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Attachment C

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2023

NEW ISSUE—BOOK-ENTRY-ONLY

NO RATING

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, 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 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 tax. See the caption "TAX MATTERS" with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

\$66,150,000*

COMMUNITY FACILITIES DISTRICT NO. 2023-1 OF THE COUNTY OF ORANGE (RIENDA PHASE 2B) 2023 SERIES A SPECIAL TAX BONDS

Dated: Delivery Date

Due: August 15, as shown on the inside cover page

This Official Statement describes bonds that are being issued by Community Facilities District No. 2023-1 of the County of Orange (Rienda Phase 2B) (the "District"). The Community Facilities District No. 2023-1 of the County of Orange (Rienda Phase 2B) 2023 Series A Special Tax Bonds (the "Bonds") are being issued by the District to (a) pay the costs of forming the District; (b) fund capitalized interest on a portion of the Bonds through August 15, 2024; (c) pay the cost of and expense of acquisition and construction of certain facilities authorized to be financed under the Act (as defined below) in connection with the development of the District; (d) fund a reserve account securing the Bonds; (e) pay costs of issuance of the Bonds; (f) make an initial deposit to the Administrative Expense Account; and (g) fund an escrow fund with respect to the Escrow Term Bonds (as defined herein), which includes amounts for capitalized interest on the Escrow Term Bonds up through and including August 15, 2026, subject to prior release as described herein.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 et seq. of the Government Code of the State of California) (the "Act"), and pursuant to Resolution No. _____ adopted on October 31, 2023 by the Board of Supervisors of the County of Orange (the "County"), acting as the legislative body of the District, and a Bond Indenture, dated as of November 1, 2023 (the "Indenture"), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The Bonds are limited obligations of the District and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on and collected from the owners of parcels within the District subject to the Special Taxes and from certain other funds pledged under the Indenture, all as further described herein. The Special Taxes are to be levied according to the rate and method of apportionment approved by the Board of Supervisors of the County and the qualified electors within the District. See "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes." The Board of Supervisors of the County is the legislative body of the District.

The Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Bonds may be made in principal amounts of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds will be payable semiannually on each February 15 and August 15, commencing February 15, 2024. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS — General Provisions" and APPENDIX H — "BOOK-ENTRY ONLY SYSTEM" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE COUNTY OF ORANGE, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE COUNTY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES TO BE LEVIED IN THE DISTRICT AND CERTAIN OTHER AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The Bonds are subject to optional redemption, extraordinary redemption from prepaid Special Taxes, and mandatory sinking fund redemption prior to maturity as set forth herein. \$ _____* of the Bond proceeds will be initially deposited in an Escrow Fund and Escrow Interest Account therein (defined herein) established under the Indenture and will be applied to redeem the Escrow Term Bonds (defined herein) on August 15, 2026, unless certain conditions set forth in the Indenture are satisfied. See "THE BONDS — Redemption" herein.

THE BONDS ARE NOT RATED BY ANY RATING AGENCY, AND INVESTMENT IN THE BONDS INVOLVES SIGNIFICANT RISKS THAT ARE NOT APPROPRIATE FOR CERTAIN INVESTORS. CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. 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.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE (See Inside Cover Page)

The Bonds are offered when, as and if issued and accepted by the Underwriters, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and subject to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California is serving as Disclosure Counsel to the District with respect to the Bonds. Certain legal matters will be passed on for the County and the District by the Office of the County Counsel, and for the Underwriters by Best Best & Krieger LLP, Riverside, California, as counsel to the Underwriters. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about November __, 2023.

[STIFEL LOGO]

[PIPER SANDLER LOGO]

Dated: November __, 2023

* Preliminary, subject to change.

\$66,150,000*
COMMUNITY FACILITIES DISTRICT NO. 2023-1
OF THE COUNTY OF ORANGE (RIENDA PHASE 2B)
2023 SERIES A SPECIAL TAX BONDS

MATURITY SCHEDULE

Base CUSIP No.[†]: _____

Serial Bonds

<i>Maturity Date</i> <i>(August 15)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.[†]</i>
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Term Bonds

\$ _____ % Term Bonds due August 15, 20____, Yield: _____ % Price: _____ CUSIP No. [†] _____

\$ _____ % Term Bonds due August 15, 2053, Yield: _____ % Price: _____ CUSIP No. [†] _____

Escrow Term Bonds

\$ _____ % Escrow Term Bonds due August 15, 2053, Yield: _____ % Price: _____ CUSIP No. [†] _____

* Preliminary, subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2023 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the County, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

**COUNTY OF ORANGE
STATE OF CALIFORNIA**

**BOARD OF SUPERVISORS
Serving as the Legislative Body of
Community Facilities District No. 2023-1
of the County of Orange (Rienda Phase 2B)**

Donald P. Wagner (Third District), Chair
Andrew Do (First District), Vice Chair
Vicente Sarmiento (Second District)
Doug Chaffee (Fourth District)
Katrina Foley (Fifth District)

COUNTY OFFICIALS

Frank Kim, County Executive Officer
Shari L. Freidenrich, Treasurer-Tax Collector
Andrew N. Hamilton, Auditor-Controller
Leon J. Page, County Counsel

BOND COUNSEL AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth,
a Professional Corporation,
Newport Beach, California

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

SPECIAL TAX CONSULTANT

DTA, Inc.
Irvine, California

REAL ESTATE APPRAISER

Integra Realty Resources
Rocklin, California

MARKET ABSORPTION ANALYST

Empire Economics, Inc.
Capistrano Beach, California

TRUSTEE

U.S. Bank Trust Company, National Association
Los Angeles, California

Attachment C

Except where otherwise indicated, all information contained in this Official Statement has been provided by the County and the District. No dealer, broker, salesperson or other person has been authorized by the County, the District, the Trustee or the Underwriters to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the County, the District, the Trustee or the Underwriters. 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.

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 in this Official Statement, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment to this Official Statement, is intended to be deposited with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org.

The information set forth in this Official Statement which has been obtained from third party sources is believed to be reliable, but such information is not guaranteed as to accuracy or completeness by the County or the District. The information and expressions of opinion in this Official Statement 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 County or the District or any other parties described in this Official Statement since the date of this Official Statement. All summaries of the Indenture 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 made by this Official Statement to such documents on file with the County for further information. While the County 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 County. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

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

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. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption "THE COMMUNITY FACILITIES DISTRICT" and "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

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 COUNTY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS 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.

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[INSERT COLOR REGIONAL MAP HERE]

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\$66,150,000*
COMMUNITY FACILITIES DISTRICT NO. 2023-1
OF THE COUNTY OF ORANGE (RIENDA PHASE 2B)
2023 SERIES A SPECIAL TAX BONDS

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the table of contents and the appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance by Community Facilities District No. 2023-1 of the County of Orange (Rienda Phase 2B) (the “District”) of its 2023 Series A Special Tax Bonds (the “Bonds”) in the aggregate principal amount of \$66,150,000*. The proceeds of the Bonds will be used to (a) pay the costs of forming the District; (b) fund capitalized interest on a portion of the Bonds through August 15, 2024; (c) pay the cost of and expense of acquisition and construction of certain facilities authorized to be financed under the Act (as defined below) in connection with the development of the District; (d) fund a reserve account securing the Bonds; (e) pay costs of issuance of the Bonds; (f) make an initial deposit to the Administrative Expense Account; and (g) fund an escrow fund with respect to the Escrow Term Bonds (as defined herein), which includes amounts for capitalized interest on the Escrow Term Bonds up through and including August 15, 2026, subject to prior release as described herein. See “ESTIMATED SOURCES AND USES OF FUNDS.”

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and pursuant to Resolution No. _____ adopted by the Board of Supervisors of the County (the “Board of Supervisors”), acting as the legislative body of the District, on October 31, 2023, and a Bond Indenture dated as of November 1, 2023 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

The Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes (as defined herein) levied on parcels within the District and all moneys in the Special Tax Fund (other than the Administrative Expense Account therein) and the Escrow Fund (and the Escrow Interest Account therein) (to the limited extent described herein). See “SOURCES OF PAYMENT FOR THE BONDS.”

The Bonds are being issued and delivered pursuant to the provisions of the Act and the Indenture. The Bonds are being sold pursuant to a Bond Purchase Agreement between the Underwriters and the District. For more complete information, see “THE BONDS — General Provisions” and “UNDERWRITING” herein.

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 sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — DEFINITIONS” herein.

The District

General. The District is located in the southern portion of the County of Orange (the “County”) generally to the north of Cow Camp Road, approximately one mile east of its intersection with Los Patrones Parkway. More specifically, the District is located to the northeast of the intersection of Legado Road and Saddle Way. The District consists of approximately 49 gross acres. Approximately 26 acres of property in the

* *Preliminary, subject to change.*

District are expected to be subject to the Special Tax (as defined herein) at build-out. The property within the District which is not subject to the levy of the Special Tax consists primarily of open space/conservation property and property owned by the owners association and public property. RMV PA3 Development, LLC, a Delaware limited liability company (the “Developer”) is the master developer of property in the District. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

Formation Proceedings. The District was formed by the County pursuant to the Act and constitutes a governmental entity separate and apart from the County.

The 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 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 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 to repay such indebtedness.

Pursuant to the Act, on February 28, 2023, the Board of Supervisors adopted Resolution No. 23-013 (the “Resolution of Intention”), stating its intention to form the District and to authorize the levy of a special tax on the taxable property within the District. On February 28, 2023, the Board of Supervisors also adopted Resolution No. 23-014, stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed \$95,000,000 for the purpose of financing the acquisition, construction, expansion, improvement, or rehabilitation of certain public facilities to serve the area within the District and its neighboring areas. See “THE COMMUNITY FACILITIES DISTRICT — Description of Authorized Facilities.”

Subsequent to a noticed public hearing, the Board of Supervisors adopted Resolution Nos. 23-043 and 23-044 on April 11, 2023 (the “Resolution of Formation” and the “Resolution to Incur Debt,” respectively) which established the District, authorized the levy of a special tax within the District, determined the necessity to incur bonded indebtedness within the District, and called an election within the District on the proposition of incurring bonded indebtedness, levying a special tax and setting an appropriations limit within the District.

On April 11, 2023, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed \$95,000,000. A Notice of Special Tax Lien was recorded in the office of the County Clerk-Recorder on May 18, 2023 as Document No. 2023000115964. On May 23, 2023, the Board, acting as the legislative body of the District, adopted Ordinance No. 23-002 (the “Ordinance”) which authorizes the levy of a special tax pursuant to the Rate and Method of Apportionment of Special Tax within the District approved at the April 11, 2023 election (the “Rate and Method”), a copy of which is attached hereto as APPENDIX A.

In accordance with Section H of the Rate and Method, the County caused a price point study dated August 8, 2023 and revised on September 8, 2023 (the “Price Point Study”) to be prepared by Empire Economics, Inc. Capistrano Beach, California. Based on the Price Point Study, the Assigned Special Tax and Backup Special Tax rates for all six tax Zones (as defined in the Rate and Method) will be reduced on the date of issuance of the Bonds in accordance with the Rate and Method. Also in accordance with the Rate and Method, upon the issuance of the Bonds, an amended notice of special tax lien reflecting the revised Assigned Special Tax and Backup Special Tax rates will be recorded in the office of the County Recorder. The Assigned Special Tax and Backup Special Tax rates for each Zone, as revised, are set forth in the Rate and Method attached hereto as APPENDIX A.

Validation Proceedings. On May 25, 2023, the County, acting pursuant to the provisions of Sections 860 *et seq.* of the California Code of Civil Procedure and Section 53359 of the Act, filed a complaint in the Superior Court of the State of California for the County of Orange seeking judicial validation of the formation

of the District, the authorization of the issuance of bonds for the District, and the levy of the Special Tax within the District. On September 26, 2023, the court entered a default judgment (the “Validation Judgment”) to the effect, among other things, that the proceedings conducted by the Board of Supervisors in connection with the establishment of the District, the authorization to incur bonded indebtedness for the District through the issuance of bonds, and the levy of the Special Tax within the District were valid and in conformity with the Constitution of the State and applicable laws of the State. The last day of the appeal period for the validation action was October 26, 2023. As of the date of this Official Statement, no appeal has been filed with respect to the Validation Judgment. See the section entitled “VALIDATION” herein for additional information regarding the legal effects of the Validation Judgment.

Property Ownership and Development Status

The District encompasses a portion of the Rienda development (“Rienda”), which is a portion of the third phase of development of the Rancho Mission Viejo Ranch Plan Planned Community (the “Ranch Plan MPC”). The Ranch Plan MPC is a 22,815-acre master planned community, which when complete will consist of the final build-out of Rancho Mission Viejo. Other completed Rancho Mission Viejo projects within the County have included the City of Rancho Santa Margarita, Ladera Ranch, Las Flores, Sendero and Esencia. All of the foregoing projects are located in the southern portion of the County and within the general vicinity of Rienda.

Development within the District is the second phase of development in Rienda. Rienda is expected to include approximately 2,150 for-sale residential units at buildout. The first phase of Rienda is located within Community Facilities District No. 2021-1 of the County of Orange (Rienda) (“CFD No. 2021-1”), adjacent to the District. Sales within CFD No. 2021-1 commenced in April 2022 and as of September 17, 2023, 707 of the 950 planned for-sale homes within CFD No. 2021-1 had been sold to individual homeowners and 477 of such sales have closed.

The development within the District is planned for six for-sale residential projects consisting of 514 market-rate homes, all of which will be subject to the Special Tax. The balance of the property within the District is anticipated to be used for recreational facilities, parks and open space/conservation property, and property owned by the owners association and public property.

All property planned for residential development in the six for-sale projects is either under contract, or has been conveyed, by the Developer to merchant builders or certain of such merchant builders’ respective landbanks, as described herein. Such merchant builders are Lennar Homes of California, LLC, a California limited liability company (“Lennar”), TRI Pointe Homes Holdings, Inc., a Delaware corporation (“TRI Pointe Homes”), Shea Homes Limited Partnership, a California limited partnership (“Shea”), Pulte Home Company, LLC, a Michigan limited liability company (“Pulte”) and TH Rancho Mission Viejo MR 8 LLC (“Trumark”). The property relating to Lennar and TRI Pointe Homes’ projects were conveyed by the Developer to the respective landbanks for such merchant builders. Lennar and TRI Pointe Homes’ have entered into agreements with such landbanks to acquire such property in phases, as described herein. Shea and Trumark have acquired property comprising the entirety of their respective planned development within the District. Pulte has acquired property for 40 of its 82 planned residential units in the District. The remaining property planned for residential development that is owned by the Developer is under contract to be sold to Pulte. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT — Merchant Builders in the Development.”

The area in the District has been graded and major infrastructure (sewer, water, storm drains, utilities, and arterial roads) to be installed by the Developer has been substantially completed. The public grand openings for the projects in the District is scheduled to occur at various times between November 2023 and the first quarter of 2024. As of August 31, 2023, all five merchant builders within the District had commenced construction of model homes. As of such date, no homes had been conveyed to individual homeowners. As of August 31, 2023, 45 building permits have been issued for the 514 planned residential units within the District. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT” herein.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States 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 similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions “THE COMMUNITY FACILITIES DISTRICT,” “PROPERTY OWNERSHIP AND THE DEVELOPMENT” and APPENDIX B — “APPRAISAL REPORT.”

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 DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Sources of Payment for the Bonds

General. The Bonds and any Parity Bonds (as defined herein) are limited obligations of the District, and the interest on and principal of and redemption premiums, if any, on the Bonds and any Parity Bonds are payable solely from the Special Taxes to be levied annually against the property in the District, or, to the extent necessary, from the moneys on deposit in the Reserve Account. As described herein, the Special Taxes are collected along with *ad valorem* property taxes on the tax bills mailed by the Treasurer-Tax Collector of the County. Although the Special Taxes will constitute a lien on the property subject to taxation in the District, they will not constitute a personal indebtedness of the owners of such property. There is no assurance that such owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if they are financially able to do so.

Limited Obligations. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds and any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the County nor general obligations of the District, but are special obligations of the District payable solely from Special Taxes and amounts held under the Indenture as more fully described herein.

Special Tax. As used in this Official Statement, the term “Special Tax” is that tax which has been authorized pursuant to the Act to be levied against certain land within the District pursuant to the Act and in accordance with the Rate and Method, but excluding penalties and interest imposed upon delinquent installments. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes” and APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” Under the Indenture, the District will pledge to repay the Bonds and any Parity Bonds from the Special Tax revenues remaining after the payment of certain annual Administrative Expenses of the District (the “Net Taxes”) and from amounts on deposit in the Special Tax Fund (other than the Administrative Expense Account therein) established under the Indenture.

