026 in which event it will bear interest from the Dated Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon, or from the Dated Date if no interest has been paid or made available for payment.

Redemption

Optional Redemption. The Bonds maturing on or before September 1, 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 Interest Payment 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 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 an Improvement Area, 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

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>
--	------------------------------

(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>
--	------------------------------

(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>
--	------------------------------

(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:

Redemption Date
(September 1)

Redemption
Amount

(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			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
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. 1 Bonds</i>	<i>Improvement Area No. 2 Bonds</i>	<i>Total</i>
2026	\$	\$	\$
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2055			
2051			
2052			
2053			
2054			
2055			
Total	\$	\$	\$

Source: Underwriter.

Debt Service Coverage for the Bonds

Scheduled payments of principal of and interest on the Bonds equals 100% of the projected Revenues that will be generated by the anticipated payment of debt service on each of the Local Obligations while the Bonds are outstanding. According to the Special Tax Consultant, based on the annual debt service for the Local Obligations, with respect to each Improvement Area, 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 “IMPROVEMENT AREA NO. 1” and “IMPROVEMENT AREA NO. 2.” However, under the Mello-Roos Act, under no circumstances may Special Taxes levied against any parcel of property used for private residential purposes in an Improvement Area 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 Improvement Area. 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.

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 Improvement Area 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, 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”). On the date of issuance of the Bonds, the Authority will deposit proceeds of the Bonds in the amount of \$_____ into the Reserve Fund, which amount equals the Reserve Requirement as of the date of issuance of the Bonds. Each Local Obligation’s initial Proportionate Share will initially be as follows:

- \$_____ in the Improvement Area No. 1 Reserve Account
- \$_____ in the Improvement Area No. 2 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.

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 an Improvement Area as a result of a reduction in the Reserve Requirement resulting from the redemption of the Local Obligations relating to such Improvement Area 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 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.

Second, 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.

Third, 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.

(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.

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 Improvement Area 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 Improvement Area 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 Improvement Area 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 Improvement Area are levied and collected according to the Rate and Method established for such Improvement Area. The complete Rate and Method for each of the Improvement Areas is attached hereto as Appendix A — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES.”

The Local Obligations are not cross-collateralized. In other words, Special Taxes collected in one Improvement Area cannot be used to cover any shortfall in the payment of debt service on the Local Obligations of another Improvement Area. 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 an Improvement Area 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 Improvement Area. Therefore, even though the maximum Special Tax rates may allow for Special Tax increases greater than 10%, in the event of high delinquencies in an Improvement Area, the Community Facilities District could not increase the Special Taxes in such Improvement Area 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 Improvement Area, 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 applicable Improvement Area’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.

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, and (4) any amounts required to replenish the applicable Reserve Account under the Authority Indenture to the Proportionate Share resulting from the delinquency in the payment of scheduled debt service on the Local Obligations and any Local Obligation Parity Bonds. 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 an Improvement Area, 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 an Improvement Area, 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 applicable Improvement Area'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 Improvement Areas are not included in the County's Teeter Plan.

THE COMMUNITY FACILITIES DISTRICT

The Community Facilities District was formed by the City Council, and Improvement Area No. 1 and Improvement Area No. 2 were designated therein, pursuant to the Mello-Roos Act in 2023. The Community Facilities District is located in the western portion of the City, west of the 10 Freeway and north of Oak Valley Parkway and includes a total of 419 residential lots comprising Planning Area 4B of the Fairway Canyon master planned community. The Fairway Canyon master planned community surrounds the Morongo Golf Club at Tukwet Canyon golf course, which meanders through the community. At buildout, Fairway Canyon is expected to consist of approximately 3,300 residential units on approximately 1,556 acres of land, with 46.4

acres of commercial/industrial land uses and the balance set aside for public/quasi/public uses. As of October 1, 2025, approximately 2,588 homes within Fairway Canyon have been completed and sold to individual homeowners.

The Community Facilities District consists of Improvement Area No. 1 and Improvement Area No. 2 and is expected to be developed with a total of 419 single family homes, as described further under the captions “IMPROVEMENT AREA NO. 1” and “IMPROVEMENT AREA NO. 2.”

IMPROVEMENT AREA NO. 1

General

Improvement Area No. 1 consists of two non-contiguous tax zones, with Tax Zone 1 generally located in the southwest portion of the Community Facilities District, north of West Oak Valley Parkway, and with Tax Zone 2 located in the northeastern portion of the Community Facilities District, west of Tukwet Canyon Parkway and south of Mickelson Drive. The property within Improvement Area No. 1 consists of 132 completed single family homes.

For the property within Improvement Area No. 1, water service is provided by the Beaumont-Cherry Valley Water District, sewer service is supplied by the City, electricity is currently supplied by Southern California Edison and gas by Southern California Gas Company. Public education instruction is provided by the Beaumont Unified School District.

According to the Seismic Safety Commission, the area within Improvement Area No. 1 is 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 Improvement Area No. 1 is located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Study Zone). Furthermore, a substantial portion of Improvement Area No. 1 is located in an area which the Department of Forestry and Fire Protection of the State of California has designated as either a high or very high fire hazard severity zone. Improvement Area No. 1 is not located within a 500-year floodplain. Property in Improvement Area No. 1 may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. See “SPECIAL RISK FACTORS — Natural Disasters.”

Description of Authorized Facilities

Proceeds of the Improvement Area No. 1 Bonds are authorized to be used to pay for the costs of the design, engineering, acquisition and construction of certain City facilities.

Property Ownership and the Development

Improvement Area No. 1 was developed with 132 single family homes by D.R. Horton Los Angeles Holding Company, Inc., a California corporation (previously defined as “D.R. Horton”) in a development known as August II at The Fairways. As of September 5, 2025, the date of value of the Appraisal Report, D.R. Horton had conveyed 131 completed single family homes to individual homeowners and owned one completed home. The final home within Improvement Area No. 1 is in escrow and scheduled to close in November 2025. For further information regarding D.R. Horton’s development within Improvement Area No. 1, see the Appraisal Report attached hereto as Appendix C.

Assigned Special Taxes

Table 4 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area No. 1 in Fiscal Year 2025-26 based on the development status within Improvement Area

No. 1 as of September 1, 2025. All 132 parcels within Improvement Area No. 1 will be classified as Developed Property for purposes of the Fiscal Year 2025-26 Special Tax levy and the District expects to levy Special Taxes on all 132 parcels within Improvement Area No. 1 at 100% of the Assigned Rate. For the complete text of the Improvement Area No. 1 Rate and Method, see Appendix A — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES.”

The Special Tax levy in Improvement Area No. 1 for Fiscal Year 2025-26 is shown in Table 4 below.

**TABLE 4
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 1
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26**

<i>Zone/Land Use Class</i>	<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percentage of Assigned Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26⁽¹⁾</i>	<i>Percentage of Total</i>
Zone 1								
1	Residential Property	<2,100 sq ft	\$1,328	\$1,328	100.0%	18	\$ 23,904	13.4%
2	Residential Property	2,100 - 2,400 sq ft	1,376	1,376	100.0	18	24,768	13.9
3	Residential Property	>2,400 sq ft	1,414	1,414	100.0	19	26,866	15.1
Zone 2								
1	Residential Property	<1,600 sq ft	\$1,106	\$1,106	100.0%	17	\$ 18,802	10.6%
2	Residential Property	1,600 - 1,800 sq ft	1,215	0	0.0	0	0	0.0
3	Residential Property	1,801 - 2,000 sq ft	1,325	1,325	100.0	15	19,875	11.2
4	Residential Property	>2,000 sq ft	1,414	1,414	100.0	45	63,630	35.8
Total						132	\$ 177,845	100.0%

⁽¹⁾ Includes estimated Administrative Expenses of \$30,000.
Source: County of Riverside Assessor’s Office; Spicer Consulting Group, LLC.

Property Values and the Appraisal Report

General. The extent to which the Special Tax within Improvement Area No. 1 provides security for the Improvement Area No. 1 Bonds is, at least in part, a function of the value of each parcel of land within Improvement Area No. 1 that is subject to the Special Tax because, in the event that a property owner defaults in the payment of the applicable Special Tax, such property owner will not have any personal liability for the payment of the Special Tax, and the principal remedy available to the Community Facilities District will be to take foreclosure proceedings with respect to the subject property.

Assessed Value. The assessed value of the property within Improvement Area No. 1 represents the secured assessed valuation established by the County Assessor. Assessed values do not necessarily represent market values. Article XIII A of the California Constitution (Proposition 13) defines “full cash value” to mean “the County assessor’s valuation of real property as shown on the 1975/76 roll under ‘full cash value’, or, thereafter, the appraised value of real property when purchased or newly constructed or when a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors. Because of the general limitation to 2% per year in increases in full cash value of properties which remain in the same ownership, the County tax roll does not reflect values uniformly proportional to actual market values. There can be no assurance that the assessed valuations of the properties within Improvement Area No. 1 accurately reflect their respective market values, and the future fair market values of those properties may be lower than their current assessed

valuations. The Fiscal Year 2025-26 assessed value of the property in Improvement Area No. 1 is \$67,338,268.

Appraised Values. As a result of the requirements of Article XIII A of the California Constitution, a property's assessed value is not necessarily indicative of its market value. In order to provide information with respect to the value of the property within the District, the City engaged Integra Realty Resources, the Appraiser, to prepare the Appraisal Report. The Appraiser has an "MAI" designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land-secured municipal bonds. The Appraiser has no material relationships with the City, the Community Facilities District, the developers or the owners of the land within the Community Facilities District other than the relationship represented by the engagement to prepare the Appraisal Report. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the California Debt and Investment Advisory Commission. A copy of the Appraisal Report is included as Appendix C—"APPRAISAL REPORT" to this Official Statement.

The purpose of the Appraisal Report was to estimate the market value of the property within the District subject to the lien of the Special Taxes. Subject to the assumptions and limiting conditions set forth in the Appraisal Report, as of September 5, 2025, the Appraiser estimated the minimum aggregate value of the fee simple interest of the taxable property within Improvement Area No. 1 was not less than \$79,893,725, consisting of an aggregate Fiscal Year 2025-26 assessed value of \$13,293,725 for the 21 single family homes with a complete improvement value assigned by the County for Fiscal Year 2025-26, and an aggregate appraised value of \$66,600,000 for the 111 single family homes which did not have a complete improvement value assigned by the County for Fiscal Year 2025-26.

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

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

It is a condition precedent to the issuance of the Bonds that the Appraiser deliver to the Community Facilities District a certification to the effect that, while the Appraiser has not updated the Appraisal Report since its date and has not undertaken any obligation to do so, nothing has come to the attention of the Appraiser subsequent to the date of the Appraisal Report that would cause the Appraiser to believe that the value of the property that it appraised in Improvement Area No. 1 is less than the value reported in the Appraisal Report. However, the Appraiser notes that acts and events may have occurred since the date of the Appraisal Report which could result in both positive and negative effects on market value within Improvement Area No. 1.

Estimated Value-to-Lien Ratios

Table 5 below incorporates the values assigned to parcels in the Appraisal Report, the estimated principal amount of the Improvement Area No. 1 Bonds allocable to each category of parcels and the estimated assessed/appraised value-to-lien ratios for various categories of parcels based upon land values as of September 5, 2025, as set forth in the Appraisal Report. Based on the principal amount of the Improvement Area No. 1 Bonds, the estimated assessed/appraised value-to-lien ratio for Improvement Area No. 1 including

all Taxable Property is 38.97-to-1*. This ratio does not include other direct and overlapping debt within the District. See “—Direct and Overlapping Indebtedness” below. Taking that direct and overlapping debt into account, the ratio of the aggregate assessed/appraised value of the Taxable Property within Improvement Area No. 1 to the total principal amount of all direct and overlapping bonded debt for Improvement Area No. 1 is approximately 16.60-to-1*.

Table 6 below summarizes the assessed/appraised value-to-lien of the property within Improvement Area No. 1 by value-to-lien ranges for purposes of the Fiscal Year 2025-26 Special Tax levy.

* *Preliminary, subject to change.*

**TABLE 5
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 1
ESTIMATED VALUE-TO-LIEN RATIOS
FISCAL YEAR 2025-26 PROJECTED LEVY ON ALL TAXABLE PROPERTIES**

<i>Property Owner</i>	<i>Number of Parcels</i>	<i>Appraised/Assessed Property Value⁽²⁾</i>	<i>Percentage of Appraised/Assessed Value</i>	<i>Fiscal Year 2025-26 Maximum Tax</i>	<i>Fiscal Year 2025-26 Percentage of Maximum Tax</i>	<i>Projected Fiscal Year 2025-26 Levy^{(3)*}</i>	<i>Percentage of Estimated Fiscal Year 2025-26 Levy</i>	<i>Improvement Area No. 1 Bonds⁽⁴⁾</i>	<i>All Other Overlapping Debt Issued⁽⁵⁾</i>	<i>Appraised/Assessed Value-to-Lien Ratio*</i>
Developed Property⁽¹⁾										
Developed Individually Owned	131	\$79,293,724	99.25%	\$194,562	99.27%	\$176,410	99.20%	\$2,033,701	\$ 2,740,055	16.61:1
Developed - DR Horton Owned	<u>1</u>	<u>600,000</u>	<u>0.75</u>	<u>1,429</u>	<u>0.73</u>	<u>1.41</u>	<u>0.80</u>	<u>16,299</u>	<u>21,960</u>	<u>15.68:1</u>
Total Developed	132	\$79,893,724	100.00%	\$195,990	100.00%	\$177,820	100.00%	\$2,050,000	\$ 2,762,015	16.60:1
Total	132	\$79,893,724	100.00%	\$195,990	100.00%	\$177,820	100.00%	\$2,050,000	\$ 2,762,015	16.60:1*

* Preliminary, subject to change.
(1) Ownership status as shown in the Appraisal Report. All of the parcels in Improvement Area No. 1 had building permits issued prior to March 1, 2025 and are therefore considered Developed Property.
(2) Reflects the assessed/appraised values shown in the Appraisal Report.
(3) Estimated Fiscal Year 2025-26 Special Tax levy based upon development status as of March 1, 2025 and preliminary debt service with administration of \$30,000.
(4) Includes the principal amount of the Improvement Area No. 1 Bonds. Responsibility of the principal amount of the Improvement Area No. 1 Bonds has been allocated based on the projected Fiscal Year 2025-26 Special Tax levy.
(5) See Table 7.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

**TABLE 6
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 1
FISCAL YEAR 2025-26 PROJECTED VALUE-TO-LIEN STRATIFICATION**

<i>Value-to-Lien Category</i>	<i>Number of Parcels of Developed Property</i>	<i>Percentage of Developed Property</i>	<i>Appraised/Assessed Value⁽¹⁾</i>	<i>Percentage of Appraised/Assessed Value</i>	<i>Improvement Area No. 1 Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Projected Fiscal Year 2025-26 Levy</i>	<i>Improvement Area No. 1 Bonds^{(2)*}</i>	<i>Percent Share of Improvement Area No. 1 Bonds*</i>	<i>All Other Overlapping Debt⁽³⁾</i>	<i>Aggregate Appraised/Assessed Value-to-Lien*</i>
Less than 16.00:1 ⁽⁴⁾	45	34.09%	\$ 27,008,000	33.80%	\$ 63,630	35.78%	\$ 733,456	35.78%	\$ 988,203	15.69:1
Between 16.00:1 to 18.00:1	70	53.03	42,685,725	53.43	95,413	53.65	1,099,815	53.65	1,481,808	16.53:1
Greater than 18.00:1 ⁽⁴⁾	<u>17</u>	<u>12.88</u>	<u>10,200,000</u>	<u>12.77</u>	<u>18,802</u>	<u>10.57</u>	<u>216,729</u>	<u>10.57</u>	<u>292,004</u>	<u>20.05:1</u>
Totals	132	100.00%	\$ 79,893,725	100.00%	\$177,845	100.00%	\$2,050,000	100.00%	\$ 2,762,015	16.60:1

* Preliminary, subject to change.