The Special Taxes are the primary security for the repayment of the Bonds and any Parity Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds and any Parity Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account therein. See “SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund.”

Foreclosure Proceeds. The District will covenant in the Indenture for the benefit of the owners of the Bonds and Parity Bonds that, except as set forth in the following paragraph, it will commence judicial foreclosure proceedings against parcels which are delinquent in payment of four or more installments of Special Taxes by the October 1 following the close of the Fiscal Year in which the fourth delinquent installment of Special Taxes was due and will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied on such parcels, and diligently pursue to completion such foreclosure proceedings.

Notwithstanding the foregoing, the Indenture provides that the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Account is at least equal to the Reserve Requirement. The District may, but shall not be obligated to, advance funds from any source of legally available funds in order to maintain the Reserve Account at the Reserve Requirement or to avoid a default in payment on the Bonds and any Parity Bonds. Fiscal Year 2023-24 is the first year of the Special Tax levy and the first installment of Special Tax payments will not be delinquent until December 10, 2023. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*” herein and APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — COVENANTS AND WARRANTY — Covenants — Commence Foreclosure Proceedings.” There is no assurance that the property within the District can be sold at foreclosure for the appraised value described herein, or for a price sufficient to pay the principal of and interest on the Bonds in the event of a default in payment of Special Taxes by the current landowner or future landowners within the District. See “SPECIAL RISK FACTORS — Property Values” and APPENDIX B — “APPRAISAL REPORT” herein.

The District participates in the County’s Teeter Plan (as defined herein). See “SOURCES OF PAYMENT FOR THE BONDS — Teeter Plan” and “SPECIAL RISK FACTORS — Teeter Plan Termination.”

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE COUNTY, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE COUNTY OR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND CERTAIN AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Escrow Fund. The Indenture establishes an escrow fund (the “Escrow Fund”) and an account therein (the “Escrow Interest Account”). On the date of issuance of the Bonds, \$_____ * of the proceeds of the Escrow Term Bonds (as defined below) will be deposited into the Escrow Fund and \$_____ * of the proceeds of the non-escrowed Bonds will be deposited into the Escrow Interest Account. The amount deposited in the Escrow Interest Account has been sized to be sufficient to pay interest on the Bonds maturing on August 15, 20__, bearing interest at a rate of ___% per annum and to which CUSIP No. _____ has been assigned (the “Escrow Term Bonds”), up through and including August 15, 2026 (the “Escrow Redemption Date”).

Upon satisfaction of the release test set forth in the Indenture, amounts in the Escrow Fund and Escrow Interest Account will be transferred to the Acquisition and Construction Fund to finance additional facilities, to increase the balance in the Reserve Account, and to pay interest on the Escrow Term Bonds. In the event that the release test is not satisfied by July 1, 2026 (the “Escrow Closing Date”), the amounts in the Escrow Fund and the Escrow Interest Account will be applied to redeem the Escrow Term Bonds in full on the Escrow Redemption Date (August 15, 2026). See “THE BONDS—Redemption” and “SOURCES OF

* *Preliminary, subject to change.*

PAYMENT FOR THE BONDS—Escrow Fund” herein for additional details with respect to the Escrow Term Bonds and the release test under the Indenture for amounts in the Escrow Fund.

Parity Bonds for Refunding Purposes and Liens. Under the terms of the Indenture, the District may issue additional bonds secured by the Net Taxes on a parity with the Bonds (“Parity Bonds”) but only for the purpose of refunding Outstanding Bonds and Parity Bonds, if certain conditions are met. See “SOURCES OF PAYMENT FOR THE BONDS — Issuance of Parity Bonds for Refunding Only.” Parity Bonds may be issued by means of a supplemental indenture and without any requirement for the consent of any Bond owners. See APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — DEFEASANCE AND PARITY BONDS.” Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes have been levied and may also be levied in the future on the property within the District which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See “SPECIAL RISK FACTORS — Parity Taxes and Special Assessments” herein.

Appraisal Report

An MAI appraisal of the land and existing improvements within the District was prepared by Integra Realty Resources, Sacramento, California (the “Appraiser”). The appraisal is dated September 14, 2023, and entitled “Appraisal of Real Property Community Facilities District No. 2023-1 of the County of Orange (Rianda Phase 2B),” (the “Appraisal Report”). See APPENDIX B — “APPRAISAL REPORT.” The Appraisal Report provides an estimate of the approximate market value of the property in the District subject to the levy of Special Taxes, assuming development of the property as currently planned. As currently planned, development in the District will consist of 514 residential units. As of August 31, 2023, the Appraiser estimates that the market value of all of the parcels within the District subject to the Special Tax was \$191,420,000.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in APPENDIX B. The District makes no representation as to the accuracy of the Appraisal Report. See “THE COMMUNITY FACILITIES DISTRICT — Appraisal Report” and “— Appraised Value-to-Lien Ratios.” There is no assurance that property within the District 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 Tax for that parcel in the event of a default in payment of Special Taxes by the land owner. See “THE COMMUNITY FACILITIES DISTRICT,” “SPECIAL RISK FACTORS — Property Values” and APPENDIX B — “APPRAISAL REPORT” herein.

Description of the Bonds

General. The Bonds will be issued and delivered 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”) in the denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX H — “BOOK-ENTRY ONLY SYSTEM.”

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Trustee, all as described in the Indenture. See APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — GENERAL AUTHORIZATION AND BOND TERMS — Transfers Outside Book-Entry System” herein.

Redemption. The Bonds are subject to optional redemption, extraordinary redemption, and mandatory sinking fund redemption as described herein. In addition, the Escrow Term Bonds are subject to mandatory redemption in full on the Escrow Redemption Date unless certain conditions are met. See “THE BONDS — Redemption.” For more complete descriptions of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see “THE BONDS” and APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE” herein.

Tax Exemption

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, 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 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 tax. See the caption “TAX MATTERS” with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

Set forth in APPENDIX C is the form of opinion of Bond Counsel expected to be delivered in connection with the issuance of the Bonds. For a more complete discussion of such opinion and certain tax consequences incident to the ownership of the Bonds, see the caption “TAX MATTERS.”

Professionals Involved in the Offering

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee under the Indenture. Stifel, Nicolaus & Company, Incorporated and Piper Sandler & Co. are the underwriters (together, the “Underwriters”) of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure Counsel to the District in connection with the issuance of the Bonds. Certain legal matters will be passed on for the District and the County by the Office of the County Counsel, for the Underwriters by Best Best & Krieger LLP, Riverside, California, as counsel to the Underwriters, and for the Trustee by its counsel. Other professional services have been performed by Integra Realty Resources, Inc., Sacramento, California, as the Appraiser, Empire Economics, Inc., Capistrano Beach, California as Market Absorption Consultant, Fieldman, Rolapp & Associates, Inc., Irvine, California as municipal advisor to the County, and DTA, Inc., Irvine, California, as Special Tax Consultant, and initial dissemination agent under the Developer Continuing Disclosure Agreement, dated as of November 1, 2023, by and between the Special Tax Consultant and the Developer (the “Developer Continuing Disclosure Agreement”).

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds, see “FINANCIAL INTERESTS” herein.

Continuing Disclosure

The District has agreed to provide, or cause to be provided, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission (the “Rule”) certain financial information and operating data on an annual basis (the “District Reports”). The District has further agreed to provide, in a timely manner, notice of certain events with respect to the Bonds (the “Listed Events”). These covenants have been made in order to assist the Underwriters in complying with the Rule. The District Reports will be filed with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”) available on the Internet at <http://emma.msrb.org>. Notices of Listed Events will also be filed with the MSRB.

The District has not entered into any prior continuing disclosure obligations. The County will assist the District in preparing the District Reports. See “CONTINUING DISCLOSURE — District Continuing Disclosure.”

The Underwriters do not consider the Developer, any of the merchant builders or landbanks within the District to be an “obligated person” with respect to the Bonds for purposes of the Rule. However, to assist in the marketing of the Bonds, the Developer has agreed to provide, or cause to be provided on EMMA, updated information with respect to the development within the District (the “Developer Reports”), on a semiannual basis and notices of certain events until such undertaking is terminated in accordance with the Developer Continuing Disclosure Agreement (as defined herein).

See “CONTINUING DISCLOSURE” herein and APPENDIX F and APPENDIX G hereto for a description of the specific nature of the annual reports to be filed by the District and the Developer and notices of Listed Events and a copy of the continuing disclosure undertakings pursuant to which such Reports are to be made.

Bond Owners’ Risks

Certain events could affect the ability of the District to pay the principal of and interest on the Bonds when due. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Bonds. The Bonds are not rated by any nationally recognized rating agency. The purchase of the Bonds involves significant risks, and the Bonds may not be appropriate investments for certain investors. See “SPECIAL RISK FACTORS” herein.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds, and the constitution and laws of the State as well as the proceedings of the Board, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Copies of the Indenture, the Appraisal Report, and other documents and information are available for inspection and (upon request and payment to the District of a charge for copying, mailing and handling) for delivery from the Clerk of the Board of Supervisors’ office at 400 West Civic Center Drive, Santa Ana, California 92701.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Bond proceeds.

Sources of Funds:

Principal Amount of Bonds	\$
Plus/Less Net Original Issue Premium/Discount	_____
Total Sources	\$ _____

Uses of Funds:

Acquisition and Construction Fund ⁽¹⁾	\$
Interest Account ⁽²⁾	
Administrative Expense Account	
Costs of Issuance ⁽³⁾	
Reserve Account ⁽⁴⁾	_____
Escrow Fund ⁽⁵⁾	
Escrow Interest Account ⁽⁶⁾	
Total Uses	\$ _____

⁽¹⁾ Acquisition and Construction Fund includes the Project Facilities Account, the Fire Facilities Account, the Other Facilities Account, the School Facilities Account and the Water Facilities Account.

⁽²⁾ Amounts to fund capitalized interest on a portion of the Bonds through August 15, 2024.

⁽³⁾ Includes Underwriters' Discount, Bond Counsel fees, Disclosure Counsel Fees, Special Tax Consultant fees, Municipal Advisor fees, Trustee fees, printing costs and other issuance costs.

⁽⁴⁾ Amount does not include the Escrow Term Bonds in the calculation of the Reserve Requirement as of the date of issuance of the Bonds. If amounts are released from the Escrow Fund to the Acquisition and Construction Fund upon satisfaction of certain conditions, a certain amount will also be transferred from the Escrow Fund to the Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement as of the Escrow Disbursement Date (as defined herein). See "SOURCES OF PAYMENT FOR THE BONDS — Escrow Fund."

⁽⁵⁾ Amounts in the Escrow Fund may be released to the Acquisition and Construction Fund and to the Reserve Account of the Special Tax Fund upon satisfaction of certain conditions or will be used redeem Escrow Term Bonds in full on the Escrow Redemption Date (August 15, 2026). See "THE BONDS — Redemption — *Special Mandatory Redemption from Escrow Fund Transfer*" and "SOURCES OF PAYMENT FOR THE BONDS — Escrow Fund."

⁽⁶⁾ Amounts in the Escrow Interest Account have been sized to be sufficient to pay interest on the Escrow Term Bonds up through and including August 15, 2026. See "SOURCES OF PAYMENT FOR THE BONDS — Escrow Fund."

Source: The Underwriters.

THE BONDS

General Provisions

The Bonds will be dated as of their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each February 15 and August 15, commencing on February 15, 2024 (each, an "Interest Payment Date"), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement.

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on that Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

As used herein, Record Date means the first day of the month in which any Interest Payment Date occurs, regardless of whether such day is a Business Day.

Interest on any Bond will be paid to the person whose name appears in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. In the event the Bonds are not held in book-entry form, such interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the Bondowner at its address on the Bond Register. In addition, with respect to any Bonds owned by the District and upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds, payment will be made by wire transfer in immediately available funds to an account designated by such Owner.

Principal of the Bonds and any premium due upon redemption is payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Trustee in Los Angeles, California.

The Bonds will be issued as fully registered bonds 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 thereof. So long as DTC is the securities depository all payments of principal and interest on the Bonds will be made to DTC and will be paid to the Beneficial Owners in accordance with DTC's procedures and the procedures of DTC's Participants. See APPENDIX H — "BOOK-ENTRY-ONLY SYSTEM."

Debt Service Schedule

The following table presents the annual debt service on the Bonds (including sinking fund redemption), assuming there are no optional or extraordinary redemptions and assuming the conditions to the release of amounts in the Escrow Fund to the Acquisition and Construction Fund are satisfied prior to the Escrow Closing Date (i.e. the Escrow Term Bonds are not redeemed pursuant to the provision described under "THE BONDS — Redemption — *Special Mandatory Redemption from Escrow Fund Transfer*"). It should be noted, however, that the Indenture requires redemption of the Escrow Term Bonds in full from amounts transferred from the Escrow Fund should the conditions to the release of amounts in the Escrow Fund to the Acquisition and Construction Fund not be satisfied by the Escrow Closing Date. Amounts deposited into the Escrow Interest Account on the date of issuance of the Bonds have been sized to be sufficient to pay interest on the Escrow Term Bonds up through and including August 15, 2026. See "SOURCES OF PAYMENT FOR THE BONDS" and "THE BONDS — Redemption."

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<i>Date</i> <i>(August 15)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
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Total	\$	\$	\$
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Source: The Underwriters.

Redemption

Optional Redemption.* The Bonds maturing on or after August 15, 2032 may be redeemed, at the option of the District from any source of funds on any date on or after August 15, 2031, in whole, or in part from such maturities as are selected by the District and by lot within a maturity, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Price</i>
August 15, 2031 through and including August 14, 2032	102%
August 15, 2032 through and including August 14, 2033	101
August 15, 2033 and any date thereafter	100

* *Preliminary, subject to change.*

Extraordinary Redemption from Special Tax Prepayments.* The Bonds are subject to extraordinary redemption as a whole or in part, on any Interest Payment Date on and after February 15, 2024, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account plus amounts transferred from the Reserve Account to the Redemption Account pursuant to the Indenture, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Price</i>
February 15, 2024 through and including February 15, 2031	103%
August 15, 2031 and February 15, 2032	102
August 15, 2032 and February 15, 2033	101
August 15, 2033 and each Interest Payment Date thereafter	100

Prepayments and amounts released from the Reserve Account in connection with Prepayments will be allocated to the payment at maturity and redemption of Bonds and any Parity Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of the Bonds and any Parity Bonds. Amounts allocated to the redemption of the Bonds shall be applied to redeem Bonds maturing on and after August 15, 2024 and Parity Bonds as nearly as practicable on a pro rata basis among maturities in increments of \$5,000; provided, however, that, for Prepayments of less than \$50,000, the District may specify in a Certificate of an Authorized Representative that Prepayments be applied to one or more maturities of the Bonds or Parity Bonds so long as there is delivered to the Trustee a Certificate of the Special Tax Consultant that, following such application of the Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Taxable Property is not less than 110% of Annual Debt Service in the Bond Year that begins in such Fiscal Year.

See the caption “SPECIAL RISK FACTORS—Potential Early Redemption of Bonds from Prepayments or Community Facilities District Bond Proceeds” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a special mandatory redemption from prepayment of Special Taxes or from bond proceeds of other community facilities districts.

Mandatory Sinking Fund Redemption.* The Term Bonds maturing on August 15, 20__ (the “20__ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on August 15, 20__, and on each August 15 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

<i>Sinking Fund Redemption Date</i> <i>(August 15)</i>	<i>Sinking Fund Payments</i>
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The Term Bonds maturing on August 15, 20__ (the “20__ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on August 15, 20__, and on each August 15 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

* *Preliminary, subject to change.*

***Sinking Fund Redemption Date
(August 15)***

Sinking Fund Payments

The Escrow Term Bonds shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on August 15, 20__, and on each August 15 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Escrow Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Escrow Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

***Sinking Fund Redemption Date
(August 15)***

Sinking Fund Payments

In the event of a partial optional redemption or extraordinary redemption of Term Bonds or Escrow Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds or Escrow Term Bonds will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000.