(1) Reflects the assessed/appraised values shown in the Appraisal Report.

(2) Responsibility of the paramount has been allocated based on the estimated Fiscal Year 2025-26 Special Tax levy, with development status as of September 5, 2025, and preliminary bond sizing as provided by the Underwriter.

(3) See Table 7.

(4) The minimum value-to-lien in the Less than 16.00:1 category is 15.68:1*. The maximum value-to-lien in the Greater than 18.00:1 category is 20.05:1*.

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

Direct and Overlapping Debt

Improvement Area No. 1 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within Improvement Area No. 1 is shown in Table 7 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. 1; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

**TABLE 7
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 1
DIRECT AND OVERLAPPING DEBT
AS OF SEPTEMBER 5, 2025**

I.	Assessed/Appraisal Value⁽¹⁾		\$ 79,893,725
II.	Land Secured Bond Indebtedness		
	<i>Outstanding Direct and Overlapping Bonded Debt</i>		
	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>
	<i>CFD</i>	<i>\$ 2,540,000</i>	<i>\$ 2,540,000</i>
	BEAUMONT USD CFD NO. 2022-1 IA 1, SERIES 2025		100.000%
	CITY OF BEAUMONT CFD NO. 2023-1 IA 1, SERIES 2025	2,050,000*	2,050,000
	TOTAL LAND SECURED BONDED DEBT⁽²⁾		100.000
			132
			\$ 4,590,000*
	<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>		
	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>
	<i>CFD</i>	<i>\$ 11,000,000</i>	<i>\$ 8,460,000</i>
	BEAUMONT USD CFD NO. 2022-1 IA 1, SERIES 2025		100.000%
	CITY OF BEAUMONT CFD NO. 2023-1 IA 1, SERIES 2025	3,500,000*	0
	TOTAL UNISSUED LAND SECURED INDEBTEDNESS⁽²⁾		100.000
			132
			\$ 8,460,000
	TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS		\$ 13,050,000*
III.	General Obligation Bond Indebtedness		
	<i>Outstanding Direct and Overlapping Bonded Debt</i>		
	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>
	<i>GO</i>	<i>\$ 140,998,583</i>	<i>\$ 121,631,194</i>
	BEAUMONT UNIFIED SCHOOL DISTRICT		0.015%
	SAN GORGONIO PASS MEM HOSPITAL	108,000,000	86,960,000
	MT SAN JACINTO JR COLLEGE	295,000,000	233,100,000
	TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT⁽²⁾		0.001
			132
			\$ 222,015
	<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>		
	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>
	<i>GO</i>	<i>\$ 141,000,000</i>	<i>\$ 1,417</i>
	BEAUMONT UNIFIED SCHOOL DISTRICT		0.015%
	SAN GORGONIO PASS MEM HOSPITAL	108,000,000	0
	MT SAN JACINTO JR COLLEGE	295,000,000	0
	TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS⁽²⁾		0.001
			132
			\$ 0
	TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS		\$ 222,017
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT			\$ 4,812,015
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS			\$ 13,272,017

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt..... 17.41:1*
Total Outstanding Bonded Debt..... 16.60:1*

* Preliminary, subject to change.

(1) Based on the assessed/appraised value set forth in the Appraisal Report.

(2) Parity Bonds may be issued to finance additional public improvements and for refunding purposes.

(3) All parcels have subdivided into 132 individual parcels. Based on development status as of September 5, 2025, all 132 parcels are classified as Developed Property under the Improvement Area No. 1 Rate and Method for Fiscal Year 2025-26.

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

Table 8 below describes the estimated Fiscal Year 2025-26 effective tax burden for a property within Improvement Area No. 1 based on the average value of a home within Improvement Area No. 1 with a complete improvement value assigned by the County for Fiscal Year 2025-26, the estimated Fiscal Year 2025-26 Special Tax levy and the Fiscal Year 2025-26 levies for all other overlapping taxing jurisdictions. Based on the foregoing and the projected debt service on the Improvement Area No. 1 Bonds and the Administrative Expenses Cap of \$30,000 in Fiscal Year 2025-26 (which amount shall escalate at 2.00% per Fiscal Year), the projected effective tax rate to be levied in Improvement Area No. 1 will average approximately 1.91%.

**TABLE 8
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 1
ESTIMATED AVERAGE FISCAL YEAR 2025-26 TAX OBLIGATION**

Average Home Value ⁽¹⁾	\$ 633,035
<i>Ad Valorem Property Taxes</i> ⁽²⁾	
General Purpose	\$ 6,330
Beaumont Unified School (0.07274%)	460
Mt San Jacinto Jr College (0.00254%)	16
San Gorgonio Pass Mem Hospital (0.04568%)	289
San Gorgonio Pass Water Debt Svc (0.17500%)	<u>1,108</u>
Total General Property Taxes	\$ 8,204
Assessment, Special Taxes & Parcel Charges ⁽³⁾	
San Gorgonio Hospital Measure H	\$ 61
Flood Control Stormwater / Cleanwater / Santa Ana	4
Beaumont USD CFD No. 2022-1	1,395
CFD No. 2023-1 - Safety Special Tax	561
CFD No. 2023-1 - Maintenance Services Special Tax	450
CFD No. 2023-1 - Facilities Special Tax	<u>1,410</u>
Total Assessments & Special Taxes	\$ 3,881
Projected Total Property Tax	\$ 12,085*
Projected Effective Tax Rate	1.91%*

* Preliminary, subject to change.

(1) Average home value is based upon average assessed values for developed parcels with improvement value for Fiscal Year 2025-26 per Riverside County Equalized Roll data.

(2) Average Fiscal Year 2025-26 tax rates based upon Fiscal Year 2025-26 overlapping taxes and assessment rates.

(3) Reflects the average Fiscal Year 2025-26 Special Tax levy within Improvement Area No. 1 for facilities for developed parcels with an assessed value for improvements.

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

Delinquency History

For each Fiscal Year, the first installment of the Special Taxes becomes delinquent on December 10 and the second installment becomes delinquent on April 10. Fiscal Year 2024-25 was the first fiscal year in which Special Taxes were levied within Improvement Area No. 1. Table 9 below summarizes the Special Tax payments within Improvement Area No. 1 for Fiscal Year 2024-25 and delinquencies as of September 15, 2025.

**TABLE 9
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 1
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES FISCAL YEAR 2024-25**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of September 15, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2024-25	\$123,136	91	1	\$1,325	1.08%

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

IMPROVEMENT AREA NO. 2

General

Improvement Area No. 2 is located in the center of the Community Facilities District, along Sorenstam Drive. Improvement Area No. 2 is being developed with 287 single family homes by Meritage Homes of California, Inc., a California corporation (“Meritage”), in three developments known as “Magnolia at The Fairways,” “Holly at The Fairways” and “Azalea at The Fairways.”

For the property within Improvement Area No. 2, water service is provided by the Beaumont-Cherry Valley Water District, sewer service is supplied by the City, electricity is currently supplied by Southern California Edison and gas by Southern California Gas Company. Public education instruction is provided by the Beaumont Unified School District.

According to the Seismic Safety Commission, the area within Improvement Area No. 2 is 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 Improvement Area No. 2 is located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Study Zone). Furthermore, a substantial portion of Improvement Area No. 2 is located in an area which the Department of Forestry and Fire Protection of the State of California has designated as either a high or very high fire hazard severity zone. Improvement Area No. 2 is not located within a 500-year floodplain. Property in Improvement Area No. 2 may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. See “SPECIAL RISK FACTORS — Natural Disasters.”

Authorized Uses of Bond Proceeds

Proceeds of the Bonds are authorized to be used to pay for the costs of the design, engineering, acquisition and construction of certain City facilities.

Property Ownership and the Development

The information about the property in Improvement Area No. 2 under this caption has been provided by representatives of Meritage, and has not been independently confirmed or verified by the Underwriter, the City or the Community Facilities District. The Underwriter, the City, and the Community Facilities District make no representation as to the accuracy or adequacy of the information contained in this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Improvement Area No. 2 Bonds nor the Net Taxes securing the Improvement Area No. 2 Bonds are personal obligations of Meritage or any affiliate thereof or any other property owner and, in the event that any property owner defaults in the payment of its Special Taxes, the Community Facilities District may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner or any affiliate thereof. See the caption "SPECIAL RISK FACTORS."

Meritage Homes. As previously defined in this Official Statement, "Meritage" is Meritage Homes of California, Inc., a California corporation. Meritage Homes is a subsidiary of Meritage Homes Corporation ("Meritage Homes Corporation"), a Maryland corporation. Meritage Homes Corporation is a homebuilder focused primarily on high-growth regions of the western and southern United States. Meritage Homes Corporation operates as a holding company, has no independent assets or operations, and is traded on the New York Stock Exchange ("NYSE") under the ticker symbol "MTH." Homebuilding, construction, development and sales activities are conducted through subsidiaries. As of July 1, 2024, Meritage Homes Corporation had operations in three geographic regions comprised of nine states: (Arizona, California, Colorado, Texas, Florida, Georgia, North Carolina, South Carolina and Tennessee).

Meritage Homes Corporation is subject to the informational reporting requirements of the Exchange Act, and in accordance therewith is obligated to file reports, proxy statements and other information with the SEC. Such filings set forth, among other things, certain data relative to the consolidated results of operations and financial position of Meritage Homes Corporation and its subsidiaries (e.g., see Meritage Homes Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as filed with the SEC on February 14, 2024, Quarterly Report on Form 10-Q for the quarterly period ending June 30, 2024 as filed with the SEC on July 26, 2024) and Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the SEC on October 31, 2024) as of the dates described therein. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Meritage Homes Corporation. The address of such Internet website is www.sec.gov. All documents subsequently filed by Meritage Homes Corporation pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of Meritage Homes Corporation's annual report, quarterly reports and current reports, including any amendments, will be available from Meritage Homes Corporation's website at www.meritagehomes.com.

The foregoing internet websites are included for reference only and the information on these internet sites is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such internet websites. Neither Meritage Homes nor Meritage Home Corporation is obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Bonds.

Meritage Development Plan. Improvement Area No. 2 is being developed with 287 single family homes by Meritage in three developments known as "Magnolia at The Fairways," "Holly at The Fairways" and "Azalea at The Fairways." As of September 5, 2025, the date of value of the Appraisal Report (as defined herein), Meritage had conveyed 271 completed single family homes to individual homeowners and owned three completed homes and 13 homes in various stages of construction.

Since September 5, 2025, and as of October 8, 2025, Meritage had completed construction of all of the homes within Improvement Area No. 2 and owned eight completed homes, all of which were in escrow with individual homeowners and all of which were expected to close in November 2025. The table below summarizes the product mix and development status of the homes within Improvement Area No. 2 as of October 8, 2025.

TABLE 10
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 2
MERITAGE HOMES PRODUCT MIX AND DEVELOPMENT STATUS
(As of October 8, 2025)

<i>Neighborhood/ Floor Plan</i>	<i>Living Space</i>	<i>Total Units</i>	<i>Closed to Individual Homeowners</i>	<i>Meritage Owned Completed Homes</i>	<i>Homes Under Construction</i>	<i>Base Home Price⁽¹⁾</i>
<i>Holly</i>						
Residence 1	2,527	22	22	--	--	N/A
Residence 2	2,992	22	22	--	--	N/A
Residence 3	3,247	21	21	--	--	N/A
<i>Magnolia</i>						
Residence 1	2,176	34	31	3	--	\$574,000
Residence 2	2,493	14	14	--	--	N/A
Residence 3	2,833	36	34	2	--	\$642,000
Residence 4	3,153	27	26	1	--	\$648,000
<i>Azalea</i>						
Residence 1	1,628	32	32	--	--	N/A
Residence 2	1,910	28	26	2	--	\$536,000
Residence 3	2,541	32	32	--	--	N/A
Residence 4	2,771	9	9	--	--	N/A
Residence 5	2,948	<u>10</u>	<u>10</u>	<u>--</u>	<u>--</u>	N/A
Total		287	279	8	0	

⁽¹⁾ Base prices exclude lot premiums, options, upgrades, incentives, and any selling concessions or price reductions that may be offered and are subject to change at any time.

Source: Meritage Homes.

Although the information in this Official Statement reflects the current development expectations of Meritage, no assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth herein will not change after the date of this Official Statement. Meritage reserves the right to change its development at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation.

Assigned Special Taxes

Table 1 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area No. 2 in Fiscal Year 2025-26 based on the development status within Improvement Area No. 2 as of September 1, 2025. All 287 parcels within Improvement Area No. 2 will be classified as Developed Property for purposes of the Fiscal Year 2025-26 Special Tax levy and the District expects to levy

Special Taxes on all 287 parcels within Improvement Area No. 2 at 100% of the Assigned Rate. For the complete text of the Improvement Area No. 2 Rate and Method, see Appendix A — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES.”

The Special Tax levy in Improvement Area No. 2 for Fiscal Year 2025-26 is shown in Table 11 below.

**TABLE 11
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 2
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26**

<i>Zone/Land Use Class</i>	<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percentage of Assigned Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26⁽¹⁾</i>	<i>Percentage of Total</i>
Zone 1								
1	Residential Property	<1,900 sq ft	\$1,481	\$1,481	100.0%	32	\$ 47,392	9.0%
2	Residential Property	1,900 - 2,100 sq ft	1,574	1,574	100.0	28	44,072	8.3
3	Residential Property	2,101 - 2,300 sq ft	1,609	0	0.0	0	0	0.0
4	Residential Property	2,301 - 2,500 sq ft	1,732	0	0.0	0	0	0.0
5	Residential Property	2,501 - 2,700 sq ft	1,809	1,809	100.0	32	57,888	10.9
6	Residential Property	2,701 - 2,900 sq ft	1,895	1,895	100.0	9	17,055	3.2
7	Residential Property	>2,900 sq ft	1,954	1,954	100.0	10	19,540	3.7
Zone 2								
1	Residential Property	<2,200 sq ft	\$1,736	\$1,736	100.0%	33	\$ 57,288	10.8%
2	Residential Property	2,200 - 2,500 sq ft	1,837	1,837	100.0	14	25,718	4.9
3	Residential Property	2,501 - 2,800 sq ft	1,938	0	0.0	0	0	0.0
4	Residential Property	2,801 - 3,100 sq ft	1,969	1,969	100.0	35	68,915	13.0
5	Residential Property	>3,100 sq ft	2,067	2,067	100.0	27	55,809	10.5
Zone 3								
1	Residential Property	<2,600 sq ft	\$1,884	\$1,884	100.0%	23	\$ 43,332	8.2%
2	Residential Property	2,600 - 2,850 sq ft	1,960	1,960	100.0	1	1,960	0.4
3	Residential Property	2,851 - 3,100 sq ft	2,061	2,061	100.0	22	45,342	8.6
4	Residential Property	>3,100 sq ft	2,135	2,135	100.0	<u>21</u>	<u>44,835</u>	<u>8.5</u>
Total						<u>287</u>	<u>\$529,146</u>	<u>100.0%</u>

⁽¹⁾ Includes estimated Administrative Expenses of \$30,000.
Source: Spicer Consulting Group, LLC.