Special Mandatory Redemption from Escrow Fund Transfer. If the Release Test (as defined herein) for disbursement from the Escrow Fund pursuant to the Indenture has not been satisfied by the Escrow Closing Date (July 1, 2026), the Escrow Term Bonds shall be subject to special mandatory redemption on the Escrow Redemption Date (August 15, 2026), in whole, from amounts transferred from the Escrow Fund and the Escrow Interest Account to the Redemption Account pursuant to the Indenture, in integral multiples of \$5,000, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

Notice of Redemption. So long as the Bonds are held in book-entry form, the Beneficial Owners will not be mailed any notice of redemption by the Trustee. It is the responsibility of DTC Participants to provide such notice. See APPENDIX H — “BOOK-ENTRY ONLY SYSTEM.” The Trustee is obligated to provide at least 30 days but not more than 45 days prior to the date of redemption, notice of intended redemption, by first-class mail, postage prepaid, to the respective registered owners of the Bonds at the addresses appearing on the Bond registration books; provided, however, so long as the Bonds are registered in the name of the Nominee, such notice shall be given in such manner as complies with the requirements of the Depository. The notice of redemption must: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds are subject to redemption, or all the Bonds of one maturity are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally issued; (vii) state the rate of interest borne by each Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Trustee. Such notice must further state that on the date fixed for redemption, there will become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any

premium, and interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable.

So long as notice of redemption has been provided as set forth in the Indenture, the actual receipt by the owner of any Bond of notice of such redemption is not a condition precedent to redemption, and neither the failure to receive such notice nor any defect therein will affect the validity of the proceedings for redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Any redemption notice for an optional redemption of the Bonds delivered in accordance with the Indenture may be conditional, and, if any condition stated in the redemption notice has not been satisfied on or prior to the redemption date: (i) the redemption notice will be of no force and effect, (ii) the District will not be required to redeem such Bonds, (iii) the redemption will not be made, and (iv) the Trustee will within a reasonable time thereafter give notice to the persons to whom such conditional redemption notice was given in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Effect of Redemption. When notice of redemption has been given, and when the amount necessary for redemption has been made available for that purpose and is available therefor on the date fixed for such redemption, the Bonds designated for redemption will become due and payable on the date fixed for redemption upon presentation and surrender of the Bonds at the place specified in the notice of redemption. Bonds or portions thereof so designated for redemption will be deemed to be no longer Outstanding and such Bonds, or portions thereof, will cease to bear further interest from and after the redemption date. As of the date fixed for redemption no Owner of any of the Bonds or portions thereof so designated for redemption will be entitled to any of the benefits of the Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

Purchase in lieu of Redemption. The Bonds may be purchased by the District in lieu or partially in lieu of redemption of Bonds. See APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — CREATION OF FUNDS AND APPLICATION OF PROCEEDS — Redemption Account of the Special Tax Fund.”

Registration, Transfer and Exchange

Registration. The Trustee will keep sufficient books for the registration and transfer of the Bonds. The ownership of the Bonds will be established by the Bond registration books held by the Trustee.

Transfer or Exchange. Whenever any Bond is surrendered for registration of transfer or exchange, the Trustee will authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount of authorized denominations; provided that the Trustee will not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date of any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund (other than the Administrative Expense Account therein), including amounts held in the Reserve Account therein, and the Escrow Fund (and the Escrow Interest Account therein) (to the limited extent described herein), for the

exclusive benefit of the owners of the Bonds, and foreclosure proceeds resulting from the sale of delinquent parcels if and when available.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE COUNTY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE COUNTY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES TO BE LEVIED IN THE DISTRICT AND CERTAIN OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Special Taxes

Authorization and Pledge. In accordance with the provisions of the Act, the County established the District on April 11, 2023 for the purpose of financing the various public improvements required in connection with the proposed development within the District. On April 11, 2023, an election was held within the District at which the landowners eligible to vote approved the issuance of bonds for the District in an amount not to exceed \$95,000,000, secured by special taxes levied on property within the District to finance the Facilities. The landowners within the District also voted to approve the Rate and Method which authorized the Special Tax to be levied to repay indebtedness of the District, including the Bonds.

Section H of the Rate and Method provides for the process by which the District shall, upon the issuance of the Bonds, reduce the Assigned Special Tax rate for any Plan Type in a Land Use Class in a Zone such that the Total Effective Tax Rate (as such terms are defined in the Rate and Method) for such Plan Type will not exceed 2.00%. In accordance with Section H of the Rate and Method and the Price Point Study, the Assigned Special Tax and Backup Special Tax rates for all six Zones have been reduced from the amounts originally set forth in the Rate and Method approved for the District. The Assigned Special Tax and Backup Special Tax rates, as revised, are included in the Rate and Method attached hereto as APPENDIX A.

The District will covenant in the Indenture that it will levy Special Taxes up to the maximum rates permitted under the Rate and Method in an amount sufficient, together with other amounts on deposit in the Special Tax Fund, to pay the principal of and interest on any Outstanding Bonds and any Parity Bonds, to maintain the Reserve Account at the Reserve Requirement and to pay the estimated Administrative Expenses.

The “Special Taxes” are the special taxes authorized to be levied and collected by the District in accordance with the Ordinance, the Resolution of Formation and the Act. The Special Taxes are collected in the manner and at the same time as *ad valorem* property taxes are collected and are 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. See APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The “Net Taxes” pledged by the District to secure the repayment of the Bonds (and any Parity Bonds) is defined in the Indenture as the “Gross Taxes” minus amounts permitted to be set aside prior to the payment of the principal of and interest on the Bonds and Parity Bonds in order to pay Administrative Expenses.

“Gross Taxes” is defined in the Indenture as the amount of all Special Taxes received by the District from the Treasurer-Tax Collector, together with all payments made with respect to tax-defaulted parcels (including all delinquent and redemption penalties, fees and costs) and the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture, but excluding any payment of Special Taxes on tax-defaulted parcels, including all delinquent and redemption penalties, fees and costs and the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture, so long as the

County has paid to the District the Special Taxes levied for a tax defaulted parcel pursuant to the Teeter Plan (as defined herein).

Except for Prepayments which shall be deposited to the Interest Account, the Principal Account and/or the Redemption Account as specified in the Indenture, the Trustee will, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund. The Trustee will transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Indenture, in the following order of priority, to:

- (1) The Administrative Expense Account of the Special Tax Fund in an amount needed to pay Administrative Expenses when due (not to exceed the Administrative Expenses Cap);
- (2) The Interest Account of the Special Tax Fund;
- (3) The Principal Account of the Special Tax Fund;
- (4) The Redemption Account of the Special Tax Fund;
- (5) The Reserve Account of the Special Tax Fund;
- (6) The Rebate Fund; and
- (7) The Surplus Fund.

See APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE.”

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. See APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” hereto. There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See the caption “*Limitation on Special Tax Levy and Potential Impact on Coverage*” below and “SPECIAL RISK FACTORS — Insufficiency of Special Taxes” herein.

Rate and Method of Apportionment of Special Tax. The District is legally authorized and will covenant to cause the levy of the Special Taxes in an amount determined according to a methodology, i.e., the Rate and Method which the Board of Supervisors and the electors within the District have approved. The Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in the District as more particularly described below.

The District is comprised of six tax zone areas (each a “Zone”). The Zones generally coincide with the different product types that are being developed within the District and the different merchant builders that have purchased, or are under contract to purchase, properties in the District.

The following is a synopsis of the provisions of the Rate and Method for the District, which should be read in conjunction with the complete text of the Rate and Method which is attached as APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” The meaning of the defined terms used in this section are as set forth in APPENDIX A. This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX A.

Assignment to Land Use Categories. Each Fiscal Year, all Taxable Property within Zones 1 through 6 of the District shall be classified as Developed Property, Taxable Conservation Property, Taxable Public Property, Taxable Property Owner Association Property, Taxable Religious Property, Undeveloped Property,

or Exempt Welfare Exemption Property, and shall be subject to Special Taxes in accordance with the Rate and Method determined pursuant to Sections C and D of APPENDIX A. The Assigned Special Tax for Residential Property shall be based on the Zone in which the Assessor’s Parcel is located, the number of dwelling units, and the Residential Floor Area of the dwelling units located on the Assessor’s Parcel. The Assigned Special Tax for Non-Residential Property shall be based on the Zone in which the Assessor’s Parcel is located and the Acreage of the Assessor’s Parcel.

The term “Developed Property” is defined in the Rate and Method as, for each Fiscal Year, all Taxable Property, exclusive of Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property, for which a building permit for new construction was issued prior to January 1 of the prior Fiscal Year.

Exemptions. No Special Tax shall be levied on Conservation Property, Property Owner Association Property, Public Property, or Religious Property, so long as the Acreage of Taxable Property in each Zone is at least equal to the “Minimum Taxable Acreage,” as defined in the Rate and Method. The Minimum Taxable Acreage for all Zones are shown in Table 9 of the Rate and Method.

Maximum Special Tax, Assigned Annual Special Tax and Backup Special Tax.

Maximum Special Tax. The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property within a particular Zone shall be the greater of (i) the amount derived by application of the Assigned Special Tax for such Zone or (ii) the amount derived by application of the Backup Special Tax for such Zone. The Maximum Special Tax for an Assessor’s Parcel of Undeveloped Property, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property or Taxable Religious Property within each Zone is shown in Table 8 of the Rate and Method attached as APPENDIX A and ranges from \$119,752 to \$269,049 per Acre for Fiscal Year 2023-24.

Assigned Special Tax. The Fiscal Year 2023-24 Assigned Special Tax for each Land Use Class within each Zone is shown in Tables 1 through 6 of the Rate and Method attached as APPENDIX A. Assigned Special Tax rates have been established for Residential Property and Non-Residential Property in the six taxable Zones. The number of units projected in each Zone are as follows:

<i>Zone</i>	<i>Projected Residential Development</i>	<i>Merchant Builder</i>
1	106	Lennar
2	93	Trumark
3	82	Pulte
4	69	Lennar
5	82	Shea
6	<u>82</u>	TRI Pointe Homes
Total Residential Units	<u>514</u>	

The Assigned Special Tax levied against Developed Property that is Residential Property will generally correlate with the residential square footage of the unit in question. Section H of the Rate and Method provides for the process by which the District shall, upon the issuance of the Bonds, reduce the Assigned Special Tax rate for any Plan Type in a Land Use Class in a Zone such that the Total Effective Tax Rate (as such terms are defined in the Rate and Method) for such Plan Type will not exceed 2.00%. In accordance with Section H of the Rate and Method and the Price Point Study, the Assigned Special Tax and Backup Special Tax rates for all six Zones have been reduced from the amounts originally set forth in the Rate and Method approved for the District. The Assigned Special Tax and Backup Special Tax rates for each Zone, as revised, are included in the Rate and Method attached hereto as APPENDIX A.

Attachment C

The Assigned Special Tax levied against Non-Residential parcels of Developed Property within each Zone will generally be determined on a per acre basis. For a detailed description of Assigned Special Taxes for Non-Residential Property that is Developed Property, see the Rate and Method attached as APPENDIX A.

Multiple Land Use Classes. In some instances an Assessor's Parcel may contain both Undeveloped Property and Developed Property. Furthermore, Developed Property may contain more than one Land Use Class. In such cases, the Acreage of the Assessor's Parcel will be allocated between Developed Property and Undeveloped Property based on the portion of the Assessor's Parcel for which building permits had been issued prior to January 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which building permits had not been issued prior to January 1 of the prior Fiscal Year. The Acreage that is considered Developed Property will be allocated between Residential Property and Non-Residential Property based on the site plan or other applicable document as determined by the CFD Administrator. The Maximum Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax that can be levied on each type of property located on that Assessor's Parcel.

Backup Special Tax. The Fiscal Year 2023-24 Backup Special Taxes are detailed in Table 7 of the Rate and Method attached as APPENDIX A and range from \$116,378 to \$232,932 per Acre.

Annual Increases. On each July 1, commencing on July 1, 2024, the Assigned Special Tax and the Backup Special Tax for Developed Property will be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year. On each July 1, commencing July 1, 2024, the Maximum Special Tax for Undeveloped Property, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property and Taxable Religious Property will be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

Method of Apportionment of Special Tax. Commencing with Fiscal Year 2023-24 and for each following Fiscal Year, the Board of Supervisors shall levy the Special Tax until the amount of Special Taxes levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property for which the Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Conservation Property, Taxable Property Owner Association Property and Taxable Religious Property at up to the Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property and Taxable Religious Property, as applicable; and

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property at up to the Maximum Special Tax for Taxable Public Property.

Notwithstanding the above, under no circumstances will the Special Tax levied in a Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within the District. To the extent that the levy of the Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Special Tax on all other Assessor's Parcels shall continue in equal percentages at up to 100% of the Maximum Special Tax.

Prepayment of Annual Special Taxes. The Special Tax obligation for an Assessor's Parcel may be prepaid in full, or in part, provided that the terms set forth under the Rate and Method are satisfied. The Prepayment Amount is calculated based on the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount, Administrative Fees and Expenses and less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any) and less capitalized interest (if any), all as specified in Section G of the Rate and Method attached as APPENDIX A. Prepayments of Special Taxes will be applied to effect an extraordinary redemption of Bonds and Parity Bonds. See "THE BONDS — Redemption — *Extraordinary Redemption from Special Tax Prepayments.*"

Estimated Debt Service Coverage. In order to size the Bonds, the District evaluated the maximum Assigned Special Taxes that could be levied based on projected build out (based on the reduced Assigned Special Tax rates following completion of the Price Point Study). Assuming an Administrative Expense Requirement of \$75,000 (which escalates at 2.00% per Fiscal Year, commencing July 1, 2024) and build out within the District as planned, Net Taxes (based on the maximum Assigned Special Taxes) would not be less than 110% of debt service on the Bonds in each Bond Year which begins in a Fiscal Year, assuming that the Release Test is met prior to the Escrow Closing Date to allow the amounts in the Escrow Fund to be released to the Acquisition and Construction Fund. Pursuant to the Rate and Method, and subject to the Maximum Special Taxes prescribed therein and permitted by the Act, the District will only levy Special Taxes in an amount sufficient to achieve the Special Tax Requirement.

While the maximum Special Tax rates, if levied in accordance with the Rate and Method, would produce coverage levels of Net Taxes which are higher than 110% of debt service in certain circumstances, because of the limitations imposed by Section 53321(d) of the Government Code, investors should assume that the maximum amount that could be levied in any Fiscal Year is the amount that would produce Net Taxes equal to 110% of debt service due on the Bonds in the corresponding Bond Year.

Limitation on Special Tax Levy and Potential Impact on Coverage. Pursuant to Section 53321(d) of the Government Code, the Special Tax levied against any Assessor's parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Assessor's parcel within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the Special Tax levy to the Assigned Special Tax in all years. Subject to the limitations on the District's ability to levy the necessary amount of Special Taxes as imposed by Section 53321(d) of the Government Code, the District can levy Special Taxes on Undeveloped Property up to the applicable Maximum Special Tax rates to make-up all or a portion of any shortfall in the Special Tax levy.

Collection of Special Taxes. The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes. The District may, however, collect the Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

The County assesses and collects secured and unsecured property taxes for the cities, school districts, and special districts within the County, including the Special Taxes for the District. The delinquency dates for property tax payment are December 10 for the first installment and April 10 for the second installment. Once

the property taxes are collected, the County conducts its internal reconciliation for accounting purposes and distributes the County's share of such taxes (including the Special Taxes), periodically and typically pursuant to a published schedule. Prior to distribution, the moneys are deposited in an account established on behalf of the County in the Orange County Investment Pool (the "Pool") which is invested by the County Treasurer. If the County or the Pool were at any time to become subject to bankruptcy proceedings, it is possible that District property taxes held in the Pool (including the Special Taxes), if any, could be temporarily unavailable to the County. The District participates in the County's Teeter Plan, which is an alternate method for allocating property taxes by counties. A Teeter Plan allows counties to allocate one hundred percent (100%) of property taxes billed to participating taxing entities in exchange for retaining future delinquent tax payments, penalties and interest.

The District will make certain covenants in the Indenture for the purpose of ensuring that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the District's ability to collect sufficient Special Taxes to pay debt service on the Bonds and Administrative Expenses when due. First, the District will covenant that, to the extent it is legally permitted to do so, it will not reduce the maximum Special Tax rates and will oppose the reduction of maximum Special Tax rates by initiative where such reduction would reduce the maximum Special Taxes below current levels unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, among other things, on the basis of the parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the Rate and Method then in effect in the District) in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least the sum of the estimated Administrative Expenses Cap and 110% of gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds and Parity Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. Notwithstanding the foregoing, the District may modify, alter or amend the Rate and Method in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on Developed Property below the amounts which will equal at least the sum of the Administrative Expenses Cap and 110% of gross debt service in each Bond Year on all Bonds and Parity Bonds Outstanding.