Property Values and the Appraisal Report

General. The extent to which the Special Tax within Improvement Area No. 2 provides security for the Improvement Area No. 2 Bonds is, at least in part, a function of the value of each parcel of land within Improvement Area No. 2 that is subject to the Special Tax because, in the event that a property owner defaults in the payment of the applicable Special Tax, such property owner will not have any personal liability for the payment of the Special Tax, and the principal remedy available to the Community Facilities District will be to take foreclosure proceedings with respect to the subject property.

Assessed Value. The assessed value of the property within Improvement Area No. 2 represents the secured assessed valuation established by the County Assessor. Assessed values do not necessarily represent market values. Article XIII A of the California Constitution (Proposition 13) defines “full cash value” to mean “the County assessor’s valuation of real property as shown on the 1975/76 roll under ‘full cash value’, or, thereafter, the appraised value of real property when purchased or newly constructed or when a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect

reductions in property value caused by damage, destruction or other factors. Because of the general limitation to 2% per year in increases in full cash value of properties which remain in the same ownership, the County tax roll does not reflect values uniformly proportional to actual market values. There can be no assurance that the assessed valuations of the properties within Improvement Area No. 2 accurately reflect their respective market values, and the future fair market values of those properties may be lower than their current assessed valuations. The Fiscal Year 2025-26 assessed value of the property in Improvement Area No. 2 is \$133,428,526.

Appraised Values. As a result of the requirements of Article XIII A of the California Constitution, a property's assessed value is not necessarily indicative of its market value. In order to provide information with respect to the value of the property within the District, the City engaged Integra Realty Resources, the Appraiser, to prepare the Appraisal Report. The Appraiser has an "MAI" designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land-secured municipal bonds. The Appraiser has no material relationships with the City, the Community Facilities District, the developers or the owners of the land within the Community Facilities District other than the relationship represented by the engagement to prepare the Appraisal Report. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the California Debt and Investment Advisory Commission. A copy of the Appraisal Report is included as Appendix C—"APPRAISAL REPORT" to this Official Statement.

The purpose of the Appraisal Report was to estimate the market value of the property within the District subject to the lien of the Special Taxes. Subject to the assumptions and limiting conditions set forth in the Appraisal Report, as of September 5, 2025, the Appraiser estimated the minimum aggregate value of the fee simple interest of the taxable property within Improvement Area No. 2 was not less than \$162,727,411, consisting of an aggregate Fiscal Year 2025-26 assessed value of \$90,399,411 for the 148 single family homes with a complete improvement value assigned by the County for Fiscal Year 2025-26, and an aggregate appraised value of \$72,328,000 for the 139 single family homes which did not have a complete improvement value assigned by the County for Fiscal Year 2025-26.

Reference is made to Appendix C for a complete list of the assumptions and limiting conditions and a full discussion of the appraisal methodology and the basis for the Appraiser's opinions. In the event that any of the contingencies, assumptions and limiting conditions are not actually realized, the value of the property within Improvement Area No. 2 may be less than the amount reported in the Appraisal Report. In any case, there can be no assurance that any portion of the property within Improvement Area No. 2 would actually sell for the amount indicated by the Appraisal Report.

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

It is a condition precedent to the issuance of the Bonds that the Appraiser deliver to the Community Facilities District a certification to the effect that, while the Appraiser has not updated the Appraisal Report since its date and has not undertaken any obligation to do so, nothing has come to the attention of the Appraiser subsequent to the date of the Appraisal Report that would cause the Appraiser to believe that the value of the property that it appraised in Improvement Area No. 2 is less than the value reported in the Appraisal Report. However, the Appraiser notes that acts and events may have occurred since the date of the Appraisal Report which could result in both positive and negative effects on market value within Improvement Area No. 2.

Estimated Value-to-Lien Ratios

Table 12 below incorporates the values assigned to parcels in the Appraisal Report, the estimated principal amount of the Improvement Area No. 2 Bonds allocable to each category of parcels and the estimated assessed/appraised value-to-lien ratios for various categories of parcels based upon land values as of September 5, 2025, as set forth in the Appraisal Report. Based on the principal amount of the Improvement Area No. 2 Bonds, the estimated assessed/appraised value-to-lien ratio for Improvement Area No. 2 including all Taxable Property is 23.20-to-1*. This ratio does not include other direct and overlapping debt within the District. See “—Direct and Overlapping Indebtedness” below. Taking that direct and overlapping debt into account, the ratio of the aggregate assessed/appraised value of the Taxable Property within Improvement Area No. 2 to the total principal amount of all direct and overlapping bonded debt for Improvement Area No. 2 is approximately 11.91-to-1*.

Table 13 below summarizes the assessed/appraised value-to-lien of the property within Improvement Area No. 2 by value-to-lien ranges based on the Fiscal Year 2025-26 Special Tax levy.

* *Preliminary, subject to change.*

**TABLE 12
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 2
ESTIMATED VALUE-TO-LIEN RATIOS
FISCAL YEAR 2025-26 PROJECTED LEVY ON ALL TAXABLE PROPERTIES**

<i>Property Owner</i> ⁽¹⁾	<i>Number of Parcels</i>	<i>Appraised/Assessed Property Value</i> ⁽²⁾	<i>Percentage of Appraised/Assessed Value</i>	<i>Fiscal Year 2025-26 Maximum Tax</i>	<i>Fiscal Year 2025-26 Percentage of Maximum Tax</i>	<i>Projected Fiscal Year 2025-26 Levy</i> ^{(3)*}	<i>Percentage of Estimated Fiscal Year 2025-26 Levy</i> [*]	<i>Improvement Area No. 2 Bonds</i> ^{(4)*}	<i>All Other Overlapping Debt Issued</i> ⁽⁵⁾	<i>Appraised/Assessed Value-to-Lien Ratio</i> [*]
Developed Property										
Developed Individually Owned	271	\$158,054,411	97.13%	\$560,340	94.46%	\$499,777	94.45%	\$6,625,649	\$6,275,938	12.25:1
Developed - Meritage Homes Owned	16	4,673,000	2.87	32,891	5.54	29,369	5.55	389,351	368,801	6.16:1
Total Developed	287	\$162,727,411	100.00%	\$593,231	100.00%	\$529,146	100.00%	\$7,015,000	\$6,644,738	11.91:1
Total	287	\$162,727,411	100.00%	\$593,231	100.00%	\$529,146	100.00%	\$7,015,000	\$6,644,738	11.91:1

Preliminary, subject to change.

- (1) Ownership status as shown in the Appraisal Report. All of the parcels in Improvement Area No. 2 had building permits issued prior to March 1, 2025 and are therefore considered Developed Property.
- (2) Reflects the assessed/appraised values shown in the Appraisal Report.
- (3) Estimated Fiscal Year 2025-26 Special Tax levy based upon development status as of March 1, 2025 and preliminary debt service with administration of \$30,000.
- (4) Includes the principal amount of the Improvement Area No. 2 Bonds. Responsibility of the principal amount of the Improvement Area No. 2 Bonds has been allocated based on the projected Fiscal Year 2025-26 Special Tax levy.
- (5) See Table 14.

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

**TABLE 13
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 2**

FISCAL YEAR 2025-26 PROJECTED VALUE-TO-LIEN STRATA FOR DEVELOPED PROPERTY AS OF SEPTEMBER 5, 2025

<i>Value-to-Lien Category</i>	<i>Number of Parcels of Developed Property</i>	<i>Percentage of Developed Property</i>	<i>Appraised/Assessed Value⁽¹⁾</i>	<i>Percentage of Appraised/Assessed Value</i>	<i>Improvement Area No. 2 Projected Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Projected Fiscal Year 2025-26 Levy</i>	<i>Improvement Area No. 2 Bonds^{(2)*}</i>	<i>Percent Share of Improvement Area No. 2 Bonds*</i>	<i>All Other Overlapping Debt⁽³⁾</i>	<i>Aggregate Value-to-Lien*</i>
Less than 10.00:1 ⁽⁴⁾	13	4.53%	\$ 3,048,000	1.87%	\$ 23,631	4.47%	\$ 313,281	4.47%	\$ 296,746	5.00:1
Between 10.01:1 to 12.00:1	87	30.31	49,720,247	30.55	171,222	32.36	2,269,926	32.36	2,150,116	11.25:1
Between 12.01:1 to 14.00:1	184	64.11	108,276,071	66.54	329,757	62.32	4,371,658	62.32	4,140,916	12.72:1
Greater than 14.00:1 ⁽⁴⁾	<u>3</u>	<u>1.05</u>	<u>1,683,093</u>	<u>1.03</u>	<u>4,536</u>	<u>0.86</u>	<u>60,135</u>	<u>0.86</u>	<u>56,961</u>	<u>14.37:1</u>
Totals	287	100.00%	\$162,727,411	100.00%	\$529,146	100.00%	\$7,015,000	100.00%	\$6,644,738	11.91:1

* Preliminary, subject to change.

(1) Reflects the assessed/appraised values shown in the Appraisal Report.

(2) Responsibility of the par amount has been allocated based on the estimated Fiscal Year 2025-26 Special Tax levy, with development status as of September 5, 2025, and preliminary bond sizing as provided by the Underwriter.

(3) See Table 14.

(4) The minimum value to lien in the less than 10.01:1 category is 4.42:1*. The maximum value to lien in the Greater than 14.00:1 category is 14.53:1*.

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

Direct and Overlapping Debt

Improvement Area No. 2 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within Improvement Area No. 2 is shown in Table 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. 2; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

**TABLE 14
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 2
DIRECT AND OVERLAPPING DEBT
AS OF SEPTEMBER 5, 2025**

I. Assessed/Appraisal Value ⁽¹⁾	\$ 162,727,411					
II. Land Secured Bond Indebtedness						
<i>Outstanding Direct and Overlapping Bonded Debt</i>					<i>Parcels in Improvement Area No. 2⁽³⁾</i>	<i>Amount Applicable</i>
	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>		
BEAUMONT USD CFD NO. 2022-1 IA 2, SERIES 2025	CFD	\$ 5,135,000	\$ 5,135,000	100.000%	287	\$ 5,135,000
CITY OF BEAUMONT CFD NO. 2023-1 IA 2, SERIES 2025	CFD	7,015,000*	7,015,000	100.000	287	7,015,000*
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 12,150,000*
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>					<i>Parcels in Improvement Area No. 2⁽³⁾</i>	<i>Amount Applicable</i>
	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>		
BEAUMONT USD CFD NO. 2022-1 IA 2, SERIES 2025	CFD	\$ 7,000,000	\$ 1,865,000	100.000%	287	\$ 1,865,000
CITY OF BEAUMONT CFD NO. 2023-1 IA 2, SERIES 2025	CFD	11,000,000	0	100.000	287	0*
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 1,865,000*
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS						\$ 14,015,000*
III. General Obligation Bond Indebtedness						
<i>Outstanding Direct and Overlapping Bonded Debt</i>					<i>Parcels in Improvement Area No. 2⁽³⁾</i>	<i>Amount Applicable</i>
	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>		
BEAUMONT UNIFIED SCHOOL DISTRICT	GO	\$140,998,583	\$121,631,194	0.728%	287	\$ 886,008
SAN GORGONIO PASS MEM HOSPITAL	GO	108,000,000	86,960,000	0.551	287	478,764
MT SAN JACINTO JR COLLEGE	GO	295,000,000	233,100,000	0.062	287	144,966
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 1,509,738
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>					<i>Parcels in Improvement Area No. 2⁽³⁾</i>	<i>Amount Applicable</i>
	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>		
BEAUMONT UNIFIED SCHOOL DISTRICT	GO	\$141,000,000	\$ 1,417	0.728%	287	\$ 10
SAN GORGONIO PASS MEM HOSPITAL	GO	108,000,000	0	0.551	287	0
MT SAN JACINTO JR COLLEGE	GO	295,000,000	0	0.062	287	0
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 10
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS						\$ 1,509,749
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT						\$ 13,659,738*
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS						\$ 15,524,749*

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt13.39:1*
Total Outstanding Bonded Debt.....11.91:1*

* Preliminary, subject to change.

(1) Based on the assessed/appraised value set forth in the Appraisal Report.

(2) Parity Bonds may be issued to finance additional public improvements and for refunding purposes.

(3) All parcels have subdivided into 287 individual parcels. Based on development status as of September 5, 2025, all 287 parcels are classified as Developed Property under the Improvement Area No. 2 Rate and Method for Fiscal Year 2025-26.

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

Table 15 below describes the estimated Fiscal Year 2025-26 effective tax burden for a property within Improvement Area No. 2 based on the average value of a home within Improvement Area No. 2 with a complete improvement value assigned by the County for Fiscal Year 2025-26, the estimated Fiscal Year 2025-26 Special Tax levy and the Fiscal Year 2025-26 levies for all other overlapping taxing jurisdictions. Based on the foregoing and the projected debt service on the Improvement Area No. 2 Bonds and the Administrative Expenses Cap of \$30,000 in Fiscal Year 2025-26 (which amount shall escalate at 2.00% per Fiscal Year), the projected effective tax rate to be levied in Improvement Area No. 2 will average approximately 1.97%.

**TABLE 15
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 2
ESTIMATED AVERAGE FISCAL YEAR 2025-26 TAX OBLIGATION**

Average Home Value ⁽¹⁾	\$610,807
Ad Valorem Property Taxes⁽²⁾	
General Purpose	\$ 6,108
Beaumont Unified School (0.07274%)	444
Mt San Jacinto Jr College (0.00254%)	16
San Gorgonio Pass Mem Hospital (0.04568%)	279
San Gorgonio Pass Water Debt Svc (0.17500%)	<u>1,069</u>
Total General Property Taxes	\$ 7,916
Assessment, Special Taxes & Parcel Charges⁽³⁾	
San Gorgonio Hospital Measure H	\$ 61
Flood Control Stormwater / Cleanwater / Santa Ana	4
Beaumont USD CFD No. 2022-1	1,160
CFD No. 2023-1 - Safety Special Tax	561
CFD No. 2023-1 - Maint Services Special Tax	450
CFD No. 2023-1 - Facilities Special Tax	<u>1,898</u>
Total Assessments & Special Taxes	\$ 4,134
Projected Total Property Tax	\$ 12,050*
Projected Effective Tax Rate	1.97%*

* Preliminary, subject to change.

(1) Average home value is based upon average assessed values for developed parcels with improvement value for Fiscal Year 2025-26 per Riverside County Equalized Roll data.

(2) Average Fiscal Year 2025-26 tax rates based upon Fiscal Year 2025-26 overlapping taxes and assessment rates.

(3) Reflects the average Fiscal Year 2025-26 Special Tax levy within Improvement Area No. 2 for facilities for developed parcels with an assessed value for improvements.

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

Delinquency History

For each Fiscal Year, the first installment of the Special Taxes becomes delinquent on December 10 and the second installment becomes delinquent on April 10. Fiscal Year 2024-25 was the first fiscal year in which Special Taxes were levied within Improvement Area No. 2. Table 16 below summarizes the Special Tax payments within Improvement Area No. 2 for Fiscal Year 2024-25 and delinquencies as of September 15, 2025.

**TABLE 16
CITY OF BEAUMONT
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
IMPROVEMENT AREA 2
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEAR 2024-25**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of September 15, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2024-25	\$394,750	210	1	\$2,067	0.52%

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

SPECIAL RISK FACTORS

The Bonds have not been rated by any rating agency, and 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 Improvement Areas 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 Improvement Areas. See “—Property Values” and “—No Rating – 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 Improvement Areas, 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 Improvement Areas, 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 Improvement Areas following delinquency. The Community Facilities District's legal obligations with respect to any delinquent Special Taxes is limited to the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which Special Taxes is delinquent. The Bonds cannot be accelerated in the event of any default.

Failure by owners of the parcels within the Improvement Areas 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 Improvement Areas

The Local Obligations are not cross-collateralized. In other words, the Special Taxes from one Improvement Area cannot be used directly to cover any shortfall in the payment of debt service on the Local Obligations of another Improvement Area. 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 Improvement Areas 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 Improvement Areas 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 Improvement Areas 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 Improvement Areas which is the security for the Local Obligations, which secure the Bonds. As discussed herein, many factors could adversely affect property values within the Improvement Areas.

Natural Disasters

General. The market value of the property within the Improvement Areas can be adversely affected by a variety of factors which may affect public and private improvements. Such additional factors include, without limitation, geologic conditions (such as earthquakes), topographic conditions (such as earth movements) and climatic conditions (such as droughts, fire hazard and floods). 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 Improvement Areas. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the Improvement Areas 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.

Geologic Conditions and Seismic Activity. 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 Improvement Areas 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 Improvement Areas are located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Study Zone).

Flooding. The Improvement Areas are not located within a 500-year floodplain.

Wildfires. 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 Gorgonio 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 Improvement Areas, a similar order affecting the Improvement Areas could impact the debt service payment for the Bonds.

In March 2025, the California Department of Forestry and Fire Protection (“Cal Fire”) released an updated Fire Hazard Severity Zone map for the Southern California region. The Cal Fire Hazard Severity Zone maps evaluate fire hazard, which is defined as 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, as opposed to risk, which 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 State law, the State Fire Marshal is mandated to classify the state responsibility areas where the state has financial responsibility for wildfire protection and prevention into Fire Hazard Severity Zones classified as “Moderate,” “High” or “Very High.” In areas designated as local responsibility areas, where local agencies have financial responsibility for wildfire protection and prevention, Cal Fire’s Fire Hazard Severity Zone maps make recommendations for the classification of Moderate, High or Very High Fire Hazard Severity Zones and the local agencies must adopt maps which either adopt Cal Fire’s recommendations or place the relevant areas in a higher classification. For more information on Cal Fire’s Fire Hazard Severity Zone maps, see the Cal Fire website.

A substantial portion of the property in the Improvement Areas is located in an area which the Department of Forestry and Fire Protection of the State of California has designated as either a high or very high fire hazard severity zone. There is a risk of residential property within the Improvement Areas being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the Improvement Area. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property.

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 Improvement Areas 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 Improvement Areas 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 Improvement Areas. 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 Improvement Areas 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 Improvement Areas is subject to taxes and other charges levied by several other public agencies. 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 Improvement Areas.

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 Improvement Areas. In addition, the landowners within the Improvement Areas 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 Improvement Areas 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 Improvement Area 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 Improvement Areas 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 Improvement Areas 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 captions "IMPROVEMENT AREA NO. 1 — Delinquency History" and "IMPROVEMENT AREA NO. 2 — Delinquency History" for the delinquency history of 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 Improvement Area in the event other owners within such Improvement Area 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 Improvement Area. 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 Improvement Areas 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.”

If for any reason property within an Improvement Area 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 Improvement Area. 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 an Improvement Area 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 an Improvement Area 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 an Improvement Area 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 an Improvement Area 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 Improvement Area. Thus, the Community Facilities District may not be able to increase Special Tax levies in an Improvement Area in future Fiscal Years by enough to make up for delinquencies within such Improvement Area 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.”

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 Improvement Areas 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 Improvement Areas, 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 Improvement Areas 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 an Improvement Area 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.

No Rating – Limited Secondary Market

The Authority has not applied to have the Bonds rated by any nationally recognized bond rating company, and it does not expect to do so in the future.

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

Horizon. The Sacramento County Superior Court had issued a tentative ruling in *Horizon Capital Investments, LLC v. City of Sacramento et al.* (Case No. 34-2017-80002661). That ruling subsequently became the court’s final order. As described below, this case involved an election to approve the levy of a special tax within a community facilities district (“CFD”) formed under the Mello-Roos 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 Mello-Roos 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 Mello-Roos 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 Improvement Areas, 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 Improvement Areas. 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 Improvement Areas 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 Mello-Roos 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 Improvement Areas. Moreover, Section 53341 of the Mello-Roos 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 Mello-Roos Act provides that any action to determine the validity of bonds issued pursuant to the Mello-Roos 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 Improvement Areas approved their respective Special Tax on June 20, 2023. Based on Sections 53341 and 53359 of the Mello-Roos 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

No Rating

The Authority has not made, and does not contemplate making, an application to any rating organization for the assignment of a rating on the Bonds.

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/less] [net] 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 Improvement Areas (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 Community Facilities 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

RATES AND METHODS OF APPORTIONMENT
OF SPECIAL TAXES FOR
THE IMPROVEMENT AREAS

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR
COMMUNITY FACILITIES DISTRICT NO. 2023-1
(FAIRWAY CANYON)
OF THE CITY OF BEAUMONT
IMPROVEMENT AREA NO. 1

Special Taxes (all capitalized terms are defined in Section A, “Definitions”, below) shall be applicable to each Assessor’s Parcel of Taxable Property located within the boundaries of Improvement Area No. 1 (“IA No. 1”) of Community Facilities District No. 2023-1 (Fairway Canyon) of the City of Beaumont (“CFD No. 2023-1”). The amount of Special Taxes to be levied in each Fiscal Year on an Assessor’s Parcel, shall be determined by the City Council of the City of Beaumont, acting in its capacity as the legislative body of CFD No. 2023-1 by applying the appropriate Special Tax for Developed Property, Final Map Property, Undeveloped Property, and Provisional Undeveloped Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof, shall be taxed to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**Accessory Dwelling Unit**” means a residential unit of limited size including a smaller second unit that shares an Assessor’s Parcel with a stand-alone Dwelling Unit.

“**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 or instrument. The square footage of an Assessor’s Parcel is equal to the Acreage multiplied by 43,560.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1, Division 2 of Title 5 of the Government Code of the State of California.

“**Administrative Expenses**” means the following actual or reasonably estimated costs directly related to the administration of IA No. 1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City, designee thereof, or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD, or any designee thereof complying with arbitrage rebate requirements; the costs to the City, CFD, or any designee thereof complying with City or major property owner disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with the release of funds from an escrow account; and the costs associated with the issuance of Bonds, the City’s annual administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or The CFD for any other administrative purposes, including attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

“**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 the CFD and Improvement Area No.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 A**” means the Special Tax of that name described in Section D below.

“**Backup Special Tax A**” means the Special Tax of that name described in Section D 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 A of IA No. 1 have been pledged.

“**Boundary Map**” means a recorded map of the CFD which indicates the boundaries of the CFD and Improvement Area No. 1.

“**Building Permit**” means a permit for new construction for a residential dwelling or non-residential structure. For purpose 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, as determined by the CFD Administrator.

“**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 A Requirement, the Special Tax B Requirement, the Special Tax C (Contingent) Requirement, the Special Tax D Requirement, and providing for the levy and collection of the Special Taxes.

“**CFD No. 2023-1**” or “**CFD**” means City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) 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. 2023-1, or its designee.

“**Consumer Price Index**” or “**CPI**” means the Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Items for All Urban Consumers: in the Riverside-San Bernardino-Ontario area.” In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the Riverside-San Bernardino-Ontario area.

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

“**Developed Property**” means all Assessor’s Parcels of Taxable Property that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied and for which a Building Permit for new construction has been issued on or prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

“**Dwelling Unit**” or “**DU**” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units. The

Building Square Footage of an Accessory Dwelling Unit shall be included when classifying the property for Special Tax A, but an Accessory Dwelling Unit shall not be considered a Dwelling Unit for purposes of Special Tax B, Special Tax C (Contingent) or Special Tax D.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Taxes as provided for in Section F, as determined by the CFD Administrator.

“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 4285 that creates individual lots for which building permits may be issued without further subdivision.

“Final Map Property” means Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

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

“Improvement Area No. 1” or **“IA No. 1”** means the property in the CFD designated as Improvement Area 1 on the Boundary Map.

“Indenture” means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

“Land Use Category” means any of the categories listed in the tables included in Table 1 and Table 2 of Section D, Table 4 of Section M, Table 6 of Section S, and Table 8 of Section Y.

“Lot” means an individual legal lot created by a Final Map for which a Building Permit could be issued.

“Maintenance Services” means the services permitted under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance of landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2023-1 and the City.

“Maintenance Services (Contingent)” means the Maintenance Services described above and permitted under the Act, contained within CFD No. 2023-1 and the City, which are proposed to be maintained and paid for through the Property Owner Association, and all to which the City has been granted an easement allowing such maintenance in any Fiscal Year following a Failure to Perform as defined in Section Q hereof.

“Maximum Special Tax” means the Maximum Special Tax A, the Maximum Special Tax B, the Maximum Special Tax C (Contingent), or the Maximum Special Tax D, as applicable.

“Maximum Special Tax A” means the maximum Special Tax A, determined in accordance with Section D, which can be levied by IA No. 1 of CFD No. 2023-1.

“Maximum Special Tax B” means the maximum Special Tax B, determined in accordance with Section M, which can be levied by IA No. 1 of CFD No. 2023-1.

“Maximum Special Tax C (Contingent)” means the maximum Special Tax C (Contingent), determined in accordance with Section S, which can be levied by IA No. 1 of CFD No. 2023-1 following the Fiscal Year in which there is a Failure to Perform as defined in Section Q hereof. The Maximum Special

Tax C (Contingent), if levied, will be levied on all Assessor's Parcels in addition to, and not in lieu of, the Maximum Special Tax B.

“Maximum Special Tax D” means the maximum Special Tax D, determined in accordance with Section Y, which can be levied by IA No. 1 of CFD No. 2023-1.

“Minimum Taxable Acreage” means the smallest allowable amount of Acreage of Taxable Property. For IA No. 1 of CFD No. 2023-1, it shall not be less than shown in Table 3 of Section F.

“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, as determined by the CFD Administrator.

“Operating Fund for Maintenance Services” means a fund that shall be maintained for IA No. 1 of CFD No. 2023-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services and the Administrative Expenses attributable to providing such Maintenance Services.

“Operating Fund for Maintenance Services (Contingent)” means a fund that shall be maintained for IA No. 1 of CFD No. 2023-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services (Contingent) and the Administrative Expenses attributable to providing such Maintenance Services (Contingent).

“Operating Fund for Public Services” means a fund that shall be maintained for IA No. 1 of CFD No. 2023-1 for any Fiscal Year to pay for the actual costs of providing the Public Services and the Administrative Expenses attributable to providing such Public Services.

“Operating Fund Balance” means the amount of funds in the applicable 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 A obligation for an Assessor's Parcel, as described in Section H.

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

“Property Owner Association” means the Fairway Canyon Community Association, or its successors, which was formed for the purpose of marketing, selling, and managing the common interests of the homes and lots within IA No. 1 of CFD No. 2023-1.

“Property Owner's Association Property” means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to the Property Owner Association, including any master or sub-association.

“Proportionately” means for Taxable Property for Special Tax A that is (i) Developed Property, that the ratio of the actual Special Tax A levy to the Assigned Special Tax A is the same for all Assessor's Parcels of Developed Property, (ii) Final Map Property, that the ratio of the actual Special Tax A levy to the Maximum Special Tax A is the same for all Assessor's Parcels of Final Map Property, and (iii) Undeveloped Property and Provisional Undeveloped Property, that the ratio of the actual Special Tax A levy per Acre to the Maximum Special Tax A per Acre is the same for all Assessor's Parcels of Undeveloped Property and Provisional Undeveloped Property.

For Special Tax B that is (i) Developed Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor's Parcels of Developed Property, including Developed Property with attached Dwelling Units and (ii) Final Map Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor's Parcels of Final Map Property.

For Special Tax C (Contingent) that is (i) Developed Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all Assessor's Parcels of Developed Property, including Developed Property with attached Dwelling Units and (ii) Final Map Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all Assessor's Parcels of Final Map Property.

For Special Tax D, that the ratio of the actual Special Tax D levy to the Maximum Special Tax D is the same for all Assessor's Parcels of Developed Property, including Developed Property with attached Dwelling Units.

"Provisional Undeveloped Property" means Public Property or Property Owner Association Property that is not Exempt Property pursuant to Section F.

"Public Property" means all Assessor's Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Public Services" means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2023-1 and the City.

"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, as determined by the CFD Administrator.

"Special Tax(es)" means the Special Tax A, the Special Tax B, the Special Tax C (Contingent), and the Special Tax D.

"Special Tax A" means any of the Special Taxes authorized to be levied within IA No. 1 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax A Requirement.

"Special Tax A Requirement" means the amount required in any Fiscal Year 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 applicable to the Special Tax A, (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, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 1 of CFD No. 2023-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Final Map Property or Undeveloped Property, less (vi) any amounts 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 B" means any of the Special Taxes authorized to be levied by IA No. 1 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax B Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

"Special Tax B Requirement" means the amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023-1 for Maintenance Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services, (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax B, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax B Requirement include funds for bonds.

“**Special Tax C (Contingent)**” means any of the Special Taxes authorized to be levied by IA No. 1 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax C (Contingent) Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind. The Special Tax C (Contingent), if levied, will be levied on all Assessor’s Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

“**Special Tax C (Contingent) Requirement**” means that amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023-1 for Maintenance Services (Contingent) in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services (Contingent), (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services (Contingent) as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax C (Contingent), less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax C (Contingent) Requirement include funds for bonds. The Special Tax C (Contingent) Requirement, if initiated, will be applied to all Assessor’s Parcels in addition to, and not in lieu of, the Special Tax B Requirement.

“**Special Tax D**” means any of the Special Taxes authorized to be levied by IA No. 1 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax D Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

“**Special Tax D Requirement**” means the amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023-1 for Public Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Public Services, (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax D, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax D Requirement include funds for bonds.

“**Taxable Property**” means all Assessor’s Parcels within IA No. 1 of CFD No. 2023-1, which are not Exempt Property, as determined by the CFD Administrator.

“**Taxable Unit**” means either a Dwelling Unit or an Acre.

“**Trustee**” means the firm that holds and administers assets on behalf of IA No. 1 of CFD No. 2023-1 under and pursuant to the Indenture.

“**Undeveloped Property**” means all Assessor’s Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

“**Zone(s)**” means Zone 1 or 2 as geographically identified on the Boundary Map.

“**Zone 1**” means the specific geographic area depicted as Improvement Area No. 1, Zone 1 on the Boundary Map.

“**Zone 2**” means the specific geographic area depicted as Improvement Area No. 1, Zone 2 on the Boundary Map.

B. SPECIAL TAX A

Commencing Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property pursuant to Section E, to fund the Special Tax A Requirement.

C. CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2023-2024, each Assessor’s Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be assigned to one of the Zones based upon its geographic location and further classified as Developed Property, Final Map Property, Undeveloped Property, or Provisional Undeveloped Property. In addition, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, Assessor’s Parcels of Residential Property shall be further categorized into Land Use Categories based on the Building Square Footage for such Assessor’s Parcel.

D. MAXIMUM SPECIAL TAX A

1. Developed Property

The Maximum Special Tax A 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 A in Tables 1 and 2 included in Section D below or (ii) the application of the Backup Special Tax A. The Maximum Special Tax A 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 A in the tables below.

a. Assigned Special Tax A

Each Fiscal Year, beginning with Fiscal Year 2023-2024, each Assessor’s Parcel of Developed Property shall be subject to an Assigned Special Tax A. The Assigned Special Tax A applicable to an Assessor’s Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Tables 1 and 2 below based upon the Zone in which the Assessor’s Parcel is located.