Second, the District will covenant not to permit the tender of Bonds or Parity Bonds in payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due. See APPENDIX E — "SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE."

Although the Special Taxes constitute liens on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. In addition to the obligation to pay Special Taxes, properties in the District are subject to other assessments and special taxes as set forth in Table 2 herein. These other special taxes and assessments are co-equal to the lien for the Special Taxes. Moreover, other liens for taxes and assessments could come into existence in the future in certain situations without the consent or knowledge of the County or the landowners in the District. See "SPECIAL RISK FACTORS — Parity Taxes and Special Assessments" herein. There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described in the section of this Official Statement entitled "SPECIAL RISK FACTORS."

Proceeds of Foreclosure Sales. The proceeds of delinquent Special Taxes received following a judicial foreclosure sale of parcels within the District resulting from a landowner's failure to pay the Special Taxes when due, up to the amount of the delinquent Special Tax lien, are included within the Net Taxes pledged to the payment of principal of and interest on the Bonds under the Indenture, except any payment of Special Taxes on tax-defaulted parcels, including all delinquent and redemption penalties, fees and costs, and

the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture, so long as the County has paid to the District the Special Taxes levied for a tax-defaulted parcel pursuant to the Teeter Plan established by the County.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Tax levied, the Board of Supervisors of the County, as the legislative body of the District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District will covenant for the benefit of the Owners of the Bonds that it will commence judicial foreclosure proceedings against parcels which are delinquent in payment of four or more installments of Special Taxes by the October 1 following the close of the Fiscal Year in which the fourth delinquent installment of Special Taxes was due and will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied on such parcels, and diligently pursue to completion such foreclosure proceedings.

Notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Account is at least equal to the Reserve Requirement.

See APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — COVENANTS AND WARRANTY” herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Account) have been exhausted, debt service payments on the Bonds could be delayed until the foreclosure proceedings have ended with the receipt of any foreclosure sale proceeds. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions, involvement by agencies of the federal government and other factors beyond the control of the County and the District. See “SPECIAL RISK FACTORS — Bankruptcy and Foreclosure” herein. Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See “SPECIAL RISK FACTORS — Property Values” herein. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the County any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* property taxes.

Reserve Account of the Special Tax Fund

In order to secure further the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in the Reserve Account an amount equal to the Reserve Requirement and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement. The Indenture provides that the amount to be maintained in the Reserve Account as the Reserve Requirement shall, as of any date of calculation, equal the lesser of (i) 10% of the initial principal amount of the Bonds and any Parity Bonds; (ii) the Maximum Annual Debt Service on the then Outstanding Bonds and any Parity Bonds; or (iii) one hundred twenty-five percent (125%) of average annual debt service on the then Outstanding Bonds and any Parity Bonds; provided, however, that the Reserve Requirement shall not increase beyond \$_____, the Reserve Requirement as of the Delivery Date of the Bonds, except upon the issuance of Parity Bonds or in connection with a release from the Escrow Fund as set forth in the Indenture; and provided further that, in calculating the amounts referred to in the preceding clauses (i), (ii) and (iii), there will be excluded the debt service on, or the principal amount of, as applicable, the Escrow Term Bonds as of such date of calculation unless the Release Test is satisfied. As of the date of issuance of the Bonds, the Reserve

Requirement will be fully funded in the amount of \$_____ from proceeds of the portion of the Bonds which are not Escrow Term Bonds.

Upon satisfaction of the Release Test, a portion of the amount in the Escrow Fund will be transferred to the Reserve Account to increase the amount therein to the Reserve Requirement, taking into account the debt service on, or the principal amount of, as applicable, the Escrow Term Bonds.

Subject to the limits on the maximum annual Special Tax which may be levied within the District in accordance with the Rate and Method set forth in APPENDIX A, the District will covenant to levy Special Taxes in an amount that is anticipated to be sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Reserve Account at the Reserve Requirement. Amounts in the Reserve Account are to be applied to (i) pay debt service on the Bonds and any Parity Bonds, to the extent other moneys in the Interest Account and the Principal Account are insufficient therefor; (ii) make any required transfer to the Rebate Fund pursuant to the Indenture; (iii) redeem the Bonds and any Parity Bonds in whole or in part; and (iv) pay the principal and interest due in the final year of maturity of a series of the Bonds and any Parity Bonds. See APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — CREATION OF FUNDS AND APPLICATION OF PROCEEDS — Reserve Account of the Special Tax Fund” herein.

Surplus Fund

After the deposit to the Administrative Expense Account, the payment of principal of and interest on the Bonds and any Parity Bonds when due, transfers to the Redemption Account to pay principal of and premium, if any, on Bonds and any Parity Bonds called for redemption, transfers to replenish the Reserve Account to the Reserve Requirement and any required transfers to the Rebate Fund, as soon as practicable after each August 15, and in any event prior to each September 1, the Trustee will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, other than amounts in the Special Tax Fund which (i) the District has included as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to the Indenture or (ii) amounts are to be transferred to the Acquisition and Construction Fund because such amounts were included in the levy of Special Taxes for the previous Fiscal Year to pay for the acquisition or construction of the Project. Moneys deposited in the Surplus Fund may be applied to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor, to replenish the Reserve Account to the Reserve Requirement, to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Account of the Special Tax Fund are insufficient to pay Administrative Expenses, to pay Project Costs, or for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or any Parity Bonds and may be used by the District for any lawful purpose.

Issuance of Parity Bonds for Refunding Only

The District may issue Parity Bonds, in addition to the Bonds, which shall be secured by a lien on the Net Taxes and amounts on deposit in the Special Tax Fund (other than the Administrative Expense Account) on a parity with the Outstanding Bonds as provided herein. The Parity Bonds may be issued only for the purpose of defeasing and refunding a portion of the Outstanding Bonds or other Parity Bonds, but only if such defeasance and refunding will not result in an increase in Annual Debt Service in any Bond Year. The Parity Bonds shall be issued by means of a Supplemental Indenture and without the consent of any Bondowners, upon compliance with the provisions of the Indenture. The District may issue such Parity Bonds subject to, among others, the following specific conditions:

Attachment C

(A) The District shall be in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(B) The Supplemental Indenture providing for the issuance of such Parity Bonds shall provide the date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date shall fall on an August 15, (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates.

(C) The District shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee shall accept any of such documents bearing a prior date):

(1) A certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(2) A written request of the District as to the delivery of such Parity Bonds;

(3) An opinion of Bond Counsel and/or County Counsel to the effect that (a) the District has the right and power under the Act to adopt, execute and deliver the Indenture and the Supplemental Indentures relating to such Parity Bonds, and the Indenture and all such Supplemental Indentures have been duly and lawfully executed and delivered by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (b) the Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (c) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Indenture and all Supplemental Indentures thereto and entitled to the benefits of the Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) A certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture; and

(5) A certificate from one or more Independent Financial Consultants which, when taken together, certify that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds.

See APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — DEFEASANCE AND PARITY BONDS — Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness.”

Escrow Fund

On the date of issuance of the Bonds, \$_____ * of the proceeds of the Escrow Term Bonds will be deposited in into the Escrow Fund and \$_____ * of the proceeds of the non-escrowed Bonds will be deposited into the Escrow Interest Account. The foregoing amount deposited in the Escrow Interest Account has been calculated to be sufficient to pay interest on the principal amount of the Escrow Term Bonds to the Escrow Redemption Date (August 15, 2026). Prior to the Escrow Closing Date (July 1, 2026) and the Escrow Disbursement Date (as defined below), on the Business Day prior to each Interest Payment Date, amounts will be transferred from the Escrow Interest Account to the Interest Account of the Special Tax Fund to pay interest due since the prior Interest Payment Date on the principal amount of Bonds on deposit in the Escrow Fund.

As long as the Release Test is satisfied prior to the Escrow Closing Date (July 1, 2026), amounts in the Escrow Fund may be released for deposit in the Interest Account, the Reserve Account and the Acquisition and Construction Fund (or an account therein) at one time and in whole, only if certain conditions to the release (the "Release Test") as set forth in the Indenture are satisfied; provided, however, that the release shall occur on any date other than an Interest Payment Date (the "Escrow Disbursement Date"), but not in the five days preceding an Interest Payment Date. The Release Test is as follows:

At least ten (10) Business Days prior to the Escrow Disbursement Date, the District and the Trustee shall have received a Certificate of the Special Tax Consultant certifying that (a) the Appraised Value of Property is at least three (3) times the sum of the principal amount of the Outstanding Bonds and the Overlapping Debt, including within such calculation the principal amount of the Escrow Term Bonds, (b) the Special Taxes levied each Fiscal Year at the Assigned Special Tax rates, assuming full buildout in the District and including any Special Taxes to be levied on any then delinquent parcels, is at least 110% of gross debt service for the Bond Year commencing in such Fiscal Year on all outstanding Bonds (including debt service on the Escrow Term Bonds), plus the Administrative Expenses Cap; and (c) the Special Taxes levied each Fiscal Year at the Assigned Special Tax rates, assuming full buildout in the District and excluding Special Tax revenues from any then delinquent parcels, is at least 109% of gross debt service for the Bond Year commencing in such Fiscal Year on all outstanding Bonds (including debt service on the Escrow Term Bonds), plus the Administrative Expenses Cap.

If the Release Test as described above is satisfied prior to the Escrow Closing Date, the Trustee shall transfer the amounts then on deposit in the Escrow Fund and the Escrow Interest Account as follows:

(i) First, the Trustee shall transfer from the Escrow Interest Account to the Interest Account of the Special Tax Fund an amount sufficient to pay interest on the Escrow Term Bonds on each Interest Payment Date that will occur before Special Taxes can be levied and collected in an amount sufficient to pay such interest;

(ii) Second, the Trustee shall transfer from the Escrow Fund to the Reserve Account, an amount sufficient to cause the amount on deposit in the Reserve Account to be at least equal to the Reserve Requirement (calculated as if the disbursement from the Escrow Fund to the Acquisition and Construction Fund had already occurred); and

(iii) Third, the Trustee shall transfer from the remaining amounts in the Escrow Fund and the Escrow Interest Account, to one or more Accounts within the Acquisition and Construction Fund, as directed in writing by the Authorized Representative of the District on the Escrow Disbursement Date.

The Trustee shall not disburse any funds from the Escrow Fund or the Escrow Interest Account as described above if the Release Test is not satisfied prior to the Escrow Closing Date except that on the Escrow Redemption Date the Trustee shall transfer the amounts on deposit in the Escrow Fund and the Escrow Interest

* Preliminary, subject to change.

Account to the Redemption Account of the Special Tax Fund, to be applied to the redemption of Escrow Term Bonds on the Escrow Redemption Date as described under “THE BONDS—Redemption— *Special Mandatory Redemption from Escrow Fund Transfer*,” with any excess not required to pay the redemption price transferred to the Interest Account. After the foregoing transfers, the Escrow Fund and the Escrow Interest Account shall be closed.

Teeter Plan

The District is included in the County’s Teeter Plan and, as described below, so long as the Teeter Plan remains in effect with respect to the District, the District will be paid 100% of the amount of Special Taxes levied regardless of whether the County has actually collected said taxes. To the extent that the County’s Teeter Plan continues in existence and is carried out as adopted, the County’s Teeter Plan may help to protect the Owners of the Bonds from the risk of delinquencies in Special Taxes.

In 1949, the California Legislature enacted an alternative method for the distribution of secured property taxes to local agencies. This method, known as the Teeter Plan, is now set forth in Section 4701-4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as “bank” and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. A county benefits from the Teeter Plan by retaining penalties associated with these delinquent taxes when they are paid and the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

To implement a Teeter Plan, the board of supervisors of the county generally must elect to do so by July 15 of the fiscal year in which it is to apply. The Board of Supervisors adopted the Teeter Plan on June 29, 1993 and has elected to include in its Teeter Plan special taxes levied in certain community facilities districts, including the District, on the secured roll.

Once adopted, a county’s Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. See “SPECIAL RISK FACTORS — Teeter Plan Termination.” The County has never discontinued the Teeter Plan with respect to any levying agency.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of special taxes and assessments (if a county has elected to include assessments), 100% of the special tax delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the special tax. After the initial distribution, each participating local agency receives annually 100% of the levied amount of the secured property tax to which it is otherwise entitled, regardless of whether the county has actually collected the property taxes.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan.

THE COMMUNITY FACILITIES DISTRICT

General Description of the District

The District is located in the southern portion of the County of Orange (the “County”) generally to the north of Cow Camp Road, approximately one mile east of its intersection with Los Patrones Parkway. More specifically, the District is located to the northeast of the intersection of Legado Road and Saddle Way. The land within which the District sits is part of a larger area acquired through a series of Mexican land grants from 1843-1845. The areas conveyed by these land grants included the areas of the County known as the Rancho La Paz, Mission San Juan Capistrano, Rancho Trabuco, Rancho Santa Margarita, and Las Flores (collectively, this property is referred to as the “Ranch”). In 1939, the Ranch was split in two, with representatives of the O’Neill family retaining the portion located in Orange County, and representatives of the Flood family retaining the southern portion located in San Diego County. In 1942, the United States Marine Corps acquired the entire southern portion to expand Camp Pendleton. After World War II, what remained of the historic Ranch encompassed two Orange County parcels, united under the name of Rancho Mission Viejo. These two parcels totaled 52,000 acres.

In 1966, the O’Neill family and its partners established The Mission Viejo Company and embarked on residential development of a 10,000 acre master planned community now known as the City of Mission Viejo. In 1972, The Mission Viejo Company was sold to Philip Morris Inc., which completed the master planned community. Rancho Mission Viejo, the entity established by the O’Neill family and its partners to develop the remaining Ranch land, is responsible for the creation and development of the master planned communities of Rancho Santa Margarita, Las Flores, and Ladera Ranch. Between the years 2001 and 2009, Rancho Mission Viejo secured all approvals for a comprehensive land use management/operation and open space preservation plan for the remaining 22,815 acres of the family ranch. With these approvals secured, new communities have been developed over the last few decades within the Ranch and development is currently ongoing. At buildout, approximately 25% of the land in the Ranch is expected to be developed into residential and non-residential uses. The remaining 75% is expected to be set-aside in perpetuity as a permanent habitat reserve covered by a conservation easement to a 501c(3) non-profit corporation known as “The Reserve at Rancho Mission Viejo.”

The Ranch plan entitlement approved in 2004 (as described under PROPERTY OWNERSHIP AND THE DEVELOPMENT—The Development —*Entitlements for the Overall Rancho Mission Viejo Ranch Plan Planned Community*” below) encompasses a phased development of 14,000 homes and five million square feet of non-residential land use for the 22,815 acre Ranch Plan MPC. The first phase of the Ranch Plan MPC is a project called Sendero, which comprises approximately 500 gross acres and includes 655 market-rate residential units, 286 age-qualified residential units, 286 apartment units, 107 affordable senior units and approximately 15 acres of retail and other non-residential uses. Development within Sendero commenced construction in 2013 and the final homes sold in 2018. The second phase of the Ranch Plan MPC is a project called the Village of Esencia, which comprises approximately 860 gross acres. The residential portion of Village of Esencia was developed in three phases and included 1,784 for-sale market rate residential units, 730 age-qualified residential units, 242 apartment units, and 112 affordable apartment units. Additionally, 53 acres of adjacent non-residential acres have been developed to include a 99,200 square foot business park and a 129,942 square foot self-storage center. A 75,000 square foot Mission Hospital Medical building and a 30-acre retail/entertainment complex are also planned to be developed within the Village of Esencia. The first home sales commenced in 2015 and as of September 2021, all 2,514 for-sale homes in the Village of Esencia had sold.

The property within the District is a portion of the Rienda project, which is a portion of the third phase of the final development within the Ranch. Rienda is expected to include a total of 272 acres, developed with approximately 2,150 for-sale units and 500 apartment units, in five phases. The Developer estimates that it has spent more than \$175 million on off-site infrastructure and more than \$120 million on site preparation and amenities related for the Rienda project.

The District was formed in 2023 by the Board under the Act to provide for the financing of public improvements to meet the needs of new development. The Developer and the other owners of the property within the District, as the qualified electors of the District, authorized the District to incur bonded indebtedness to finance certain public facilities to meet the needs of new development within the District and approved the Rate and Method for the District and authorized the levy of the Special Tax.

The District consists of approximately 49 gross acres. Approximately 26 acres of property in the District are expected to be subject to the Special Tax at build-out. The property within the District which is not subject to the levy of the Special Tax consists primarily of recreational facilities, parks and open space/conservation property, property owned by the owners association and public property.