**TABLE 1
ASSIGNED SPECIAL TAX A RATES
FOR DEVELOPED PROPERTY WITHIN ZONE 1**

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax A Per Taxable Unit
1. Residential Property	DU	Less than 2,100	\$1,328
2. Residential Property	DU	2,100 – 2,400	\$1,376
3. Residential Property	DU	Greater than 2,400	\$1,414
4. Non-Residential Property	Acre	N/A	\$8,204

**TABLE 2
ASSIGNED SPECIAL TAX A RATES
FOR DEVELOPED PROPERTY WITHIN ZONE 2**

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax A Per Taxable Unit
1. Residential Property	DU	Less than 1,600	\$1,106
2. Residential Property	DU	1,600 – 1,800	\$1,215
3. Residential Property	DU	1,801 – 2,000	\$1,325
4. Residential Property	DU	Greater than 2,000	\$1,414
5. Non-Residential Property	Acre	N/A	\$8,456

b. Backup Special Tax A

When a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Special Tax A for an Assessor's Parcel classified or to be classified as Residential Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax A rate per Acre for the applicable Zone by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non-Residential Property, Public Property and/or Property Owners' Association Property that is not Exempt Property pursuant to Section F and dividing such amount by the number of Assessor's Parcels within such Final Map classified as either (i) Residential Property or (ii) Final Map Property for which a Building Permit is expected to be issued for Residential Property (i.e., the number of residential lots).

Notwithstanding the forgoing, if Assessor's Parcels classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Non-Residential Property, Public Property, Property Owners' Association Property, or Provisional Undeveloped Property.

2. Final Map Property

The Maximum Special Tax A for each Assessor's Parcel of Final Map Property expected to be classified as Residential Property shall be the Backup Special Tax A computed pursuant to Section D.1.b above.

The Maximum Special Tax A for each Assessor's Parcel of Final Map Property expected to be classified as Non-Residential Property shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

1. Zone 1 rate per Acre - \$8,204
2. Zone 2 rate per Acre - \$8,456

3. Undeveloped Property and/or Provisional Undeveloped Property

The Maximum Special Tax A for each Assessor's Parcel classified as Undeveloped Property or Provisional Undeveloped Property shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor's Parcel is located:

1. Zone 1 rate per Acre - \$8,204
2. Zone 2 rate per Acre - \$8,456

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX A

1. Commencing with Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes A on all Taxable Property until the amount of Special Tax A equals the Special Tax A Requirement in accordance with the following steps:

Step One: The Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax A rates in the tables included in Section D as needed to satisfy the Special Tax A Requirement.

- Step Two: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, at up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then for each Assessor's Parcel of Developed Property for which the Maximum Special Tax A is the Backup Special Tax A, the Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Backup Special Tax A as needed to satisfy the Special Tax A Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property, at up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

Under no circumstances will Special Tax A be 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 the CFD by more than ten percent (10%) of the Special Tax A that would have been levied in that Fiscal Year, had there never been any such delinquencies or defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2023-1.

F. EXEMPTIONS

The City shall classify as Exempt Property, in the following order of priority, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, Federal or other local governments, including school districts, (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 which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) Assessor's Parcels restricted to other types of public uses determined by the City Council, provided that no such classification would reduce the total Acreage of all Taxable Property to less than the amounts shown in Table 3 below.

**TABLE 3
MINIMUM TAXABLE ACRES**

Tax Zone	Acres
1	9.20
2	11.69

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the total Acreage of all Taxable Property to less than the Acres shown in Table 3 per Tax Zone. 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 Acres shown in Table 3

per Tax Zone will be classified as Provisional Undeveloped Property, and will be subject to Special Tax pursuant to Step Five in Section E.

G. PREPAYMENT OF SPECIAL TAX A

The following additional definitions apply to this Section G:

“**CFD Public Facilities**” means \$2,500,000, expressed in 2023 dollars, which shall increase by the Construction Inflation Index on January 1, 2024, and on each January 1 thereafter, or such lower amount as (i) determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2023-1, or (ii) 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 IA No. 1 of CFD No. 2023-1.

“**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 that have been 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 Taxes A 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 Special Taxes A.

The Special Tax A obligation of an Assessor’s Parcel of Developed Property, an Assessor’s Parcel of Final Map Property, Undeveloped Property for which a building permit has been issued, or an Assessor’s Parcel of Undeveloped Property may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax A 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 A obligation shall provide the City with written notice of intent to prepay, and within five (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 IA No. 1 of CFD No. 2023-1 in calculating the proper Prepayment Amount. Within fifteen (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 Tax A and the Backup Special Tax A applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, compute the Assigned Special Tax A and the Backup Special Tax A as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property, Final Map Property, or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax A computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax A applicable to all Assessor's Parcels of Taxable Property at buildout of IA No. 1, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax A computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax A applicable to all Assessor's Parcels of Taxable Property at buildout of IA No. 1, as reasonably determined by the CFD Administrator.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the 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"). Notwithstanding the foregoing, the Future Facilities Amount shall in no event be less than 0.
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, less the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption 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 a Special Tax A obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of IA No. 1 of CFD No. 2023-1 that there has been a prepayment of the Special Tax A 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 A obligation and the release of the Special Tax A lien on such Assessor's Parcel and the obligation of such Assessor's Parcel to pay such Special Taxes A shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property in each future Fiscal Year, 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.

H. PARTIAL PREPAYMENT OF SPECIAL TAX A

The Special Tax A obligation of an Assessor's Parcel of Developed Property, or an Assessor's Parcel of Final Map Property, or 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 A obligation would be prepaid.

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

$$PP = P_H \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

P_H = 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 A obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of IA No. 1 of CFD No. 2023-1 that there has been a partial prepayment of the Special Tax A 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 A obligation, to indicate the partial prepayment of the Special Tax A obligation and the partial release of the Special Tax A lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay such prepaid portion of the Special Tax A shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property in each future Fiscal Year 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.

I. TERMINATION OF SPECIAL TAX A

For each Fiscal Year that any Bonds are outstanding the Special Tax A shall be levied on all Assessor's Parcels subject to the Special Tax A as necessary to satisfy the Special Tax A Requirement. The Special Tax A shall cease not later than the 2063-2064 Fiscal Year, however, Special Tax A will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all required interest and principal payments on the IA No. 1 Bonds have been paid; (ii) all authorized facilities of IA No. 1 have been acquired and all reimbursements have been paid pursuant to the acquisition agreement related to IA No. 1, (iii) no delinquent Special Tax A remain uncollected and (iv) all other obligations of IA No. 1 Special Tax A have been satisfied.

J. MANNER OF COLLECTION

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

K. SPECIAL TAX B

Commencing Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on Taxable Property pursuant to Section N, up to the applicable Maximum Special Tax B to fund the Special Tax B Requirement.

L. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX B

For each Fiscal Year, all Assessor's Parcels of Taxable Property within IA No. 1 shall be classified as Developed Property or Final Map Property and shall be subject to the levy of Special Tax B as determined pursuant to Sections M and N below for all Zones. Assessor's Parcels of Developed Property and Final Map Property shall be classified as either Residential Property or Non-Residential Property. For Residential Property with attached Dwelling Units, the number of Dwelling Units shall be determined by the CFD Administrator.

Undeveloped Property shall not be subject to Maximum Special Tax B.

M. MAXIMUM SPECIAL TAX B

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property which are classified as Residential Property all such Assessor's Parcels shall be assigned the number of Dwelling Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. If a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Dwelling Units contained within the building or buildings, and the Special Tax B levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Dwelling Units by the Maximum Special Tax B per Dwelling Unit.

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property and Final Map Property which are classified as Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor's Parcel, the Special Tax B levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax B per Acre.

1. Developed Property

a. Maximum Special Tax B

The Maximum Special Tax B for each Assessor’s Parcel of Taxable Property for Fiscal Year 2023-2024 is identified in Table 4 below:

**TABLE 4
MAXIMUM SPECIAL TAX B FOR DEVELOPED PROPERTY**

Land Use Category	Taxable Unit	Maximum Special Tax B Per Taxable Unit
1. Residential Property	DU	\$ 425
2. Non-Residential Property	Acre	\$ 2,544

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

b. Multiple Land Use Categories

In some instances an Assessor’s Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax B that can be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Tax B that can be levied for each Land Use Category located on that Assessor’s Parcel. For an Assessor’s Parcel that contains more than one land use, the Acreage of such Assessor’s Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved by the City for such Assessor’s Parcel. The CFD Administrator’s allocation to each type of property shall be final.

2. Final Map Property

The Maximum Special Tax B for each Assessor’s Parcel of Final Map Property for Fiscal Year 2023-2024 is identified in Table 5 below:

**TABLE 5
MAXIMUM SPECIAL TAX B RATES
FOR FINAL MAP PROPERTY**

Maximum Special Tax B Per Assessor’s Parcel
\$ 425

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

N. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX B

Commencing with Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on Taxable Property until the amount of Special Tax B equals the Special Tax B Requirement in accordance with the following steps:

Step One: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax B as needed to satisfy the Special Tax B Requirement.

Step Two: If additional moneys are needed to satisfy the Special Tax B Requirement after the first step has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax B applicable to each such Assessor's Parcel as needed to satisfy the Special Tax B Requirement.

O. DURATION OF SPECIAL TAX B

The Special Tax B shall be levied in perpetuity to fund the Special Tax B Requirement, unless no longer required as determined at the sole discretion of the City Council.

P. MANNER OF COLLECTION

The Special Tax B shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that IA No. 1 may collect the Special Tax B at a different time or in a different manner if necessary to meet its funding requirements.

Q. SPECIAL TAX C (CONTINGENT)

The City Council may levy the Special Tax C (Contingent), applicable to all Zones, commencing in the first Fiscal Year following the occurrence of any of the following events (each such event, a "**Failure to Perform**"):

- a. the Property Owner Association files a voluntary petition in bankruptcy or the approval by a court of competent jurisdiction of a petition applicable to the Property Owner Association of any proceedings instituted under the Federal Bankruptcy Code, as amended;
- b. the Property Owner Association is dissolved;
- c. the Property Owner Association fails to levy annual assessments sufficient to fund (i) the maintenance for the then Property Owner Association owned and/or Property Owner Association maintained Maintenance Services (Contingent) or (ii) the replacement of such facilities related to the Maintenance Services (Contingent) in accordance with (A) the requirements of the then current reserve funding plan of the Property Owner Association performed pursuant to California Civil Code Section 5550 or (B) if California Civil Code 5550 is no longer applicable, the requirements of the then applicable law and/or regulations governing the Property Owner Association's requirements to budget for and finance such replacement; or
- d. the Property Owner Association fails to maintain the Maintenance Services (Contingent) at the same level as defined within the Property Owner Association maintenance specifications. In the event the Property Owner Association maintenance specifications do not meet either the City or County maintenance requirements, the City Council will have sole discretion to determine the required level of maintenance required for purposes of this section.

In the event of the occurrence of a Failure to Perform described in "c." or "d." above, the City shall give the Property Owner Association written notice of such event. If such Failure to Perform is reasonably capable of being cured within sixty (60) days from the date of such notice, the Property Owner Association shall have such period of time to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent). If such Failure to Perform is such that it is reasonably capable of being cured, but not within such sixty (60) day period and the Property Owner Association (i) initiates corrective action within such

sixty (60) day period, and (ii) diligently, continually, and in good faith works to effect a cure of such Failure to Perform as soon as possible, then the Property Owner Association shall have such additional time, as is reasonably necessary, to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent).

The City Council may suspend the levy of Special Tax C (Contingent) if the Property Owner Association has cured the Failure to Perform to the satisfaction of the City Council and the Property Owner Association has agreed to such conditions as the City Council may find necessary to minimize the occurrence of such Failure to Perform in the future. In the event the City Council initiates the Special Tax C (Contingent), it will apply to all Assessor's Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

R. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX C (CONTINGENT)

For each Fiscal Year that Special Tax C (Contingent) is authorized to be levied, all Assessor's Parcels classified as Developed Property or Final Map Property and shall be subject to the levy of Special Tax C as determined pursuant to Sections S and T below for all Zones. Assessor's Parcels of Developed Property and Final Map Property shall be classified as either Residential Property or Non-Residential Property. For Residential Property the number of Dwelling Units shall be determined by the CFD Administrator.

Undeveloped Property shall not be subject to Maximum Special Tax C (Contingent).

S. MAXIMUM SPECIAL TAX C (CONTINGENT)

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property which are classified as Residential Property, all such Assessor's Parcels shall be assigned the number of Dwelling Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. If a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Dwelling Units contained within the building or buildings, and the Special Tax C (Contingent) levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Residential Units by the Maximum Special Tax C (Contingent) per Dwelling Unit identified for the Assessor's Parcel.

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property and Final Map Property which are classified as Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor's Parcel, the Special Tax C (Contingent) levied against an Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax C (Contingent) per Acre.

1. Developed Property

a. Maximum Special Tax C (Contingent)

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Taxable Property for Fiscal Year 2023-2024 is identified in Table 6 below for all Zones:

**TABLE 6
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR DEVELOPED PROPERTY**

Land Use Category	Taxable Unit	Maximum Special Tax C (Contingent) Per Taxable Unit
1. Residential Property	DU	\$ 249
2. Non-Residential Property	Acre	\$ 1,487

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

b. Multiple Land Use Categories

In some instances an Assessor’s Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax C (Contingent) that can be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Tax C (Contingent) that can be levied for each Land Use Category located on that Assessor’s Parcel. For an Assessor’s Parcel that contains more than one land use, the Acreage of such Assessor’s Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor’s Parcel. The CFD Administrator’s allocation to each type of property shall be final.

2. Final Map Property

The Maximum Special Tax C (Contingent) for each Assessor’s Parcel of Final Map Property for Fiscal Year 2023-2024 is identified in Table 7 below:

**TABLE 7
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR
FINAL MAP PROPERTY**

Maximum Special Tax C (Contingent) Per Assessor’s Parcel
\$ 249

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

T. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX C (CONTINGENT)

Commencing with the first Fiscal Year in which Special Tax C (Contingent) is authorized to be levied and for each following Fiscal Year, the Council shall determine the Special Tax C (Contingent) Requirement and shall levy the Special Tax C (Contingent) on all Assessor’s Parcels of Taxable Property until the aggregate amount of Special Tax C (Contingent) equals the Special Tax C (Contingent) Requirement. The Special Tax C (Contingent) shall be levied for each Fiscal Year as follows:

Step One: The Special Tax C (Contingent) shall be levied Proportionately on all Assessor’s Parcels of Developed Property at up to 100% of the applicable Maximum Special Tax C (Contingent) to satisfy the Special Tax C (Contingent) Requirement;

Step Two: If additional moneys are needed to satisfy the Special Tax C (Contingent) Requirement after the first step has been completed, the Special Tax C (Contingent) shall be levied Proportionately on each Assessor’s Parcel of Final Map Property at up to 100% of the Maximum Special Tax C (Contingent) for Final Map Property.

U. DURATION OF SPECIAL TAX C (CONTINGENT)

The Special Tax C (Contingent) shall be levied in perpetuity to fund the Special Tax C (Contingent) Requirement, unless no longer required as determined at the sole discretion of the City Council.

V. MANNER OF COLLECTION OF SPECIAL TAX C (CONTINGENT)

The Special Tax C (Contingent) shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that IA No. 1 may collect the Special Tax C (Contingent) at a different time or in a different manner if necessary to meet its funding requirements.