The development within the District is planned for six for-sale residential projects consisting of 514 market-rate homes, all of which will be subject to the Special Tax. The balance of the property within the District is anticipated to be used for recreational facilities, parks and open space/conservation property, and property owned by the owners association and public property.

All property planned for residential development in the six for-sale projects is either under contract to, or has been conveyed, by the Developer to merchant builders or certain of such merchant builders' respective landbanks, as described herein. Such merchant builders are Lennar, TRI Pointe Homes, Shea, Pulte and Trumark. The property relating to Lennar and TRI Pointe Homes' projects were conveyed by the Developer to the respective landbanks for such merchant builders. Lennar and TRI Pointe Homes' have entered into agreements with such landbanks to acquire such property in phases, as described herein. Shea and Trumark have acquired property comprising the entirety of their respective planned development within the District. Pulte has acquired property for 40 of its 82 planned residential units in the District. The remaining property planned for residential development that is owned by the Developer is under contract to be sold to Pulte. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT — Merchant Builders in the Development."

The backbone infrastructure necessary to complete development within the District has been substantially completed. As of August 31, 2023, the remaining onsite infrastructure to complete the development within the District consists of erosion control, storm drain mitigation, street capping, amenity construction and landscape beautification. The Developer expects to complete the majority of such remaining infrastructure in 2024 and the amenities in early-2025. The Developer does not expect the timing of completion of such remaining infrastructure to impact the ability of merchant builders to construct and sell homes within the District. The merchant builders will be responsible for all in-tract infrastructure within their respective projects.

Certain offsite backbone infrastructure consisting of certain roadways and bridges, a pump station, a flood control basin and a water quality basin remain to be completed by the Developer, however, completion of such infrastructure is not required to achieve buildout in the District. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT." A detailed description of the status of the construction and ownership as of the date of the Appraisal Report is included in APPENDIX B — "APPRAISAL REPORT."

Water and sewer service to the property is provided by the Santa Margarita Water District. Electricity is supplied by San Diego Gas and Electric, natural gas is supplied by The Gas Company, police services are provided by the Orange County Sheriff's Department, fire services are provided by the Orange County Fire Authority, and internet services are provided by various providers.

Description of Authorized Facilities

The expected total cost of the Facilities eligible to be financed with the proceeds of the Bonds, based on the current estimated cost of the Facilities, is approximately \$112.2 million. The facilities authorized to be constructed and acquired by the District with the proceeds of the Bonds consist of certain roadways and roadway improvements, tunnels, regional hiking and biking trails, storm drains and basins, water and

wastewater facilities (including, without limitation, domestic and non-domestic water facilities, wells, reservoirs, pipelines, storm and sewer drains and related infrastructure and improvements), wet and dry utilities, bridges and pedestrian bridges, parks, traffic signals, school sites, school facilities and equipment, facilities and equipment relating to fire protection and suppression, sheriffs substations and equipment and library facilities and equipment, and related infrastructure improvements, both onsite and offsite, and appurtenances and appurtenant work in connection with the foregoing (including utility line relocations and electric, gas and cable utilities) (collectively, the “Facilities”).

The estimated cost of the Facilities eligible to be financed with proceeds of the Bonds, based on the current estimated cost of the Facilities, is set forth in Table 1 below. However, the actual cost of the Facilities will depend on various factors, including product mix and the timing of construction within the undeveloped portion of the District, and such costs could be significantly higher. Given that the cost of the Facilities exceeds available proceeds of the Bonds, the costs in excess of available Bond proceeds are expected to be paid for by the Developer.

**TABLE 1
COMMUNITY FACILITIES DISTRICT NO. 2023-1
OF THE COUNTY OF ORANGE (RIENDA PHASE 2B)
FACILITIES ELIGIBLE TO BE FINANCED
WITH BOND PROCEEDS**

<i>Facility Description</i>	<i>Estimated Amount⁽¹⁾</i>	<i>Amount Expended as of August 31, 2023</i>
Onsite and Offsite Facilities and Dry Utilities	\$ 102,117,037	\$ 68,731,373
Santa Margarita Water District Facilities	4,250,000	97,800
Orange County Fire Authority Facilities	<u>\$ 5,800,000</u>	<u>\$ 5,800,000</u>
Total Facilities	<u>\$ 112,167,037</u>	<u>\$ 74,629,173</u>

⁽¹⁾ Based on the current estimated cost of the Facilities.
Source: The Developer.

Direct and Overlapping Indebtedness

The ability of an owner of land within the District to pay the Special Taxes could be affected by the existence of other taxes imposed upon the property. These other taxes consist of the direct and overlapping debt in the District and are set forth in Table 2 below, (the “Debt Report”), which as of the date of the Debt Report (September 2, 2023) consisted solely of overlapping general obligation debt. The Debt Report sets forth those entities which have issued debt and does not include entities which only levy or assess fees, charges, *ad valorem* taxes or special taxes. See “SAMPLE PROPERTY TAX BILLS” in APPENDIX I for information regarding other entities levying taxes, assessments or other charges on property in the District. The Debt Report includes the principal amount of the Bonds but excludes the Escrow Term Bonds in the principal amount of \$2,345,000*. The Debt Report has been derived from data assembled and reported to the District by DTA, Inc. as of September 2, 2023. None of the District, the County, or the Underwriters have independently verified the information in the Debt Report and do not guarantee its completeness or accuracy.

* Preliminary, subject to change.

TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 2023-1
OF THE COUNTY OF ORANGE (RIENDA PHASE 2B)
DIRECT AND OVERLAPPING DEBT SUMMARY

<i>Overlapping District</i>	<i>Fiscal Year 2023-24 Total Levy</i>	<i>Estimated Levy on Parcels in District⁽¹⁾</i>	<i>Percent of Levy on Parcels in District⁽¹⁾</i>	<i>Total Debt Outstanding⁽²⁾</i>	<i>District Share of Total Debt Outstanding⁽³⁾</i>
Metropolitan Water District	\$196,001,141	\$1,781	0.0009%	\$19,215,000	\$ 175
Capistrano Unified SFID No. 1 Series 2001B	2,609,990	1,705	0.0653	1,671,338	1,092
Capistrano Unified SFID No. 1 Series 2022 Refunding	2,321,722	1,517	0.0653	5,041,522	3,293
				Estimated Share of Overlapping Debt Allocable to the District	\$ 4,560
				Plus the Bonds ⁽⁴⁾	\$ 63,805,000*
				Estimated Share of Direct and Overlapping Debt Allocable to the District	\$ 63,809,560*

* Preliminary, subject to change.

(1) Estimated levy amount is based on the Fiscal Year 2023-24 *ad valorem* rates multiplied by the assessed value as of January 1, 2023, provided by the County Assessor. Actual *ad valorem* amounts in future years will be based on the County assessed values. As property values increase, it is possible that property in the District's share of outstanding overlapping general obligation bonds will increase.

(2) As of September 2, 2023.

(3) Calculated by multiplying the Percent of Levy on Parcels in District column by the Total Debt Outstanding column.

(4) Excludes the Escrow Term Bonds in the principal amount of \$2,345,000*.

Source: DTA, Inc.

Expected Tax Burden

For Fiscal Year 2023-24, the projected total effective tax rates for all categories of residential units within the District are approximately 2.00% of total projected base sales prices (based on the Price Point Study). See APPENDIX I — "SAMPLE PROPERTY TAX BILLS" attached hereto for sample property tax bills for the average residential unit sizes of each type in the various tax Zones of the District. The actual amounts charged and the effective tax rates may vary and may increase or decrease in future years.

Section H of the Rate and Method provides for the process by which the District shall, upon the issuance of the Bonds, reduce the Assigned Special Tax rate for any Plan Type in a Land Use Class in a Zone such that the Total Effective Tax Rate (as such terms are defined in the Rate and Method) for such Plan Type will not exceed 2.00%. In accordance with Section H of the Rate and Method and the Price Point Study, the Assigned Special Tax and Backup Special Tax rates for all six Zones have been reduced from the amounts originally set forth in the Rate and Method approved for the District. The Assigned Special Tax and Backup Special Tax rates, as revised, are included in the Rate and Method attached hereto as APPENDIX A.

Market Absorption Study

In order to determine the projected absorption of the residential and nonresidential property within the District, the County engaged Empire Economics, Inc. (the "Market Absorption Consultant") to perform a comprehensive analysis of the product mix characteristics as well as the macroeconomic and microeconomic factors that are expected to influence the absorption of the forthcoming products within the District. In connection therewith, the Market Absorption Consultant delivered its Market Absorption Study dated August 9, 2023 (the "Market Absorption Study"). To arrive at the projected absorption rate set forth in the Market Absorption Study, the Market Absorption Consultant took into account recent trends in employment in the County, mortgage interest rates and home prices, home demand and supply as well as observations of the absorption rate of the for-sale homes in adjacent CFD No. 2021-1 (the first phase of Rienda). In the near-term, the Market Absorption Consultant expects that the housing market will be challenged by higher mortgage rates and higher unemployment, which will result in slower sales and price declines. The Market

Absorption Consultant expects that the housing market will return to a more normalized rate of sales and price appreciation if the rate of inflation approaches the Federal Reserve Board’s target rate of 2%.

Based on the assumptions and limiting conditions set forth in the Market Absorption Study, the Market Absorption Consultant has estimated the calendar year absorption schedule for the residential projects in the District as follows:

<i>Year</i>	<i>Projected Absorption Schedule</i>
2024	110
2025	219
2026	160
2027	<u>25</u>
Total	514

Source: The Market Absorption Consultant.

The absorption schedules assume grand openings for model complexes in November 2023 and home closings commencing in the second quarter of 2024. A complete copy of the Market Absorption Study is attached hereto as APPENDIX J.

Appraisal Report

The estimated assessed value of the property within the District, as shown on the County’s assessment roll for Fiscal Year 2023-24, is approximately \$50,896,812, which as a result of timing of the County’s determination of the assessed values for Fiscal Year 2023-24, may not reflect the sale of land to the merchant builders and the value of infrastructure improvements that have been constructed and the homes under construction in the District since that time.

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 County 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 was selected by the County and has no material relationships with the County, the District, or the owners of the land within the District other than the relationship represented by the engagement to prepare the Appraisal Report. The County instructed the Appraiser to prepare its analysis and report in conformity with County-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 B — “APPRAISAL REPORT” to this Official Statement.

The purpose of the Appraisal Report was to estimate the aggregate market value by ownership of the fee simple interest of the property subject to the Special Tax in the District. The estimate of market value takes into consideration and assumes the improvements to be funded with the proceeds of the Bonds have been installed and that the development costs provided to the Appraiser by the Developer include all of the costs necessary to bring the subject properties to a finished lot condition. As a result, the value conclusions are based upon a hypothetical condition that the Bonds have been sold with proceeds available for construction of improvements. Subject to the contingencies, assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of August 31, 2023 (the “Date of Value”), the market value of the Taxable Property within the District was \$191,420,000. Table 3 below shows the market value of the various parcels owned by the Developer and each of the merchant builders (or their respective landbanks, as applicable) as set forth in the Appraisal Report as of the Date of Value.

TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 2023-1
OF THE COUNTY OF ORANGE (RIENDA PHASE 2B)
SUMMARY OF APPRAISED VALUES (AS OF THE DATE OF VALUE)

<i>Owner⁽¹⁾</i>	<i>Development Area</i>	<i>No. of Units</i>	<i>Appraised Value</i>
Developer	MR-11 ⁽²⁾	42	\$ 13,640,000
Merchant Builders:			
Lennar	MR-6 and MR-24 ⁽³⁾	175	\$ 66,600,000
TRI Pointe Homes	MR-28 ⁽³⁾	82	35,540,000
Shea	MR-25	82	35,950,000
Pulte	MR-11	40	12,990,000
Trumark	MR-8	<u>93</u>	<u>26,700,000</u>
Merchant Builders Subtotal		<u>467</u>	<u>\$177,780,000</u>
TOTAL		<u>514</u>	<u>\$191,420,000</u>

(1) As of the Date of Value.

(2) Property is under contract to be acquired by Pulte.

(3) Property is currently owned by the respective landbank of such merchant builders. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

Source: The Appraiser.

In estimating the market value, the Appraiser utilized a sales comparison approach. With respect to the property owned by the merchant builders, their respective landbanks and the Developer, the Appraiser applied a land residual analysis which discounts the revenue from future sales over an estimated absorption period and deducts all related direct and indirect expenses associated with sales of the parcels.

Reference is made to APPENDIX B 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 the District 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 the District 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 Value. 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. See "SPECIAL RISK FACTORS — Property Values."

It is a condition precedent to the issuance of the Bonds that the Appraiser deliver to the District a certification to the effect that 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 in the District is less than the value of the District 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 the District.

The Appraiser has reviewed the merchant builder base prices as described herein and concluded that those base prices do not cause it to believe that the value of property listed for any owner in Table 3 above would be reduced.

Appraised Value-To-Lien Ratios

Table 4 below incorporates the values assigned to parcels in the Appraisal Report, the estimated principal amount of the Bonds (excluding the principal amount of the Escrow Term Bonds) allocable to each category of parcels and the estimated appraised value-to-lien ratios for various categories of parcels in the District. Based on the principal amount of the Bonds (excluding the Escrow Term Bonds) and overlapping debt, the estimated appraised District-wide value-to-lien ratio including all Taxable Property as of the Date of Value is 3.00-to-1*. Other overlapping debt within the District as of September 2, 2023 totaled \$4,560. See “— Direct and Overlapping Indebtedness” above. Based on individual ownerships as of August 31, 2023, the appraised value-to-lien ratios vary from a low of 2.20-to-1* to a high of 4.15-to-1*.

Upon satisfaction of the Release Test, amounts in the Escrow Fund may be released to the Acquisition and Construction Fund and the Reserve Fund. See “SOURCES OF PAYMENT FOR THE BONDS—Escrow Fund.” The Release Test includes, among others, that an appraisal of the property demonstrates that the value-to-lien ratio, including the Bonds (including the principal amount of the Escrow Term Bonds to be released) and all overlapping land-secured special tax and assessment debt, is at least 3.00-to-1.

The share of Bonds set forth in Table 4 below is allocated based on each property’s share of the actual Fiscal Year 2023-24 Special Tax levy. In the Annual Reports provided pursuant to the District Continuing Disclosure Certificate, Table 4 will not be updated based on appraised value, but similar information will be provided based on current assessed value. Based on the Fiscal Year 2023-24 assessed value of \$50,896,812, the assessed value-to-lien ratio, taking the total direct and overlapping debt in Table 2 into account (excluding the principal amount of the Escrow Term Bonds), is approximately 0.80-to-1*. As a result of timing of the County’s determination of the assessed values for Fiscal Year 2023-24, the assessed value for the District for Fiscal Year 2023-24 may not reflect the value of infrastructure improvements that have been constructed and the homes under construction in the District since that time.

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* Preliminary, subject to change.

TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 2023-1
OF THE COUNTY OF ORANGE (RIENDA PHASE 2B)
APPRAISED VALUE-TO-LIEN RATIOS (BY PROPERTY CLASSIFICATION)

<i>Property Classification / Owner</i> ⁽¹⁾	<i>Expected Number of Units/Lots at Buildout</i>	<i>Actual Fiscal Year 2023-24 Taxable Acreage</i>	<i>Actual County of Orange CFD No. 2023-1 Fiscal Year 2023-24 Special Tax Levy</i> ⁽²⁾	<i>County of Orange CFD No. 2023-1 Bonds Outstanding</i> ^{(3)*}	<i>MWD Bonds Outstanding</i> ⁽⁴⁾	<i>CUSD SFID Bonds Outstanding</i> ⁽⁴⁾	<i>Total Direct and Overlapping Debt</i> [*]	<i>Appraised Value</i> ⁽¹⁾	<i>Appraised Value-to-Lien Ratios</i> [*]
Undeveloped Property ⁽⁵⁾									
Developer	42 ⁽⁸⁾	2.59	\$ 148,308	\$ 4,452,394	\$ 1	\$ 30	\$ 4,452,426	\$ 13,640,000	3.06
AG EHC II (LEN) CA 3, LP ⁽⁶⁾	175	9.69	627,910	18,850,663	163	4,088	18,854,914	66,600,000	3.53
RMV MR28 – Mission Viejo LP ⁽⁷⁾	82	6.99	537,588	16,139,088	3	79	16,139,171	35,540,000	2.20
Trumark	93	5.93	214,297	6,433,462	3	68	6,433,533	26,700,000	4.15
Pulte	40	2.68	153,428	4,606,110	1	31	4,606,142	12,990,000	2.82
Shea	<u>82</u>	<u>7.86</u>	<u>443,795</u>	<u>13,323,281</u>	<u>4</u>	<u>90</u>	<u>13,323,375</u>	<u>35,950,000</u>	<u>2.70</u>
TOTAL	514	35.73	\$2,125,326	\$63,805,000	\$ 175	\$4,385	\$63,809,560	\$ 191,420,000	3.00

* Preliminary, subject to change.

(1) Ownership and appraised value as of August 31, 2023.

(2) The Fiscal Year 2023-24 Special Tax levy has been set at \$2,125,326 and the remaining amount necessary to pay debt service on the Bonds for the Bond Year ending August 15, 2024 will be paid from capitalized interest.

(3) Allocated based on the actual Fiscal Year 2023-24 Special Tax levy. Excludes the principal amount of the Escrow Term Bonds. See “SOURCES OF PAYMENT FOR THE BONDS—Escrow Fund.”

(4) As of September 2, 2023. Allocated based on the Fiscal Year 2023-24 levy.

(5) Under the Rate and Method, Developed Property is property for which a building permit was issued as of January 1 of the prior Fiscal Year and Undeveloped Property is property for which a building permit was not issued as of January 1 of the prior Fiscal Year. As of August 31, 2023, 45 building permits had been issued and such property will be classified as Developed Property beginning in Fiscal Year 2024-25.

(6) The owner of such property is the landbank entity for Lennar. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT—Merchant Builders in the Development—Proposed Developments by Lennar.”

(7) The owner of such property is the landbank entity for TRI Pointe Homes. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT—Merchant Builders in the Development—Proposed Development by TRI Pointe – Heatherly (MR-28).”

(8) Such property owned by the Developer is under contract to be acquired by Pulte.

Source: DTA, Inc.

Largest Taxpayers

Table 5 below lists the largest taxpayers within the District measured by the percentage of the actual Fiscal Year 2023-24 Special Tax levy. Based on the ownership status as of August 31, 2023, assuming no additional transfer of property in the District, for Fiscal Year 2023-24, the property owned by the land banking entity for Lennar will have the largest allocation of the Special Tax levy (approximately 29.54% of the actual Fiscal Year 2023-24 Special Tax levy). Lennar and TRI Pointe Homes have agreed with their respective landbank entities, that during the time such merchant builders have the option to acquire the subject property from their landbanks, the merchant builders (and not the landbanks) will be responsible for paying property taxes on such property, including the Special Taxes. However, such contractual agreement is between such parties and does not affect the manner in which the District will levy the Special Tax in accordance with the Rate and Method. See “SPECIAL RISK FACTORS — Concentration of Ownership.”

**TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 2023-1
OF THE COUNTY OF ORANGE (RIENDA PHASE 2B)
FISCAL YEAR 2023-24 LARGEST TAXPAYERS**

<i>Owner⁽¹⁾</i>	<i>Zone</i>	<i>Planning Area</i>	<i>Actual Fiscal Year 2023-24 Taxable Acreage</i>	<i>Actual Fiscal Year 2023-24 Property Classification⁽²⁾</i>	<i>Actual Fiscal Year 2023-24 Special Tax Levy⁽³⁾</i>	<i>Percent of Total Levy</i>
AG EHC II (LEN) CA 3, LP ⁽⁴⁾	1	MR-6	5.07	Undeveloped	\$ 253,120	11.91%
AG EHC II (LEN) CA 3, LP ⁽⁴⁾	4	MR-24	<u>4.62</u>	Undeveloped	<u>374,790</u>	<u>17.63</u>
Subtotal			9.69		\$ 627,910	29.54%
RMV MR28 – Mission Viejo LP ⁽⁵⁾	6	MR-28	6.99	Undeveloped	\$ 537,588	25.29%
Shea	5	MR-25	7.86	Undeveloped	443,795	20.88
Trumark	2	MR-8	5.93	Undeveloped	214,297	10.08
Pulte	3	MR-11	2.68	Undeveloped	153,428	7.22
Developer ⁽⁶⁾	3	MR-11	<u>2.59</u>	Undeveloped	<u>148,308</u>	<u>6.98</u>
Total			35.73	NA	\$2,125,326	100.00%

(1) Ownership as of August 31, 2023.

(2) Under the Rate and Method, Developed Property is property for which a building permit was issued as of January 1 of the prior Fiscal Year and Undeveloped Property is property for which a building permit was not issued as of January 1 of the prior Fiscal Year. As of August 31, 2023, 45 building permits had been issued and such property will be classified as Developed Property beginning in Fiscal Year 2024-25.

(3) The Fiscal Year 2023-24 Special Tax levy has been set at \$2,125,326 and the remaining amount necessary to pay debt service on the Bonds for the Bond Year ending August 15, 2024 will be paid from capitalized interest.

(4) The owner of such property is the landbank entity for Lennar. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT—Merchant Builders in the Development—*Proposed Developments by Lennar.*”

(5) The owner of such property is the landbank entity for TRI Pointe Homes. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT—Merchant Builders in the Development—*Proposed Development by TRI Pointe – Heatherly (MR-28).*”

(6) Such property owned by the Developer is under contract to be acquired by Pulte.

Source: DTA, Inc.

Delinquency History

Fiscal Year 2023-24 is the first fiscal year in which Special Taxes are being levied within the District. The first installment of the Fiscal Year 2023-24 Special Taxes will become delinquent if not paid on or before December 10, 2023.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

The following information about the Developer, the merchant builders, the landbanks and their respective developments within the District has been provided by the Developer (except information regarding

estimated base sales prices of homes within the District, which has been provided by the Market Absorption Consultant and except for information in Table 6 which has been provided by the Appraiser or the Market Absorption Consultant). No information has been provided directly by the merchant builders or the landbanks to the District or the County. No assurance can be given that the proposed developments will occur as described in this Official Statement or that they will be completed in a timely manner, if at all, or that the current major property owners will continue to own the property. Neither the Bonds nor the Special Taxes securing the Bonds are personal obligations of the property owners or any affiliate thereof and, in the event that a property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of such property owner or any affiliate thereof. None of the information with respect to the merchant builders (other than the building permits issued in Table 6) will be subject to future update in the Developer Continuing Disclosure Agreement. See “SPECIAL RISK FACTORS” herein and APPENDIX G — “FORM OF CONTINUING DISCLOSURE AGREEMENT OF RMV PA3 DEVELOPMENT, LLC.”

General Description of the Development

The District is located in the southern portion of the County of Orange (the “County”) generally to the north of Cow Camp Road, approximately one mile east of its intersection with Los Patrones Parkway. More specifically, the District is located to the northeast of the intersection of Legado Road and Saddle Way. The property in the District is a portion of Planning Area 3, which is the third phase of one of six planning areas of the Ranch Plan MPC, a proposed 22,815-acre master planned community. The Ranch Plan MPC is anticipated to be the final master planned community within the Ranch.

The first phase of the Ranch Plan MPC is a project called Sendero, which comprises approximately 500 gross acres and includes 655 market-rate residential units, 286 age-qualified residential units, 286 apartment units, 107 affordable senior units and approximately 15 acres of retail and other non-residential uses. Development within Sendero commenced construction in 2013 and the final homes sold and closed in 2018. The second phase of the Ranch Plan MPC is a project called the Village of Esencia, which comprises approximately 860 gross acres. The residential portion of Village of Esencia was developed in three phases and included 1,784 for-sale market rate residential units, 730 age-qualified residential units, 242 apartment units, and 112 affordable apartment units. Additionally, 53 acres of adjacent non-residential acres have been developed to include a 99,200 square foot business park and a 129,942 square foot self-storage center. A 75,000 square foot Mission Hospital Medical building and a 30-acre retail/entertainment complex are also planned to be developed within the Village of Esencia. The first home sales commenced in 2015 and as of September 2021, all 2,514 for-sale homes in the Village of Esencia have sold and closed.

Rienda is a portion of the third phase of the Ranch Plan MPC and the development in the District is the second phase of Rienda. Rienda is currently planned to include approximately 2,150 for-sale homes and approximately 500 apartment units. Of the 2,150 for-sale units, 514 are planned within the District, as further described below. The first phase of Rienda is located adjacent to the west of the District and is planned for 950 for-sale homes and an assisted living facility, all of which is included within CFD No. 2021-1. Sales within CFD No. 2021-1 commenced in April 2022 and as of September 17, 2023, 707 of the 950 planned for-sale homes within CFD No. 2021-1 had been sold to individual homeowners and 477 of such sales have closed. The merchant builders within CFD No. 2021-1 include Lennar, TRI Pointe Homes, Pulte and Meritage Homes of California, Inc.

Other completed Rancho Mission Viejo projects within the County have included the City of Rancho Santa Margarita, Ladera Ranch and Las Flores. All of the foregoing projects are located in the southern portion of the County and within the general vicinity of Rienda.

The District consists of approximately 49 gross acres, of which approximately 26 acres are expected to be subject to the Special Tax at build-out. Development within the District is expected to include 514 for-sale market-rate residential units. The balance of the property within the District is anticipated to be used for

recreational facilities, parks and open space/conservation property and property owned by the owners association and public property.

All property planned for residential development in the six for-sale projects is either under contract, or has been conveyed, by the Developer to merchant builders or certain of such merchant builders' respective landbanks, as described herein. The property relating to Lennar and TRI Pointe Homes' projects were conveyed by the Developer to the respective landbanks for such merchant builders. Lennar and TRI Pointe Homes' have entered into agreements with such landbanks to acquire such property in phases, as described herein. Shea and Trumark have acquired property comprising the entirety of their respective planned development within the District. Pulte has acquired property for 40 of its 82 planned residential units in the District. The remaining property planned for residential development that is owned by the Developer is under contract to be sold to Pulte. See "—Merchant Builders in the Development" herein.

The backbone infrastructure necessary to complete development within the District has been substantially completed. As of August 31, 2023, the remaining onsite infrastructure to complete the development within the District consists of erosion control, storm drain mitigation, street capping, amenity construction and landscape beautification. The amenities planned within the District include a clubhouse, swimming pool and spa, play areas, and associated landscaping and parking. The Developer expects to complete the majority of such remaining infrastructure in 2024 and the amenities in 2025. The Developer does not expect the timing of completion of such remaining infrastructure to impact the ability of merchant builders to construct and sell homes within the District. The merchant builders will be responsible for all in-tract infrastructure within their respective projects.

Certain offsite backbone infrastructure consisting of certain roadways and bridges, a pump station, a flood control basin and a water quality basin remain to be completed by the Developer, however, completion of such infrastructure is not required to achieve buildout in the District. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT." A detailed description of the status of the construction and ownership as of the date of the Appraisal Report is included in APPENDIX B — "APPRAISAL REPORT."

As of August 31, 2023, all five merchant builders in the District have commenced construction of model homes. As of such date, no homes had been conveyed to individual homeowners. As of August 31, 2023, 45 building permits have been issued for the 514 planned residential units within the District.

Site plans for the projects in the District appear on pages ___ and ___ below. Such plans are subject to change in the event the Developer or any of the merchant builders change their development plans in the District.

The Developer

RMV PA3 Development, LLC is the master developer of Rienda. The Developer is a limited liability company created under the laws of the State of Delaware, was formed on November 14, 2017 and is governed by that certain Amended and Restated Limited Liability Company Operating Agreement, dated as of January 1, 2018. The sole member of the Developer is RMV Community Development, LLC, a California limited liability company ("RMV CD"). RMV CD is the managing member of the Developer. Excerpts from the Developer's unaudited financial statements for the period ended May 31, 2023 and the fiscal year ended December 31, 2022, are attached hereto as Appendix K. The excerpts from the financial statements of the Developer are included for informational purposes only and the inclusion of such information does not mean that the Bonds are secured by any resources of the Developer.

RMV CD was formed on April 5, 2006 and is governed by that certain Limited Liability Company Operating Agreement, dated as of April 25, 2006, as amended on April 14, 2009 (the "RMV Community Development Operating Agreement"). The members of RMV CD are DMB Ladera, L.L.C., a Delaware corporation ("DMB Ladera"), and RMV Community Development Company, Inc., a California corporation

("RMV CDCI"), as the managing member of RMV CD. RMV CD is the developer of Sendero and Esencia, communities that are the first two phases of the RMV Ranch Planned Community. DMB Ladera is the developer of Ladera Ranch.

The members of DMB Ladera are DMB Consolidated Holdings, L.L.C., an Arizona limited liability company ("DMB"), and Ladera Development Company, L.L.C., a Delaware limited liability company ("Ladera").

DMB is a privately-held, diversified real estate investment and development firm with real estate holdings through affiliated companies that include residential communities and commercial developments located in Arizona and California. DMB was formed in 1984 by Drew Brown, Mark Sklar and Bennett Dorrance. Since its inception, DMB has pursued large-scale real estate development. Early activities focused on commercial development, including the 1.2 million square-foot Centerpoint project in Tempe, Arizona. In the late 1980s and early 1990s, DMB focused on acquisition of both commercial properties and forming joint ventures to develop master planned communities.

Starting in 1994, DMB focused primarily on master planned community development. In most cases, a DMB managed entity partners with a landowner. Master planned communities developed or in development by DMB affiliated entities include Verrado in Buckeye, Arizona (8,800 acres); DC Ranch in Scottsdale, Arizona (8,000 acres); Marley Park in Surprise, Arizona (956 acres); One Scottsdale in Scottsdale, Arizona (120 acres); Power Ranch in Gilbert, Arizona (2,000 acres); Forest Highlands in Flagstaff, Arizona (500 acres); Ladera Ranch in Orange County, California (4,000 acres); Lahontan in North Lake Tahoe, California (720 acres); Martis Camp in North Lake Tahoe, California (2,200 acres); Santaluz in San Diego, California (4,000 acres); Kukui'ula, on Kauai, Hawaii (1,010 acres); Glenwild in Park City, Utah (950 acres); and Eastmark in Mesa, Arizona (3,200 acres).

The members of Ladera are members of the O'Neill family and former and current key employees of Rancho Mission Viejo, L.L.C. ("RMV"), a Delaware limited liability company which is controlled and majority owned by members of the O'Neill family (with the remaining ownership held by former and/or key employees of RMV). Ladera was formed in February 1995 to acquire an option to purchase the property comprising Ladera Ranch from Santa Margarita Company ("Santa Margarita"), an affiliate of RMV, and to develop the property in Ladera Ranch.

The members of RMV CDCI are the principals of DMB and their family trusts, members of the O'Neill family and key employees of RMV. RMV CDCI was formed in September 2004 to acquire an option to purchase the property comprising the residential portions of Rienda from DMB San Juan Investment North, LLC ("DMB SJIN"), an affiliate of RMV, and to develop the properties in Sendero, Esencia and Rienda.

History of Property Tax Payments; Loan Defaults; Litigation; Bankruptcy. The Developer has represented to the District as follows: (a) neither the Developer, nor any individual or entity which has an ownership interest in the Developer, has ever defaulted in the payment of a special tax or an assessment on property owned by it; (b) neither the Developer, nor any individual or entity which has an ownership interest in the Developer, is now in default on any loans, lines of credit or other obligation, or has been in default on any loans, lines of credit or other obligation in the past two years; (c) neither the Developer, nor any individual or entity which has an ownership interest in the Developer, has ever filed for bankruptcy or been declared a bankrupt; and (d) the Developer has not been served with notice of any claim or suit, nor to the best of the Developer's knowledge is any claim or suit now threatened against the Developer, which would materially adversely affect the development within the District.

The Development

General. The area included in the District has been graded and major infrastructure (sewer, water, storm drains, utilities, and arterial roads) to be installed by the Developer in the District has been substantially

completed. All property planned for residential development in the six for-sale projects is either under contract, or has been conveyed, by the Developer to merchant builders or certain of such merchant builders' respective landbanks, as described herein. The property relating to Lennar and TRI Pointe Homes' projects were conveyed by the Developer to the respective landbanks for such merchant builders. Lennar and TRI Pointe Homes' have entered into agreements with such landbanks to acquire such property in phases, as described herein. Shea and Trumark have acquired property comprising the entirety of their respective planned development within the District. Pulte has acquired property for 40 of its 82 planned residential units in the District. The remaining property planned for residential development that is owned by the Developer is under contract to be sold to Pulte. The Developer owns all of the remaining land intended for nonresidential use which is planned for a community park and recreational facilities, open space, property owned by the owners association and public property. As of August 31, 2023, all five of the merchant builders in the District have commenced construction of model homes in the District.