W. SPECIAL TAX D

Commencing Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax D on all Taxable Property, up to the applicable Maximum Special Tax D to fund the Special Tax D Requirement.

X. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX D

For each Fiscal Year, all Assessor’s Parcels of Taxable Property within IA No. 1 classified as Residential Property shall be subject to the levy of Special Tax D as determined pursuant to Sections Y and Z below for all Zones. For Residential Property with attached Dwelling Units, the number of Dwelling Units shall be determined by the CFD Administrator.

Final Map Property, Non-Residential Property, and Undeveloped Property shall not be subject to Maximum Special Tax D.

Y. MAXIMUM SPECIAL TAX D

1. Developed Property

a. Maximum Special Tax D

The Maximum Special Tax D for each Assessor’s Parcel of Residential Property for Fiscal Year 2023-2024 is identified in Table 8 below:

**TABLE 8
MAXIMUM SPECIAL TAX D FOR RESIDENTIAL PROPERTY**

Land Use Category	Taxable Unit	Maximum Special Tax B Per Taxable Unit
1. Residential Property	DU	\$ 509

On each July 1, commencing July 1, 2023, the Maximum Special Tax D for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) five percent (5%).

Z. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX D

Commencing with Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax D until the amount of Special Tax D equals the Special Tax D Requirement in accordance with the following steps:

Step One: The Special Tax D shall be levied Proportionately on each Assessor’s Parcel of Residential Property at up to 100% of the applicable Maximum Special Tax D as needed to satisfy the Special Tax D Requirement.

AA. DURATION OF SPECIAL TAX D

The Special Tax D shall be levied in perpetuity to fund the Special Tax D Requirement, unless no longer required as determined at the sole discretion of the City Council.

BB. MANNER OF COLLECTION

The Special Tax D shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that IA No. 1 may collect the Special Tax D at a different time or in a different manner if necessary to meet its funding requirements.

CC. APPEALS

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor’s Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of available funds of IA No. 1 of CFD No. 2023-1; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer’s property within IA No. 1 of CFD No. 2023-1 in the amount of the overpayment.

DD. INTERPRETATIONS

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (FAIRWAY CANYON)
OF THE CITY OF BEAUMONT
IMPROVEMENT AREA NO. 2**

Special Taxes (all capitalized terms are defined in Section A, “Definitions”, below) shall be applicable to each Assessor’s Parcel of Taxable Property located within the boundaries of Improvement Area No. 2 (“IA No. 2”) of Community Facilities District No. 2023-1 (Fairway Canyon) of the City of Beaumont (“CFD No. 2023-1”). The amount of Special Taxes to be levied in each Fiscal Year on an Assessor’s Parcel, shall be determined by the City Council of the City of Beaumont, acting in its capacity as the legislative body of CFD No. 2023-1 by applying the appropriate Special Tax for Developed Property, Final Map Property, Undeveloped Property, and Provisional Undeveloped Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof, shall be taxed to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**Accessory Dwelling Unit**” means a residential unit of limited size including a smaller second unit that shares an Assessor’s Parcel with a stand-alone Dwelling Unit.

“**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 or instrument. The square footage of an Assessor’s Parcel is equal to the Acreage multiplied by 43,560.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1, Division 2 of Title 5 of the Government Code of the State of California.

“**Administrative Expenses**” means the following actual or reasonably estimated costs directly related to the administration of IA No. 2: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City, designee thereof, or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD, or any designee thereof complying with arbitrage rebate requirements; the costs to the City, CFD, or any designee thereof complying with City or major property owner disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with the release of funds from an escrow account; and the costs associated with the issuance of Bonds, the City’s annual administration fees, and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or The CFD for any other administrative purposes, including attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

“**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 the CFD and Improvement Area No.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 A**” means the Special Tax of that name described in Section D below.

“**Backup Special Tax A**” means the Special Tax of that name described in Section D 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 A of IA No. 2 have been pledged.

“**Boundary Map**” means a recorded map of the CFD which indicates the boundaries of the CFD and Improvement Area No. 2.

“**Building Permit**” means a permit for new construction for a residential dwelling or non-residential structure. For purpose 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, as determined by the CFD Administrator.

“**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 A Requirement, the Special Tax B Requirement, the Special Tax C (Contingent) Requirement, the Special Tax D Requirement, and providing for the levy and collection of the Special Taxes.

“**CFD No. 2023-1**” or “**CFD**” means City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) 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. 2023-1, or its designee.

“**Consumer Price Index**” or “**CPI**” means the Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Items for All Urban Consumers: in the Riverside-San Bernardino-Ontario area.” In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the Riverside-San Bernardino-Ontario area.

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

“**Developed Property**” means all Assessor’s Parcels of Taxable Property that are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which the Special Tax is being levied and for which a Building Permit for new construction has been issued on or prior to March 1st preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

“**Dwelling Unit**” or “**DU**” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units. The Building Square Footage of an Accessory Dwelling Unit shall be included when classifying the property for Special Tax A, but an Accessory Dwelling Unit shall not be considered a Dwelling Unit for purposes of Special Tax B, Special Tax C (Contingent) or Special Tax D.

“**Exempt Property**” means all Assessor’s Parcels designated as being exempt from Special Taxes as provided for in Section F, as determined by the CFD Administrator.

“**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 4285 that creates individual lots for which building permits may be issued without further subdivision.

“**Final Map Property**” means Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied, as determined by the CFD Administrator.

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

“**Improvement Area No. 2**” or “**IA No. 2**” means the property in the CFD designated as Improvement Area 1 on the Boundary Map.

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

“**Land Use Category**” means any of the categories listed in the tables included in Table 1, Table 2, and Table 3 of Section D, Table 5 of Section M, Table 7 of Section S, and Table 9 of Section Y.

“**Lot**” means an individual legal lot created by a Final Map for which a Building Permit could be issued.

“**Maintenance Services**” means the services permitted under the Act including, without limitation, street sweeping, traffic signal maintenance, the maintenance of landscaping and lighting of publicly owned parks, parkways, streets, roads and open spaces, flood and storm protection services, and the operation of storm drainage systems contained within the boundaries of CFD No. 2023-1 and the City.

“**Maintenance Services (Contingent)**” means the Maintenance Services described above and permitted under the Act, contained within CFD No. 2023-1 and the City, which are proposed to be maintained and paid for through the Property Owner Association, and all to which the City has been granted an easement allowing such maintenance in any Fiscal Year following a Failure to Perform as defined in Section Q hereof.

“**Maximum Special Tax**” means the Maximum Special Tax A, the Maximum Special Tax B, the Maximum Special Tax C (Contingent), or the Maximum Special Tax D, as applicable.

“**Maximum Special Tax A**” means the maximum Special Tax A, determined in accordance with Section D, which can be levied by IA No. 2 of CFD No. 2023-1.

“**Maximum Special Tax B**” means the maximum Special Tax B, determined in accordance with Section M, which can be levied by IA No. 2 of CFD No. 2023-1.

“**Maximum Special Tax C (Contingent)**” means the maximum Special Tax C (Contingent), determined in accordance with Section S, which can be levied by IA No. 2 of CFD No. 2023-1 following the Fiscal Year in which there is a Failure to Perform as defined in Section Q hereof. The Maximum Special Tax C (Contingent), if levied, will be levied on all Assessor’s Parcels in addition to, and not in lieu of, the Maximum Special Tax B.

“**Maximum Special Tax D**” means the maximum Special Tax D, determined in accordance with Section Y, which can be levied by IA No. 2 of CFD No. 2023-1.

“**Minimum Taxable Acreage**” means the smallest allowable amount of Acreage of Taxable Property. For IA No. 2 of CFD No. 2023-1, it shall not be less than shown in Table 4 of Section F.

“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, as determined by the CFD Administrator.

“Operating Fund for Maintenance Services” means a fund that shall be maintained for IA No. 2 of CFD No. 2023-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services and the Administrative Expenses attributable to providing such Maintenance Services.

“Operating Fund for Maintenance Services (Contingent)” means a fund that shall be maintained for IA No. 2 of CFD No. 2023-1 for any Fiscal Year to pay for the actual costs of providing the Maintenance Services (Contingent) and the Administrative Expenses attributable to providing such Maintenance Services (Contingent).

“Operating Fund for Public Services” means a fund that shall be maintained for IA No. 2 of CFD No. 2023-1 for any Fiscal Year to pay for the actual costs of providing the Public Services and the Administrative Expenses attributable to providing such Public Services.

“Operating Fund Balance” means the amount of funds in the applicable 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 A obligation for an Assessor’s Parcel, as described in Section H.

“Prepayment Amount” means the amount required to prepay the Special Tax A obligation in full for an Assessor’s Parcel, as described in Section G.

“Property Owner Association” means the Fairway Canyon Community Association, or its successors, which was formed for the purpose of marketing, selling, and managing the common interests of the homes and lots within IA No. 2 of CFD No. 2023-1.

“Property Owner’s Association Property” means all Assessor’s Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to the Property Owner Association, including any master or sub-association.

“Proportionately” means for Taxable Property for Special Tax A that is (i) Developed Property, that the ratio of the actual Special Tax A levy to the Assigned Special Tax A is the same for all Assessor’s Parcels of Developed Property, (ii) Final Map Property, that the ratio of the actual Special Tax A levy to the Maximum Special Tax A is the same for all Assessor’s Parcels of Final Map Property, and (iii) Undeveloped Property and Provisional Undeveloped Property, that the ratio of the actual Special Tax A levy per Acre to the Maximum Special Tax A per Acre is the same for all Assessor’s Parcels of Undeveloped Property and Provisional Undeveloped Property.

For Special Tax B that is (i) Developed Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor’s Parcels of Developed Property, including Developed Property with attached Dwelling Units and (ii) Final Map Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor’s Parcels of Final Map Property.

For Special Tax C (Contingent) that is (i) Developed Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all Assessor’s Parcels of Developed Property, including Developed Property with attached Dwelling Units and (ii) Final Map Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all Assessor’s Parcels of Final Map Property.

For Special Tax D, that the ratio of the actual Special Tax D levy to the Maximum Special Tax D is the same for all Assessor’s Parcels of Developed Property, including Developed Property with attached Dwelling Units.

“Provisional Undeveloped Property” means Public Property or Property Owner Association Property that is not Exempt Property pursuant to Section F.

“Public Property” means all Assessor’s Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“Public Services” means the services permitted under the Act including, without limitation, police and fire protection, ambulance and paramedic services provided within the boundaries of CFD No. 2023-1 and the City.

“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, as determined by the CFD Administrator.

“Special Tax(es)” means the Special Tax A, the Special Tax B, the Special Tax C (Contingent), and the Special Tax D.

“Special Tax A” means any of the Special Taxes authorized to be levied within IA No. 2 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax A Requirement.

“Special Tax A Requirement” means the amount required in any Fiscal Year 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 applicable to the Special Tax A, (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, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 2 of CFD No. 2023-1 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Final Map Property or Undeveloped Property, less (vi) any amounts 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 B” means any of the Special Taxes authorized to be levied by IA No. 2 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax B Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

“Special Tax B Requirement” means the amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023-1 for Maintenance Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services, (ii) amount necessary to fund an operating reserve for the costs of Maintenance Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax B, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax B Requirement include funds for bonds.

“Special Tax C (Contingent)” means any of the Special Taxes authorized to be levied by IA No. 2 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax C (Contingent) Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind. The Special Tax C (Contingent), if levied, will be levied on all Assessor’s Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

“Special Tax C (Contingent) Requirement” means that amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023-1 for Maintenance Services (Contingent) in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Maintenance Services (Contingent), (ii) amount necessary to fund an operating reserve for the costs of

Maintenance Services (Contingent) as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax C (Contingent), less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax C (Contingent) Requirement include funds for bonds. The Special Tax C (Contingent) Requirement, if initiated, will be applied to all Assessor's Parcels in addition to, and not in lieu of, the Special Tax B Requirement.

“Special Tax D” means any of the Special Taxes authorized to be levied by IA No. 2 of CFD No. 2023-1 pursuant to the Act to fund the Special Tax D Requirement. Under no circumstances shall this Special Tax be eligible for prepayment of any kind.

“Special Tax D Requirement” means the amount required in any Fiscal Year to pay for certain costs as required to meet the needs of CFD No. 2023-1 for Public Services in both the current Fiscal Year and the next Fiscal Year. The costs to be covered shall be the (i) direct costs for Public Services, (ii) amount necessary to fund an operating reserve for the costs of Public Services as determined by the CFD Administrator, and (iii) Administrative Expenses applicable to the Special Tax D, less (iv) a credit in an amount equal to the Operating Fund Balance. Under no circumstances shall the Special Tax D Requirement include funds for bonds.

“Taxable Property” means all Assessor's Parcels within IA No. 2 of CFD No. 2023-1, which are not Exempt Property, as determined by the CFD Administrator.

“Taxable Unit” means either a Dwelling Unit or an Acre.

“Trustee” means the firm that holds and administers assets on behalf of IA No. 2 of CFD No. 2023-1 under and pursuant to the Indenture.

“Undeveloped Property” means all Assessor's Parcels of Taxable Property which are not Developed Property or Final Map Property, as determined by the CFD Administrator.

“Zone(s)” means Zone 1, 2, or 3 as geographically identified on the Boundary Map.

“Zone 1” means the specific geographic area depicted as Improvement Area No. 2, Zone 1 on the Boundary Map.

“Zone 2” means the specific geographic area depicted as Improvement Area No. 2, Zone 2 on the Boundary Map.

“Zone 3” means the specific geographic area depicted as Improvement Area No. 2, Zone 3 on the Boundary Map.

B. SPECIAL TAX A

Commencing Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property pursuant to Section E, to fund the Special Tax A Requirement.

C. CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2023-2024, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be assigned to one of the Zones based upon its geographic location and further classified as Developed Property, Final Map Property, Undeveloped Property, or Provisional Undeveloped Property. In addition, each Assessor's Parcel of Developed Property shall further be classified as Residential Property or Non-Residential Property. Lastly, Assessor's Parcels of Residential Property shall be further categorized into Land Use Categories based on the Building Square Footage for such Assessor's Parcel.

D. MAXIMUM SPECIAL TAX A

1. Developed Property

The Maximum Special Tax A 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 A in Tables 1, 2, and 3 included in Section D below or (ii) the application of the Backup Special Tax A. The Maximum Special Tax A 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 A in the tables below.

a. Assigned Special Tax A

Each Fiscal Year, beginning with Fiscal Year 2023-2024, each Assessor’s Parcel of Developed Property shall be subject to an Assigned Special Tax A. The Assigned Special Tax A applicable to an Assessor’s Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Tables 1, 2, and 3 below based upon the Zone in which the Assessor’s Parcel is located.