Infrastructure Requirements and Financing Plan. The Developer estimates that its total project cost for the infrastructure improvements onsite (including fees) within the District will total approximately \$50.1 million. As of August 31, 2023, the Developer has spent approximately \$31.3 million of such costs. The remaining infrastructure within the District to be completed consists of (a) \$4.8 million for grading, roadways, streets, sewer and drainage improvements and utilities; (b) \$3.3 million for landscaping, hardscape, parks and trails; (c) \$4.1 million for amenities; (d) \$1.3 million for engineering, miscellaneous processing and legal fees, and marketing and (e) \$0.4 million for indirect construction support and equipment. In addition, the Developer expects to pay approximately \$4.8 million in mitigation fees (sheriff, library, Transportation Corridor Agency, and school fees, each of which are paid by the Developer on behalf of the merchant builders upon submission of building permits). With the exception of the clubhouse and associated amenities, the remaining infrastructure improvements to be installed by the Developer are anticipated to be completed by the end of 2024. The clubhouse and associated amenities are expected to be complete in 2025. All remaining infrastructure costs are planned to be funded by the Developer with cash on hand and available Bond proceeds.

The Developer is also constructing certain offsite infrastructure which is not required to complete the development in the District, but will benefit the development in the District. Such infrastructure includes portions of Cow Camp Road, Gibby Road and Bridge, a pump station, a flood control basin and a water quality basin. The total estimated costs of such infrastructure are approximately \$72.7 million, of which appropriately \$45.0 million had been spent as of August 31, 2023. Such offsite costs are eligible to be funded from proceeds of the Bonds.

Notwithstanding the Developer's belief that the funding sources described above are expected to be sufficient to complete the remaining backbone infrastructure to be completed by the Developer in the District, there is no assurance that amounts necessary to finance the construction of such remaining backbone infrastructure to be completed within the District will be available from the Developer or any other funding source when needed. If and to the extent the sources of financing described above are inadequate to complete the remaining backbone infrastructure to be completed by the Developer, the planned development of the property may not proceed as planned. None of the Developer, any of the merchant builders or the landbank entities have any legal obligation to the Bondowners to expend funds for the development of the property within the District or the payment of *ad valorem* property taxes or the Special Taxes, though such entities have legal obligations to each other to expend certain funds relating to the development. The Developer has posted improvement bonds to guarantee completion of the backbone infrastructure. The merchant builders are responsible for the in-tract improvements within each of their projects. Each of the merchant builders has posted improvement bonds to guarantee completion of its in-tract improvements.

Entitlements for the Overall Rancho Mission Viejo Ranch Plan Planned Community. The Ranch Plan MPC application was approved by the Board of Supervisors with a General Plan Amendment, zone change, and development agreement on November 8, 2004. There were subsequently a number of entitlements and lawsuits that were settled, as noted below. A requirement by the County for the Ranch Plan MPC, Condition of Approval No. 1, is that a Master Area Plan is required for each of the planning areas. As a result,

a Master Area Plan for Planning Area 3, which includes the property in the District, was prepared and approved by the County on September 11, 2019.

On November 8, 2004, the County approved a Development Agreement with the owners of the property (the “Original Property Owners”) within the Ranch Plan MPC (the “Development Agreement”). The Development Agreement includes requirements of the County that would need to be accomplished by the Original Property Owners in return for vesting of project approvals to allow build-out of the Ranch Plan MPC under the development standards and requirements in place at the time of the approval. The Development Agreement has a term of 30 years.

On January 19, 2021 and February 3, 2022, the Original Property Owners entered into Assignment and Assumption Agreements with the Developer (the “Assignment Agreements”). Pursuant to the Assignment Agreements, the Original Property Owners assigned to the Developer certain of their rights and obligations under the Development Agreement which were appurtenant and pertained to the lands transferred to the Developer, including the land within the District. These obligations included dedication of certain rights of way, funds for local improvements, funding of certain studies relating to traffic projects, and funding of certain street improvements. Each of these obligations has been fulfilled with respect to the land within the District. The assigned rights included allocation of certain development rights and associated milestones permitted under the Development Agreement, which include a number of permitted dwellings and other property uses sufficient to complete build-out of properties in the District.

Environmental Impact Report and Litigation. On November 8, 2004, the Board of Supervisors certified the environmental impact report for the project and granted a number of approvals that would allow the implementation of the Ranch Plan MPC. On December 8, 2004, the Endangered Habitats League, Natural Resources Defense Council, Sea and Sage Audubon Society, Laguna Greenbelt, Inc., and Sierra Club filed suit challenging the County’s approval of the Ranch Plan MPC and related environmental impact report.

On August 16, 2005, RMV, the County, the Endangered Habitats League, Natural Resources Defense Council, Sea and Sage Audubon Society, Laguna Greenbelt, Inc., and Sierra Club reached an agreement to settle the lawsuit challenging the County’s approval of the Ranch Plan MPC and the comprehensive open space and land use management plan for the remaining 22,815 acres of Rancho Mission Viejo, including the area comprising the District. The settlement resolved all outstanding litigation of the parties regarding the Ranch Plan MPC and expanded the protection of open space and species found in the area covered by the Ranch Plan.

As a result of the litigation settlements, the Ranch Plan, and the Development Agreement, the remaining undeveloped portions of the Ranch consisting of the Ranch Plan MPC are entitled for the development of up to 14,000 dwelling units and 5.2 million square feet of commercial, business and urban centers located on 5,873 acres within six planning areas. The remaining 16,942 acres will remain open space.

Other Settlement Agreements. On December 8, 2004, RMV entered into an agreement with the City of San Clemente. RMV agreed not to enter into any agreements with any third party to transfer residential density in the Ranch Plan MPC from the San Juan Watershed to the San Mateo Creek Watershed over that residential density currently allocated pursuant to the Ranch Plan MPC entitlements. The City of San Clemente agreed not to challenge any transfer of residential density from the San Juan Creek to any one or more of the planning areas in the San Mateo Watershed that is ten percent or less of the San Mateo Watershed density. The agreement also requires RMV to complete a recreational facilities study and restricts the ability of the City of San Clemente to challenge the Ranch Plan MPC approvals.

On June 9, 2005, RMV entered into an agreement with the City of Mission Viejo in order to resolve such city’s challenge to the County’s approval of the Ranch Plan MPC and related environmental impact report. The settlement agreement resolved the City of Mission Viejo’s litigation and, in relevant part, provided for the reallocation of certain funds to be provided by RMV pursuant to the South County Roadway

Attachment C

Improvement Program so as to better address local and regional roadway improvements benefiting the City of Mission Viejo.

At this time, the Developer believes that all fees and obligations required by the Development Agreement, related litigation settlements, and the Assignment Agreement for the development of property in the District have been paid or fulfilled, with the exception of fees owed at the time of issuance of building permits. Such fees include fire, sheriff and school mitigation fees, and Transportation Corridor Agency fees, which, effective from July 1, 2023 through June 30, 2024, are approximately \$6,467 per single family unit, and \$8.99 per commercial or community-benefit use square foot. The amount of such fees are subject to revision by the applicable agencies. The Developer is responsible for such fees and intends to pay them as building permits are issued.

Merchant Builders in the Development

The property in the District consists of six for-sale residential developments and other lands retained by the Developer for nonresidential use, recreation and park space. The following table summarizes the residential developments within the District.

**TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 2023-1
OF THE COUNTY OF ORANGE (RIENDA PHASE 2B)
SUMMARY OF MERCHANT BUILDER DEVELOPMENTS**

<i>Merchant Builder</i>	<i>Project</i>	<i>Product Type⁽¹⁾</i>	<i>Average Living Area Sq.Ft.⁽²⁾</i>	<i>Number of Units</i>	<i>Number of Lots Acquired from Developer/Land Banks</i>	<i>Number of Models Completed⁽³⁾</i>	<i>Number of Building Permits Issued⁽³⁾</i>	<i>Number of Homes Under Construction⁽³⁾</i>	<i>Number of Partially Improved Lots⁽³⁾</i>	<i>Estimated Average Base Sales Price⁽²⁾</i>
Lennar	Mariposa (MR-6)	Condominiums	1,409	106	0 ⁽⁴⁾	0	6	6	106	\$ 684,000
	Flora (MR-24)	Single Family Detached	1,604	69	0 ⁽⁴⁾	0	3	3	69	889,000
TRI Pointe	Heatherly (MR-28)	Single Family Detached	1,959	82	0 ⁽⁴⁾	0	4	4	82	970,333
Shea	Bloom (MR-25)	Single Family Detached	1,931	82	82	0	3	3	82	1,040,000
Pulte ⁽⁵⁾	Juniper (MR-11)	Single Family Detached (Duplex)	1,376	82	40	0	16	12	82	767,500
Trumark	Willow (MR-8)	Attached Row Townhomes	1,245	<u>93</u>	<u>93</u>	<u>0</u>	<u>13</u>	<u>12</u>	<u>93</u>	687,990
TOTAL				514	215	0	45	40	514	

⁽¹⁾ See descriptions of the merchant builders projects below for more information regarding the proposed product types.

⁽²⁾ Averages as set forth in the Market Absorption Study, which reflects a weighted average taking into account the number of units per floor plan within each project.

⁽³⁾ As of August 31, 2023. As of such date, all five builders had commenced in-tract improvements and construction of model homes.

⁽⁴⁾ The current owners of such property are the landbank entities for Lennar and TRI Pointe. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT—Merchant Builders in the Development."

⁽⁵⁾ As of August 31, 2023, Pulte had acquired property for 40 of the 82 units planned for its project in the District from the Developer. The Developer expects Pulte to acquire the property for the remaining 47 planned units in January 2024.

Source: The Developer, the Appraiser and the Market Absorption Consultant.

Attachment C

[INSERT SITE PLAN 1]

Attachment C

[INSERT SITE PLAN 2]

The projects listed in Table 6 are in various stages of development. A general overview of each merchant builder and its development is set forth below.

The following information about the merchant builders and their respective developments and their landbanks, as applicable, within the District has been provided by the Developer. No information has been provided directly by the merchant builders to the District or the County. The development and financing plans discussed for each of the merchant builders below are solely projections as of the date of this Official Statement. Such plans are subject to change. No assurance can be given that such plans will remain in their current state or that the plans will ultimately be carried out according to the discussion set forth below. The projected dates of occupancy and sellout of the merchant builders' projects described below may differ from those set forth in the Market Absorption Study. The websites referenced in this section are included for reference only and the information on such websites 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 websites.

The base sales prices, home sizes and projected absorption schedules described below may differ in certain respects from those included in the Market Absorption Study.

Proposed Developments by Lennar. As previously defined in this Official Statement, “Lennar” refers to Lennar Homes of California, LLC, a California limited liability company. Lennar Homes is based in Irvine, California, and has been in the business of developing residential real estate communities in California since 1996. Lennar Homes is wholly-owned by U.S. Home, LLC, a Delaware limited liability company (“U.S. Home”). U.S. Home is wholly-owned by Lennar Corporation, which is based in Miami, Florida (“Lennar Corporation”). Founded in 1954, Lennar Corporation completed its initial public offering in 1971 and listed its common stock on the New York Stock Exchange in 1972. Lennar Corporation’s Class A and Class B common stock are listed on the New York Stock Exchange under the symbols “LEN” and “LEN.B.” respectively. Lennar Corporation is one of the largest homebuilders in the United States based on home sales revenues and net earnings, and operates under a number of brand names, including Lennar Homes and U.S. Home. Lennar Corporation primarily develops residential communities both within the Lennar Corporation family of builders and through consolidated and unconsolidated partnerships in which Lennar Corporation maintains an interest.

Lennar Corporation is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports, proxy statements, and other information, including financial statements, with the Securities and Exchange Commission (the “SEC”). Such filings, particularly Lennar Corporation’s annual report on Form 10-K and its most recent quarterly report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such filings can also be accessed over the internet at the SEC’s website at www.sec.gov.

Copies of Lennar Corporation’s Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are available from Lennar Corporation’s website at www.lennar.com.

Lennar Landbank Arrangements. Lennar is developing two projects in the District (marketed as Mariposa and Flora, as described below) totaling 175 planned homes. Lennar and the Developer entered into an option agreement (the “Lennar Developer Option”) with respect to the property in each of Lennar’s projects, which provided Lennar with the option to purchase such property in a single bulk purchase. Lennar, the Developer and AG EHC II (LEN) CA 3, L.P. (the “Lennar Landbank”) entered into an agreement with respect to the property in each of Lennar’s projects pursuant to which, among other matters, Lennar’s option to purchase such property was assigned to the Lennar Landbank. Such property was acquired by the Lennar Landbank on December 16, 2022, and the Lennar Landbank currently owns the property for Lennar’s Mariposa and Flora projects.

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Lennar and the Lennar Landbank entered into an option agreement (the “Lennar Landbank Option”), pursuant which Lennar paid an option fee to the Lennar Landbank, and the Lennar Landbank granted Lennar the option (but not the obligation), to purchase the property within the Mariposa and Flora projects. In order to maintain the option, among other conditions, Lennar must acquire the property for the number of lots by the dates within each of the Mariposa and Flora projects as shown in the table below. Lennar may defer acquisition of lots under certain conditions, including by paying a hiatus fee or due to certain unforeseen market conditions. Lennar may also purchase lots ahead of the schedule shown below, or purchase all of the property for the Mariposa and Flora projects in bulk. Subject to Lennar’s compliance with the conditions to maintain the option under the Lennar Landbank Option, Lennar’s option to acquire the lots within the Mariposa and Flora projects currently expires on March 20, 2026. The Lennar Landbank Option also relates to Lennar’s projects within CFD No. 2021-1 which included a total of 483 units. Lennar has acquired all of the property from the Lennar Landbank for its projects within CFD No. 2021-1.

The Lennar Landbank Option provides that, during its term, Lennar is contractually responsible under the Lennar Landbank Option for paying all property taxes, fees and assessments levied on the property related to the Mariposa and Flora projects, including the Special Taxes.

The following table shows the schedule of property acquisition (by unit count) required under the Lennar Landbank Option. As of August 31, 2023, Lennar had not acquired any property for its Mariposa and Flora projects, however, as described below, Lennar has commenced construction of model homes within such projects as permitted under the Lennar Landbank Option. Lennar is currently in good standing under the Lennar Developer Option and the Lennar Landbank Option.

<i>Date</i>	<i>Minimum Number of Lots for Units to be Acquired⁽¹⁾</i>	
	<i>Mariposa (MR-6)</i>	<i>Flora (MR-24)</i>
01/20/2024	6	4
02/20/2024	14	10
03/20/2024	14	16
04/20/2024	24	23
07/20/2024	34	39
09/20/2024	44	45
11/20/2024	44	56
12/20/2024	52	56
02/20/2025	58	56
03/20/2025	64	63
04/20/2025	64	66
05/20/2025	76	69
08/20/2025	82	--
09/20/2025	94	--
12/20/2025	100	--
03/20/2026	106	--

⁽¹⁾ Unit counts are cumulative as of the dates shown.

Under the Lennar Landbank Option and related ancillary agreements, Lennar may enter upon and construct homes within the property for the Mariposa and Flora projects prior to acquiring title to such property. If Lennar commences construction of any vertical improvements on a lot, Lennar will (1) be deemed to have exercised the option to acquire such lot and (2) be obligated to complete construction of the home or group of homes (in the case of buildings with multiple units therein) on such lot.

In the event Lennar fails to exercise its option under the Lennar Landbank Option with respect to all or any portion of the property within the Mariposa and Flora projects, the Lennar Landbank may sell the

property that it then owns within the Mariposa and/or Flora projects to one or more homebuilders that have been preapproved by the Developer (which includes all the other builders with projects in the District), or another homebuilder to be approved by the Developer. Such future homebuilder(s) will be subject to the arrangements described above unless amended by the parties thereto. In addition, the Developer has the option to repurchase any property within the Mariposa and Flora projects in the event (i) Lennar's option rights under the Lennar Landbank Option are terminated before all of the lots to be acquired by Lennar thereunder have been transferred to Lennar, and (ii) the Lennar Landbank has failed to transfer all of the remaining lots held by Lennar Landbank to another permitted builder within six months following the termination of Lennar's option rights under the Lennar Landbank Option.