**TABLE 1
ASSIGNED SPECIAL TAX A RATES
FOR DEVELOPED PROPERTY WITHIN ZONE 1**

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax A Per Taxable Unit
1. Residential Property	DU	Less than 1,900	\$1,481
2. Residential Property	DU	1,900 – 2,100	\$1,574
3. Residential Property	DU	2,101 – 2,300	\$1,609
4. Residential Property	DU	2,301 – 2,500	\$1,732
5. Residential Property	DU	2,501 – 2,700	\$1,809
6. Residential Property	DU	2,701 – 2,900	\$1,895
7. Residential Property	DU	Greater than 2,900	\$1,954
8. Non-Residential Property	Acre	N/A	\$12,985

**TABLE 2
ASSIGNED SPECIAL TAX A RATES
FOR DEVELOPED PROPERTY WITHIN ZONE 2**

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax A Per Taxable Unit
1. Residential Property	DU	Less than 2,200	\$1,736
2. Residential Property	DU	2,200 – 2,500	\$1,837
3. Residential Property	DU	2,501 – 2,800	\$1,938
4. Residential Property	DU	2,801 – 3,100	\$1,969
5. Residential Property	DU	Greater than 3,100	\$2,067
6. Non-Residential Property	Acre	N/A	\$12,615

**TABLE 3
ASSIGNED SPECIAL TAX A RATES
FOR DEVELOPED PROPERTY WITHIN ZONE 3**

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax A Per Taxable Unit
1. Residential Property	DU	Less than 2,600	\$1,884
2. Residential Property	DU	2,600 – 2,850	\$1,960
3. Residential Property	DU	2,851 – 3,100	\$2,061
4. Residential Property	DU	Greater than 3,100	\$2,135
5. Non-Residential Property	Acre	N/A	\$12,276

b. Backup Special Tax A

When a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Special Tax A for an Assessor’s Parcel classified or to be classified as Residential Property within such Final Map shall be determined by multiplying the Undeveloped Property Maximum Special Tax A rate per Acre for the applicable Zone by the total Acreage of Taxable Property within such Final Map, excluding the Acreage associated with Non-Residential Property, Public Property and/or Property Owners’ Association Property that is not Exempt Property pursuant to Section F and dividing such amount by the number of Assessor’s Parcels within such Final Map classified as either (i) Residential Property or (ii) Final Map Property for which a Building Permit is expected to be issued for Residential Property (i.e., the number of residential lots).

Notwithstanding the forgoing, if Assessor’s Parcels classified or to be classified as Residential Property are subsequently changed or modified by recordation of a lot line adjustment or similar instrument, then the Backup Special Tax shall be recalculated for the area that has been changed or modified using the methodology described in the preceding paragraph.

The Backup Special Tax shall not apply to Non-Residential Property, Public Property, Property Owners’ Association Property, or Provisional Undeveloped Property.

2. Final Map Property

The Maximum Special Tax A for each Assessor’s Parcel of Final Map Property expected to be classified as Residential Property shall be the Backup Special Tax A computed pursuant to Section D.1.b above.

The Maximum Special Tax A for each Assessor’s Parcel of Final Map Property expected to be classified as Non-Residential Property shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor’s Parcel is located:

1. Zone 1 rate per Acre - \$12,985
2. Zone 2 rate per Acre - \$12,615
3. Zone 3 rate per Acre - \$12,276

3. Undeveloped Property and/or Provisional Undeveloped Property

The Maximum Special Tax A for each Assessor’s Parcel classified as Undeveloped Property or Provisional Undeveloped Property shall be determined pursuant to the rate per Acre below for the Zone in which the Assessor’s Parcel is located:

1. Zone 1 rate per Acre - \$12,985
2. Zone 2 rate per Acre - \$12,615
3. Zone 3 rate per Acre - \$12,276

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX A

1. Commencing with Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes A on all Taxable Property until the amount of Special Tax A equals the Special Tax A Requirement in accordance with the following steps:

Step One: The Special Tax A shall be levied Proportionately on each Assessor’s Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax A rates in the tables included in Section D as needed to satisfy the Special Tax A Requirement.

Step Two: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step has been completed, the Special Tax A shall be levied Proportionately on each Assessor’s Parcel of Final Map Property, at up to 100% of the Maximum Special Tax A applicable to each such Assessor’s Parcel as needed to satisfy the Special Tax A Requirement.

Step Three: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor’s Parcel of Undeveloped Property, at up to 100% of the Maximum Special Tax A applicable to each such Assessor’s Parcel as needed to satisfy the Special Tax A Requirement.

Step Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then for each Assessor’s Parcel of Developed Property for which the Maximum Special Tax A is the Backup Special Tax A, the Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Backup Special Tax A as needed to satisfy the Special Tax A Requirement.

Step Five: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor’s Parcel of Provisional Undeveloped Property, at up to 100% of the Maximum Special Tax A applicable to each such Assessor’s Parcel as needed to satisfy the Special Tax A Requirement.

Under no circumstances will Special Tax A be 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 the CFD by more than ten percent (10%) of the Special Tax A that would have been levied in that Fiscal Year, had there never been any such delinquencies or defaults, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 2023-1.

F. EXEMPTIONS

The City shall classify as Exempt Property, in the following order of priority, (i) Assessor’s Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, Federal or other local governments, including school districts, (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 which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners’ association, (iv) Assessor’s Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor’s Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) Assessor’s Parcels restricted to other types of public uses determined by the City Council, provided that no such classification would reduce the total Acreage of all Taxable Property to less than the amounts shown in Table 4 below.

**TABLE 4
MINIMUM TAXABLE ACRES**

Tax Zone	Acres
1	14.83
2	16.34
3	10.96

Notwithstanding the above, the City Council shall not classify an Assessor’s Parcel as Exempt Property if such classification would reduce the total Acreage of all Taxable Property to less than the Acres shown in Table 4 per Tax Zone. 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 Acres shown in Table 4 per Tax Zone will be classified as Provisional Undeveloped Property, and will be subject to Special Tax pursuant to Step Five in Section E.

G. PREPAYMENT OF SPECIAL TAX A

The following additional definitions apply to this Section G:

“**CFD Public Facilities**” means \$7,500,000, expressed in 2023 dollars, which shall increase by the Construction Inflation Index on January 1, 2024, and on each January 1 thereafter, or such lower amount as (i) determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 2023-1, or (ii) 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 IA No. 2 of CFD No. 2023-1.

“**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 that have been 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 Taxes A 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 Special Taxes A.

The Special Tax A obligation of an Assessor’s Parcel of Developed Property, an Assessor’s Parcel of Final Map Property, Undeveloped Property for which a building permit has been issued, or an Assessor’s Parcel of Undeveloped Property may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax A 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 A obligation shall provide the City with written notice of intent to prepay, and within five (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 IA No. 2 of CFD No. 2023-1 in calculating the proper Prepayment Amount. Within fifteen (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
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor’s Parcels of Developed Property, compute the Assigned Special Tax A and the Backup Special Tax A applicable to the Assessor’s Parcel. For Assessor’s Parcels of Final Map Property or Undeveloped Property, compute the Assigned Special Tax A and the Backup Special Tax A as though it was already designated as Developed Property based upon the building permit issued or to be issued for that Assessor’s Parcel.
2. For each Assessor’s Parcel of Developed Property, Final Map Property, or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax A computed pursuant to paragraph 1 for such Assessor’s Parcel by the sum of the estimated Assigned Special Tax A applicable to all Assessor’s Parcels of Taxable Property at buildout of IA No. 2, as reasonably determined by the CFD Administrator, and (b) divide the Backup Special Tax A computed pursuant to paragraph 1 for such Assessor’s Parcel by the sum of the estimated Backup Special Tax A applicable to all Assessor’s Parcels of Taxable Property at buildout of IA No. 2, as reasonably determined by the CFD Administrator.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the 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”). Notwithstanding the foregoing, the Future Facilities Amount shall in no event be less than 0.

7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, less the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest redemption 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 a Special Tax A obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of IA No. 2 of CFD No. 2023-1 that there has been a prepayment of the Special Tax A 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 A obligation and the release of the Special Tax A lien on such Assessor’s Parcel and the obligation of such Assessor’s Parcel to pay such Special Taxes A shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property in each future Fiscal Year, 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.

H. PARTIAL PREPAYMENT OF SPECIAL TAX A

The Special Tax A obligation of an Assessor’s Parcel of Developed Property, or an Assessor’s Parcel of Final Map Property, or 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 A obligation would be prepaid.

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

$$PP = P_H \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount.

P_H = 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 A obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the record of IA No. 2 of CFD No. 2023-1 that there has been a partial prepayment of the Special Tax A 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 A obligation, to indicate the partial prepayment of the Special Tax A obligation and the partial release of the Special Tax A lien on such Assessor's Parcel, and the obligation of the owner of such Assessor's Parcel to pay such prepaid portion of the Special Tax A shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax A that may be levied on Taxable Property in each future Fiscal Year 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.

I. TERMINATION OF SPECIAL TAX A

For each Fiscal Year that any Bonds are outstanding the Special Tax A shall be levied on all Assessor's Parcels subject to the Special Tax A as necessary to satisfy the Special Tax A Requirement. The Special Tax A shall cease not later than the 2063-2064 Fiscal Year, however, Special Tax A will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all required interest and principal payments on the IA No. 2 Bonds have been paid; (ii) all authorized facilities of IA No. 2 have been acquired and all reimbursements have been paid pursuant to the acquisition agreement related to IA No. 2, (iii) no delinquent Special Tax A remain uncollected and (iv) all other obligations of IA No. 2 Special Tax A have been satisfied.

J. MANNER OF COLLECTION

The Special Tax A shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that IA No. 2 may collect Special Tax A at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

K. SPECIAL TAX B

Commencing Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on Taxable Property pursuant to Section N, up to the applicable Maximum Special Tax B to fund the Special Tax B Requirement.

L. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX B

For each Fiscal Year, all Assessor's Parcels of Taxable Property within IA No. 2 shall be classified as Developed Property or Final Map Property and shall be subject to the levy of Special Tax B as determined pursuant to Sections M and N below for all Zones. Assessor's Parcels of Developed Property and Final Map Property with attached Dwelling Units, shall be classified as either Residential Property or Non-Residential Property. For Residential Property the number of Dwelling Units shall be determined by the CFD Administrator.

Undeveloped Property shall not be subject to Maximum Special Tax B.

M. MAXIMUM SPECIAL TAX B

For purposes of determining the applicable Maximum Special Tax B for Assessor’s Parcels of Developed Property which are classified as Residential Property all such Assessor’s Parcels shall be assigned the number of Dwelling Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. If a single family attached building or buildings have been built on an Assessor’s Parcel, the CFD Administrator shall determine the actual number of Dwelling Units contained within the building or buildings, and the Special Tax B levied against the Assessor’s Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Dwelling Units by the Maximum Special Tax B per Dwelling Unit.

For purposes of determining the applicable Maximum Special Tax B for Assessor’s Parcels of Developed Property and Final Map Property which are classified as Non-Residential Property, all such Assessor’s Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor’s Parcel, the Special Tax B levied against the Assessor’s Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax B per Acre.

1. Developed Property

a. Maximum Special Tax B

The Maximum Special Tax B for each Assessor’s Parcel of Taxable Property for Fiscal Year 2023-2024 is identified in Table 5 below:

**TABLE 5
MAXIMUM SPECIAL TAX B FOR DEVELOPED PROPERTY**

Land Use Category	Taxable Unit	Maximum Special Tax B Per Assessor’s Parcel
1. Residential Property	DU	\$425
2. Non-Residential Property	Acre	\$2,544

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

b. Multiple Land Use Categories

In some instances an Assessor’s Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax B that can be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Tax B that can be levied for each Land Use Category located on that Assessor’s Parcel. For an Assessor’s Parcel that contains more than one land use, the Acreage of such Assessor’s Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved by the City for such Assessor’s Parcel. The CFD Administrator’s allocation to each type of property shall be final.

2. Final Map Property

The Maximum Special Tax B for each Assessor’s Parcel of Final Map Property for Fiscal Year 2023-2024 is identified in Table 6 below:

**TABLE 6
MAXIMUM SPECIAL TAX B RATES
FOR FINAL MAP PROPERTY**

Maximum Special Tax B Per Assessor's Parcel
\$425

On each July 1, commencing July 1, 2024, the Maximum Special Tax B for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

N. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX B

Commencing with Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on Taxable Property until the amount of Special Tax B equals the Special Tax B Requirement in accordance with the following steps:

Step One: The Special Tax B shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax B as needed to satisfy the Special Tax B Requirement.

Step Two: If additional moneys are needed to satisfy the Special Tax B Requirement after the first step has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Maximum Special Tax B applicable to each such Assessor's Parcel as needed to satisfy the Special Tax B Requirement.

O. DURATION OF SPECIAL TAX B

The Special Tax B shall be levied in perpetuity to fund the Special Tax B Requirement, unless no longer required as determined at the sole discretion of the City Council.

P. MANNER OF COLLECTION

The Special Tax B shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that IA No. 2 may collect the Special Tax B at a different time or in a different manner if necessary to meet its funding requirements.

Q. SPECIAL TAX C (CONTINGENT)

The City Council may levy the Special Tax C (Contingent), applicable to all Zones, commencing in the first Fiscal Year following the occurrence of any of the following events (each such event, a "Failure to Perform"):

- a. the Property Owner Association files a voluntary petition in bankruptcy or the approval by a court of competent jurisdiction of a petition applicable to the Property Owner Association of any proceedings instituted under the Federal Bankruptcy Code, as amended;
- b. the Property Owner Association is dissolved;
- c. the Property Owner Association fails to levy annual assessments sufficient to fund (i) the maintenance for the then Property Owner Association owned and/or Property Owner Association maintained Maintenance Services (Contingent) or (ii) the replacement of such facilities related to the Maintenance Services (Contingent) in accordance with (A) the requirements of the then current reserve funding plan of the Property Owner Association

performed pursuant to California Civil Code Section 5550 or (B) if California Civil Code 5550 is no longer applicable, the requirements of the then applicable law and/or regulations governing the Property Owner Association's requirements to budget for and finance such replacement; or

- d. the Property Owner Association fails to maintain the Maintenance Services (Contingent) at the same level as defined within the Property Owner Association maintenance specifications. In the event the Property Owner Association maintenance specifications do not meet either the City or County maintenance requirements, the City Council will have sole discretion to determine the required level of maintenance required for purposes of this section.

In the event of the occurrence of a Failure to Perform described in "c." or "d." above, the City shall give the Property Owner Association written notice of such event. If such Failure to Perform is reasonably capable of being cured within sixty (60) days from the date of such notice, the Property Owner Association shall have such period of time to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent). If such Failure to Perform is such that it is reasonably capable of being cured, but not within such sixty (60) day period and the Property Owner Association (i) initiates corrective action within such sixty (60) day period, and (ii) diligently, continually, and in good faith works to effect a cure of such Failure to Perform as soon as possible, then the Property Owner Association shall have such additional time, as is reasonably necessary, to cure such Failure to Perform prior to the levy by the City Council of Special Tax C (Contingent).

The City Council may suspend the levy of Special Tax C (Contingent) if the Property Owner Association has cured the Failure to Perform to the satisfaction of the City Council and the Property Owner Association has agreed to such conditions as the City Council may find necessary to minimize the occurrence of such Failure to Perform in the future. In the event the City Council initiates the Special Tax C (Contingent), it will apply to all Assessor's Parcels of Taxable Property in addition to, and not in lieu of, the Special Tax B.

R. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX C (CONTINGENT)

For each Fiscal Year that Special Tax C (Contingent) is authorized to be levied, all Assessor's Parcels classified as Developed Property or Final Map Property and shall be subject to the levy of Special Tax C as determined pursuant to Sections S and T below for all Zones. Assessor's Parcels of Developed Property and Final Map Property shall be classified as either Residential Property or Non-Residential Property. For Residential Property the number of Dwelling Units shall be determined by the CFD Administrator.

Undeveloped Property shall not be subject to Maximum Special Tax C (Contingent).

S. MAXIMUM SPECIAL TAX C (CONTINGENT)

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property which are classified as Residential Property, all such Assessor's Parcels shall be assigned the number of Dwelling Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. If a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Dwelling Units contained within the building or buildings, and the Special Tax C (Contingent) levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Residential Units by the Maximum Special Tax C (Contingent) per Dwelling Unit identified for the Assessor's Parcel.

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property and Final Map Property which are classified as Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor's

Parcel, the Special Tax C (Contingent) levied against an Assessor’s Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax C (Contingent) per Acre.

1. Developed Property

a. Maximum Special Tax C (Contingent)

The Maximum Special Tax C (Contingent) for each Assessor’s Parcel of Taxable Property for Fiscal Year 2023-2024 is identified in Table 7 below for all Zones:

**TABLE 7
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR DEVELOPED PROPERTY**

Land Use Category	Taxable Unit	Maximum Special Tax C (Contingent) Per Taxable Unit
1. Residential Property	DU	\$249
2. Non-Residential Property	Acre	\$1,487

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

b. Multiple Land Use Categories

In some instances an Assessor’s Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax C (Contingent) that can be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Tax C (Contingent) that can be levied for each Land Use Category located on that Assessor’s Parcel. For an Assessor’s Parcel that contains more than one land use, the Acreage of such Assessor’s Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor’s Parcel. The CFD Administrator’s allocation to each type of property shall be final.

2. Final Map Property

The Maximum Special Tax C (Contingent) for each Assessor’s Parcel of Final Map Property for Fiscal Year 2023-2024 is identified in Table 8 below:

**TABLE 8
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR
FINAL MAP PROPERTY**

Maximum Special Tax C (Contingent) Per Assessor’s Parcel
\$249

On each July 1, commencing July 1, 2024, the Maximum Special Tax C (Contingent) for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) two percent (2%).

T. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX C (CONTINGENT)

Commencing with the first Fiscal Year in which Special Tax C (Contingent) is authorized to be levied and for each following Fiscal Year, the Council shall determine the Special Tax C (Contingent) Requirement and shall

levy the Special Tax C (Contingent) on all Assessor's Parcels of Taxable Property until the aggregate amount of Special Tax C (Contingent) equals the Special Tax C (Contingent) Requirement. The Special Tax C (Contingent) shall be levied for each Fiscal Year as follows:

Step One: The Special Tax C (Contingent) shall be levied Proportionately on all Assessor's Parcels of Developed Property at up to 100% of the applicable Maximum Special Tax C (Contingent) to satisfy the Special Tax C (Contingent) Requirement;

Step Two: If additional moneys are needed to satisfy the Special Tax C (Contingent) Requirement after the first step has been completed, the Special Tax C (Contingent) shall be levied Proportionately on each Assessor's Parcel of Final Map Property at up to 100% of the Maximum Special Tax C (Contingent) for Final Map Property.

U. DURATION OF SPECIAL TAX C (CONTINGENT)

The Special Tax C (Contingent) shall be levied in perpetuity to fund the Special Tax C (Contingent) Requirement, unless no longer required as determined at the sole discretion of the City Council.

V. MANNER OF COLLECTION OF SPECIAL TAX C (CONTINGENT)

The Special Tax C (Contingent) shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that IA No. 2 may collect the Special Tax C (Contingent) at a different time or in a different manner if necessary to meet its funding requirements.

W. SPECIAL TAX D

Commencing Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax D on all Taxable Property, up to the applicable Maximum Special Tax D to fund the Special Tax D Requirement.

X. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX D

For each Fiscal Year, all Assessor's Parcels of Taxable Property within IA No. 2 classified as Residential Property shall be subject to the levy of Special Tax D as determined pursuant to Sections Y and Z below for all Zones. For Residential Property with attached Dwelling Units, the number of Dwelling Units shall be determined by the CFD Administrator.

Final Map Property, Non-Residential Property, and Undeveloped Property shall not be subject to Maximum Special Tax D.

Y. MAXIMUM SPECIAL TAX D

1. Developed Property

a. Maximum Special Tax D

The Maximum Special Tax D for each Assessor's Parcel of Residential Property for Fiscal Year 2023-2024 is identified in Table 9 below:

**TABLE 9
MAXIMUM SPECIAL TAX D FOR RESIDENTIAL PROPERTY**

Land Use Category	Taxable Unit	Maximum Special Tax B Per Taxable Unit
1. Residential Property	DU	\$509

On each July 1, commencing July 1, 2023, the Maximum Special Tax D for the prior Fiscal Year shall be adjusted by the greater of (i) an amount equal to the percentage change in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year or (ii) five percent (5%).

Z. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX D

Commencing with Fiscal Year 2023-2024 and for each subsequent Fiscal Year, the City Council shall levy Special Tax D until the amount of Special Tax D equals the Special Tax D Requirement in accordance with the following steps:

Step One: The Special Tax D shall be levied Proportionately on each Assessor’s Parcel of Residential Property at up to 100% of the applicable Maximum Special Tax D as needed to satisfy the Special Tax D Requirement.

AA. DURATION OF SPECIAL TAX D

The Special Tax D shall be levied in perpetuity to fund the Special Tax D Requirement, unless no longer required as determined at the sole discretion of the City Council.

BB. MANNER OF COLLECTION

The Special Tax D shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that IA No. 2 may collect the Special Tax D at a different time or in a different manner if necessary to meet its funding requirements.

CC. APPEALS

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor’s Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of available funds of IA No. 2 of CFD No. 2023-1; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer’s property within IA No. 2 of CFD No. 2023-1 in the amount of the overpayment.

DD. INTERPRETATIONS

The City Council may interpret this Rate and Method of Apportionment of Special Tax by ordinance or resolution for purposes of clarifying any vagueness or ambiguity. Any decision of the City Council shall be final and binding as to all persons.

APPENDIX B
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX C
APPRAISAL REPORT

APPENDIX D

**DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF RIVERSIDE
AND THE CITY OF BEAUMONT**

The Bonds are not obligations of the City of Beaumont (the “City”) or the County of Riverside (the “County”) and do not represent a lien or charge against any funds or property of the City or the County. The following information is provided only to give prospective investors an overview of the general economic condition of the City, the County and the State of California (the “State”).

General

The City was founded in 1912 in Riverside County, California. The City is located approximately 78 miles east of Los Angeles and encompasses an area of 30.9 square miles. The City currently has an estimated population of approximately 57,416 persons.

Population

The following table offers population estimates as of January 1 for the City, the County and the State for years 2020 through 2024.

<i>Area</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
City of Beaumont	51,731	53,920	54,208	56,275	57,416
County of Riverside	2,440,719	2,419,165	2,427,832	2,428,580	2,442,378
State of California	39,648,938	39,327,868	39,114,785	39,061,058	39,128,162

Source: California State Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020 with 2010 Census Benchmark and 2021-2024 with 2020 Benchmark.

Building Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the City and County for years 2019 through 2023.

**BUILDING PERMIT VALUATIONS
City of Beaumont
2019-2023
(Dollars in Thousands)**

	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Valuation (\$000):					
Residential	\$159,847	\$73,829	\$141,171	\$160,159	\$161,510
Non-residential	<u>30,156</u>	<u>25,559</u>	<u>16,448</u>	<u>20,799</u>	<u>97,862</u>
Total*	\$190,003	\$99,388	\$157,619	\$180,958	\$259,372
Residential Units:					
Single family	528	271	494	651	519
Multiple family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	528	271	494	651	519

* Totals may not add to sums due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
County of Riverside
2019-2023
(Dollars in Thousands)

	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Valuation (\$000):					
Residential	\$2,275,405	\$2,519,303	\$2,262,642	\$2,921,113	\$3,306,086
Non-residential	<u>1,285,856</u>	<u>1,153,778</u>	<u>1,543,998</u>	<u>1,701,618</u>	<u>1,676,498</u>
Total*	\$3,561,261	\$3,673,081	\$3,806,640	\$4,622,731	\$4,982,584
Residential Units:					
Single family	6,563	8,443	7,360	8,863	8,894
Multiple family	<u>1,798</u>	<u>723</u>	<u>1,126</u>	<u>2,861</u>	<u>6,428</u>
Total	8,361	9,166	8,486	11,724	15,322

* Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

Employment

The following tables show the largest employers located in the City and County as of June 30, 2024.

LARGEST EMPLOYERS
City of Beaumont
(as of June 30, 2024)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	Amazon	6,300	Online Retail
2.	Beaumont Unified School District	1,377	School District
3.	CJ Foods	630	Food & Food Service
4.	Walmart	526	Retail Store

Source: City of Beaumont Annual Comprehensive Financial Report for year ended June 30, 2024.

LARGEST EMPLOYERS
County of Riverside
(as of June 30, 2024)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	23,772	County Government
2.	Amazon	14,317	Online Retail
3.	University of California, Riverside	8,593	University
4.	State of California	8,398	Government
5.	Walmart	6,465	Retail Store
6.	Moreno Valley Unified School District	6,020	School District
7.	Kaiser Permanente Riverisde Medical Center	5,817	Medical Center
8.	Riverside Unified School District	5,431	School District
9.	Stater Brothers	4,990	Supermarket
10.	Mt. San Jacinto Community College District	4,638	School District

Source: County of Riverside, California Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2024.

Employment and Industry

Employment data by industry is not separately reported on an annual basis for the City but is compiled for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the “MSA”), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the MSA has large and growing commercial and service sector employment, as reflected in the table below.

The following table represents the Annual Average Labor Force and Industry Employment for the Riverside-San Bernardino-Ontario MSA for years 2020 through 2024.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE

	2020	2021	2022	2023	2024
Civilian Labor Force	2,073,400	2,108,400	2,140,500	2,180,300	2,209,100
Civilian Employment	1,868,300	1,951,600	2,049,900	2,078,100	2,093,800
Civilian Unemployment	205,100	156,700	90,700	102,300	115,300
Civilian Unemployment Rate	9.9%	7.4%	4.2%	4.7%	5.2%
Total Farm	14,100	13,700	13,800	13,200	13,700
Total Nonfarm	1,495,800	1,575,100	1,660,200	1,681,000	1,700,400
Total Private	1,247,800	1,333,100	1,410,200	1,420,700	1,430,200
Goods Producing	202,200	207,700	216,300	215,300	212,900
Mining and Logging	1,300	1,400	1,500	1,500	1,600
Construction	104,900	110,100	114,700	115,400	116,200
Manufacturing	96,000	96,100	100,000	98,500	95,200
Service Providing	1,293,700	1,367,400	1,443,900	1,465,700	1,487,500
Trade, Transportation and Utilities	406,900	443,200	464,900	457,900	456,400
Wholesale Trade	65,600	67,400	69,500	68,900	68,600
Retail Trade	168,800	177,000	181,000	183,000	182,600
Transportation, Warehousing and Utilities	172,500	198,800	214,400	206,000	205,200
Information	12,400	12,500	13,000	13,300	13,000
Financial Activities	44,100	45,200	46,000	44,900	44,100
Professional and Business Services	152,100	166,600	173,900	164,400	161,800
Private Education and Health Services	248,800	254,300	267,900	287,800	306,000
Leisure and Hospitality	141,300	160,200	180,900	187,600	185,300
Other Services	40,200	43,600	47,400	49,400	50,700
Government	248,000	242,000	250,000	260,200	270,200
Total, All Industries	1,509,900	1,588,800	1,674,000	1,694,100	1,714,100

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The “Total, All Industries” data is not directly comparable to the employment data found in this Appendix C.

Source: State of California, Employment Development Department, Industry Employment – Official Estimates. March 2024 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for years 2019 through 2023 for the City, the County, the State and the nation as a whole.

**CITY OF BEAUMONT,
COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment**

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate (%)⁽³⁾</i>
2019				
City of Beaumont	23,700	22,900	800	3.2%
County of Riverside	1,106,200	1,059,500	46,700	4.2
State of California	19,385,300	18,589,600	795,700	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
City of Beaumont	23,900	21,800	2,100	8.7%
County of Riverside	1,118,900	1,006,200	112,700	10.1
State of California	18,958,600	17,037,000	1,921,600	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
City of Beaumont	24,200	22,700	1,500	6.3%
County of Riverside	1,130,500	1,047,700	82,800	7.3
State of California	18,956,600	17,568,700	1,387,800	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
City of Beaumont	24,600	23,700	800	3.4%
County of Riverside	1,145,700	1,097,200	48,500	4.2
State of California	19,169,300	18,348,900	820,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
City of Beaumont	24,900	23,900	1,000	4.0%
County of Riverside	1,157,900	1,102,300	55,600	4.8
State of California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2023 Benchmark.

Personal Income

Personal income consists of the income that persons receive in return for their provision of labor, land, and capital used in current production as well as other income, such as personal current transfer receipts. In the state and local personal income accounts the personal income of an area represents the income received by or on behalf of the persons residing in that area. It is calculated as the sum of wages and salaries, supplements to wages and salaries, proprietors' income with inventory valuation (IVA) and capital consumption

adjustments (CCAdj), rental income of persons with capital consumption adjustment (CCAdj), personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance plus the adjustment for residence.

Total personal income in Riverside County increased by 29.25% between 2019 and 2023. The following tables summarize personal income for Riverside County for 2019 through 2023.

PERSONAL INCOME
Riverside County
2019-2023
(Dollars in Thousands)

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2019	103,647,288	N/A
2020	115,370,344	11.3%
2021	126,493,256	9.6
2022	126,174,731	-0.3
2023	133,968,557	6.2

Note: All dollar estimates are in thousands of current dollars (not adjusted for inflation).
Source: U.S. Bureau of Economic Analysis.

The following table summarizes per capita personal income for Riverside County, California and the United States for years 2019 through 2023. This measure of income is calculated as the total personal income divided by total midyear population.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2019-2023

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2019	43,122	64,219	55,567
2020	47,615	70,098	59,123
2021	51,558	76,882	64,460
2022	50,995	76,941	66,244
2023	53,750	81,255	69,810

Source: U.S. Bureau of Economic Analysis.

Taxable Sales

The table below presents taxable sales for the years 2019 through 2023 for the City.

TAXABLE SALES
City of Beaumont
2019-2023
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2019	1,441	\$ 475,414
2020	1,543	616,039
2021	1,336	1,229,150
2022	1,475	2,472,075
2023	1,605	2,321,599

Source: California Department of Tax and Fee Administration, Taxable Sales – Cities by Type of Business (Taxable Table 4).

The table below presents taxable sales for the years 2019 through 2023 for the County.

TAXABLE SALES
County of Riverside
2019-2023
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2019	64,063	\$40,626,998
2020	69,284	42,313,474
2021	64,335	55,535,196
2022	66,738	62,117,153
2023	68,670	61,331,274

Source: California Department of Tax and Fee Administration, Taxable Sales – By County (Taxable Table 2).

APPENDIX E

FORM OF BOND COUNSEL OPINION

[Closing Date]

Beaumont Public Improvement Authority
Beaumont, California

Re: \$_____ Beaumont Public Improvement Authority Local Agency Revenue Bonds,
 Series 2025B

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 Bonds, Series 2025B (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 ____ 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 November 4, 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 ____ 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 Bonds, Series 2025B (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of ____ 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.

“Improvement Area” means Improvement Area No. 1 or Improvement Area No. 2.

“Improvement Area No. 1” means Improvement Area No. 1 of the City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon), a community facilities district formed pursuant to the CFD Act.

“Improvement Area No. 2” means Improvement Area No. 2 of the City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon), 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 Improvement Area substantially in the form of Table 6 and Table 13 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 Improvement Areas with respect to delinquent Special Taxes;

(vi) an update by Improvement Area similar to Table 9 and Table 16 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 Improvement Area;

(vii) any changes with respect to the inclusion or exclusion of the Improvement Areas 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 BONDS, SERIES 2025B

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 _____ 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.