Notwithstanding any termination of the Lennar Landbank Option prior to the time Lennar has acquired all property thereunder, Lennar's obligations under the Lennar Developer Option remain in effect, including the obligation to complete construction of the in-tract improvements within the property that Lennar then owns within the Mariposa and Flora projects. The Lennar Landbank will be responsible for such obligations under the Lennar Developer Option with respect to the property that it then owns within the Mariposa and Flora projects. In accordance with the purchase and land banking arrangements described above, a performance deed of trust was recorded on the property planned for the Mariposa and Flora projects to guarantee the construction of the necessary in-tract infrastructure within such projects.

The Lennar Landbank. AG EHC II (LEN) CA 3, L.P. (previously defined as the "Lennar Landbank") is an affiliate of, and managed by, Angelo Gordon & Co., L.P. ("Angelo Gordon"). Angelo Gordon is a privately-held alternative investment firm founded in 1988 and headquartered in New York, with associated offices across the United States, Europe and Asia. Angelo Gordon manages approximately \$73 billion across a broad range of credit and real estate strategies. Affiliates of the Lennar Land Bank have entered into land banking arrangements with Lennar Corporation and its affiliated entities on more than 200 residential development projects. Neither the Lennar Landbank nor Angelo Gordon are affiliated entities of Lennar or the Developer.

Lennar Proposed Development - Mariposa (MR-6). Lennar is under option to acquire approximately 6.4 acres of property in the District under the Lennar Landbank Option, as described above, where it plans to build Mariposa, a project consisting of 106 condominiums. A final tract map for the Mariposa project has been recorded.

The Mariposa project consists of three-story attached condominiums. Construction of the Mariposa project commenced in July 2023. Lennar currently expects to commence sales in November 2023, first occupancy is expected in mid-2024 and sellout by the end of 2025. As of August 31, 2023, Lennar had completed the substantial majority of the wet utilities and has commenced paving the in-tract streets within the Mariposa project. As of such date, six building permits had been issued for the Mariposa project and Lennar had commenced construction of one building planned for six model homes. The property for the remaining 100 units was in near-finished status as of such date. The estimated base sales prices in the Mariposa project range from \$520,000 to \$765,000 with floor plans ranging from approximately 922 square feet to 1,663 square feet. Base sales prices are subject to change and do not include any incentives, options, upgrades or lot premiums.

Lennar has provided estimates to the Developer that its development costs for the Mariposa project will be approximately \$31.8 million (including land acquisition, infrastructure, home construction, soft costs and carrying costs). As of August 31, 2023, Lennar had spent approximately \$4.0 million on site development costs for the Mariposa project. Lennar currently expects to finance the costs of the Mariposa project from home sales revenues and internal funding.

Lennar Proposed Development - Flora (MR-24). Lennar is under option to acquire approximately 6.5 acres of property in the District under the Lennar Landbank Option, as described above, where it plans to build

Flora, a project consisting of 69 single family detached homes. A final tract map for the Flora project has been recorded.

Construction of the Flora project commenced in July 2023. Lennar currently expects to commence sales in November 2023, first occupancy is expected in mid-2024 and sellout by the end of 2025. As of August 31, 2023, Lennar had completed the substantial majority of the wet utilities and has commenced paving the in-tract streets. As of such date, three building permits had been issued for the Flora project and Lennar had commenced construction of three model homes. The property for the remaining 66 homes was in near-finished status as of such date. The estimated base sales prices in the Flora project range from \$822,000 to \$945,000 with floor plans ranging from approximately 1,397 square feet to 1,818 square feet. Base sales prices are subject to change and do not include any incentives, options, upgrades or lot premiums.

Lennar has provided estimates to the Developer that its development costs for the Flora project will be approximately \$29.3 million (including land acquisition, infrastructure, home construction, soft costs and carrying costs). As of August 31, 2023, Lennar had spent approximately \$4.5 million on site development costs for the Flora project. Lennar currently expects to finance the costs of the Flora project from home sales revenues and internal funding.

Proposed Development by TRI Pointe – Heatherly (MR-28). TRI Pointe Homes Holdings, Inc (previously defined herein as “TRI Pointe Homes”), a Delaware corporation, is an affiliate of Tri Pointe Homes, Inc., a Delaware corporation (“Tri Pointe”), a publicly traded company whose common stock is listed on the New York Stock Exchange under the ticker symbol “TPH”. Tri Pointe is engaged in the design, construction and sale of innovative single-family attached and detached homes in 15 markets across ten states and the District of Columbia. Tri Pointe is subject to the informational requirements of the Exchange Act and, in accordance therewith, files reports, proxy statements, and other information, including financial statements, with the SEC. Such filings, particularly Tri Pointe’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and Tri Pointe’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, as filed with the SEC, set forth, among other things, certain data relative to the consolidated results of operations and financial position of Tri Pointe and its consolidated subsidiaries, including Tri Pointe Homes, as of such dates.

TRI Pointe Homes Landbank Arrangements. TRI Pointe Homes is developing one project in the District (marketed as Heatherly, as described below) totaling 82 planned homes. TRI Pointe Homes and the Developer entered into an option agreement (the “TRI Pointe Homes Developer Option”) with respect to the property in the Heatherly project, which provided TRI Pointe Homes with the option to purchase such property in a single bulk purchase. TRI Pointe Homes, the Developer and RMV MR 28 – Mission Viejo, L.P., a Delaware limited partnership (the “TRI Pointe Homes Landbank”) entered into an agreement with respect to the property in TRI Pointe Homes’ project pursuant to which, among other matters, TRI Pointe Homes’ option to purchase such property was assigned to the TRI Pointe Homes Landbank. Such property was acquired by the TRI Pointe Homes Landbank on January 18, 2023, and the TRI Pointe Homes Landbank currently owns the property for TRI Pointe Homes’ project.

TRI Pointe Homes and the TRI Pointe Homes Landbank entered into an option agreement (the “TRI Pointe Homes Landbank Option”) pursuant to which TRI Pointe Homes has the exclusive right and option (but not the obligation) to purchase the property within the Heatherly project in consideration for (a) payment of an initial deposit; (b) the covenants of TRI Pointe Homes to timely pay option payments under the TRI Pointe Homes Landbank Option on a monthly basis in arrears; and (c) upon exercise of the option to acquire lots, the payment of the purchase price for each phase of lots acquired. In order to maintain the option, among other conditions, TRI Pointe Homes must acquire a minimum number of lots by certain dates within Heatherly project, as shown in the table below. TRI Pointe Homes may defer acquisition of a particular phase of lots as shown in the table below for up to three 30 day periods, which will automatically extend the deadline date for all subsequent acquisitions. However, TRI Pointe Homes will be obligated to continue making option payments to the TRI Pointe Homes landbank during any extension period. TRI Pointe Homes may also

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purchase lots ahead of the schedule shown below or purchase all of the property in bulk. TRI Pointe Homes is currently in good standing under the TRI Pointe Homes Developer Option and the TRI Pointe Homes Landbank Option.

During the term of the TRI Pointe Homes Landbank Option, TRI Pointe Homes is contractually responsible under the TRI Pointe Homes Landbank Option for paying all property taxes, fees and assessments levied on the property related to the Heatherly project, including the Special Taxes.

The following table shows the schedule of property acquisition required under the TRI Pointe Homes Landbank Option. As of August 31, 2023, TRI Pointe Homes had not acquired any property for its Heatherly project, however, as described below, TRI Pointe Homes has commenced construction of model homes within such project as permitted under the TRI Pointe Homes Landbank Option. TRI Pointe Homes is currently in good standing under the TRI Pointe Homes Developer Option and the TRI Pointe Homes Landbank Option.

<i>Date</i>	<i>Number of Lots to be Acquired</i>
08/20/2023	9
12/20/2023	6
02/20/2024	6
04/20/2024	6
07/20/2024	7
11/20/2024	12
02/20/2025	12
04/20/2025	10
06/20/2025	<u>14</u>
Total	82

In addition to meeting the acquisition schedule above, the TRI Pointe Homes Landbank Option requires that TRI Pointe Homes meet certain development milestones by certain dates as shown below. Failure to meet a milestone by the specified date gives the TRI Pointe Homes Landbank the right to terminate TRI Pointe Homes' option to purchase the property in the Heatherly project. However, in such event, TRI Pointe Homes has the right to purchase all remaining lots in bulk. Subject to TRI Pointe Homes' compliance with the conditions to maintain the option under the TRI Pointe Homes Landbank Option, TRI Pointe Homes' option to acquire the lots within the Heatherly project currently expires on June 20, 2025.

<i>Improvement Development Milestone</i>	<i>Schedule</i>
Start of land development (wet utilities trenching)	July 31, 2023
Model homes start date (trenching)	October 31, 2023
Final map approval	October 31, 2023 ⁽¹⁾
Model homes open date (model homes can be toured by public)	February 28, 2024

⁽¹⁾ The final map for the Heatherly project was recorded on September 20, 2023.

Under the TRI Pointe Homes Landbank Option and related ancillary agreements, TRI Pointe Homes may enter upon and construct homes within the property for the Heatherly project prior to acquiring title to such property. If TRI Pointe Homes commences construction of any vertical improvements on a lot, TRI Pointe Homes will (1) be deemed to have exercised the option to acquire such lot and (2) be obligated to complete construction of the home on such lot.

In the event TRI Pointe Homes fails to exercise its option under the TRI Pointe Homes Landbank Option with respect to all or any portion of the property within the Heatherly project, the TRI Pointe Homes Landbank may sell the property that it then owns within the Heatherly project to one or more homebuilders

that have been preapproved by the Developer (which includes all the other builders with projects within the District), or another homebuilder to be approved by the Developer. Such future homebuilder(s) will be subject to the arrangements described above unless amended by the parties thereto. In addition, the Developer has the option to repurchase any property within the Heatherly project in the event (i) TRI Pointe Homes' option rights under the TRI Pointe Homes Landbank Option are terminated before all of the lots to be acquired by TRI Pointe Homes thereunder have been transferred to TRI Pointe Homes, and (ii) the TRI Pointe Homes Landbank has failed to transfer all of the remaining lots held by TRI Pointe Homes Landbank to another permitted builder within six months following the termination of TRI Pointe Homes' option rights under the TRI Pointe Homes Landbank Option.

Notwithstanding the termination of the TRI Pointe Homes Landbank Option, TRI Pointe Homes' obligations under the TRI Pointe Homes Developer Option remain in effect, including the obligation to complete construction of the in-tract improvements within the property that TRI Pointe Homes then owns within the Heatherly project. The TRI Pointe Homes Landbank will be responsible for such obligations under the TRI Pointe Homes Developer Option with respect to the property that it then owns within the Heatherly project.

The TRI Pointe Homes Landbank. RMV MR 28 – Mission Viejo, L.P., a Delaware limited partnership (previously defined as the “TRI Pointe Homes Landbank”) is a single purpose entity ultimately controlled by Hearthstone, Inc., a California corporation (“Hearthstone”). Hearthstone is devoted exclusively to investing in residential housing developments on behalf of institutional capital. Hearthstone's investments include single family subdivisions, condominium and townhouse developments, master planned communities, land development projects and mixed-use communities. Hearthstone invests funds on behalf of its investors in homebuilding and residential lot development projects with public and private homebuilders in select target markets throughout the United States. Hearthstone has funded and managed over \$16.5 billion in investments to construct over 140,000 homes and lots in 22 states since its inception. Hearthstone's principal office is located in Calabasas, California. Neither the TRI Pointe Homes Landbank nor Hearthstone are affiliated entities of TRI Pointe Homes or the Developer.

TRI Pointe Homes Proposed Development - Heatherly (MR-28). TRI Pointe Homes is under option to acquire approximately 9.8 acres of property in the District under the TRI Pointe Homes Landbank Option, as described above, where it plans to build Heatherly, a project consisting of 82 single family detached homes. A final tract map for the Heatherly project has been recorded.

The Heatherly project consists of two-story detached homes with common driveway access to the garage for each home. Construction of the project commenced in July 2023. TRI Pointe Homes currently expects to commence sales in December 2023, first occupancy is expected in the first quarter of 2024 and sellout by the end of 2025. As of August 31, 2023, TRI Pointe Homes had completed the substantial majority of the in-tract street and utility improvements within the Heatherly project. As of such date, four building permits had been issued for the Heatherly project and TRI Pointe Homes had commenced construction of four model homes and the lots planned for the remaining 78 homes within the Heatherly project were in a finished or near-finished condition. The estimated base sales prices in the Harvest project range from \$893,000 to \$1,043,000 with floor plans ranging from approximately 1,691 square feet to 2,182 square feet. Base sales prices are subject to change and do not include any incentives, options, upgrades or lot premiums.

TRI Pointe Homes has provided estimates to the Developer that its development costs for the Heatherly project will be approximately \$34.2 million (including land acquisition, infrastructure, home construction, soft costs and carrying costs). As of August 31, 2023, TRI Pointe Homes had spent approximately \$1.8 million on site development costs for the Heatherly project. TRI Pointe Homes currently expects to finance the costs of the Heatherly project from home sales revenues and internal funding.

Proposed Development by Shea Homes – Bloom (MR-25). As used in this Official Statement, “Shea” is Shea Homes Limited Partnership, a California limited partnership, which is based in Walnut,

California, and has been in the business of developing residential real estate communities in California since 1968. Shea is owned by limited partners and a general partner, whose ultimate beneficial ownership resides with various members of the Shea family. The Shea family began building homes in 1968 ultimately resulting in the formation of Shea on January 4, 1989, pursuant to an agreement of partnership. The partnership agreement was most recently amended March 11, 2013, by and between JF Shea, G.P., a Delaware general partnership, as general partner, and the company's limited partners who are comprised of various entities and trusts. Since 1881 in Portland, Oregon, beginning with only a plumbing contractor business, the Shea family has expanded to start and currently owns and operates various businesses, including homebuilding, heavy construction, venture capital, home mortgage, insurance and commercial property.

While Shea is a privately held company, Shea produces quarterly disclosure similar to a publicly held company for its bondholders and other interested parties which are available at Shea's website at www.sheahomes.com. The Internet address and references to Shea's disclosures are included for reference only, and the information on such Internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.

On January 18, 2023, Shea acquired approximately 11.1 acres of property in the District from the Developer, where it plans to build Bloom, a project consisting of 82 single family detached homes. A final tract map for the Bloom project is currently expected to be recorded by the end of October 2023.

The Bloom project consists of two-story detached homes with common driveway access to the garage for each home. Construction of the project commenced in August 2023. Shea currently expects to commence sales in December 2023, first occupancy is expected in the second quarter of 2024 and sellout by the end of 2026. As of August 31, 2023, the property within the Bloom project had been graded and Shea had commenced construction of the in-tract street and utility improvements. As of such date, Shea had obtained building permits for three model homes within the Bloom project and had commenced construction of such model homes. The estimated base sales prices in the Bloom project range from \$990,000 to \$1,100,000 with floor plans ranging from approximately 1,753 square feet to 2,150 square feet. Base sales prices are subject to change and do not include any incentives, options, upgrades or lot premiums.

Shea has provided estimates to the Developer that its development costs for the Bloom project will be approximately \$37.2 million (including land acquisition, infrastructure, home construction, soft costs and carrying costs). As of August 31, 2023, Shea had spent approximately \$2.1 million on site development costs for the Bloom project. Shea currently expects to finance the costs of the Bloom project from home sales revenues and internal funding.

Proposed Development by Pulte – Juniper (MR-11). Pulte Home Company, LLC (previously defined herein as “Pulte”), a Michigan limited liability company, is an indirect wholly-owned subsidiary of PulteGroup, Inc., a Michigan corporation (the “Parent Entity”). The Parent Entity is a publicly-held holding company based in Atlanta, Georgia, whose subsidiaries engage primarily in the homebuilding business. The Parent Entity also has mortgage banking operations, conducted principally through Pulte Mortgage LLC and title operations. The Parent Entity is a Michigan corporation organized in 1956 whose common stock trades on the NYSE under the symbol “PHM.” Pulte's Southern California division based in Mission Viejo, California, is responsible for the development of Pulte's project in the District.

Through its brands, which include Centex, Pulte Homes, Del Webb, DiVosta Homes, John Weiland Homes and Neighborhoods and American West, the Parent Entity and its subsidiaries offer a wide variety of home designs, including single-family detached, townhouses, condominiums, and duplexes at different prices and with varying levels of options and amenities to the company's major customer groups: first-time, move-up, and active adult. Over its history, the Parent Entity and its subsidiaries have delivered nearly 750,000 homes.

Pulte has entered into an option agreement with the Developer (the “Pulte Option Agreement”) to acquire 6.7 acres of property in the District from the Developer, where it plans to build Juniper, a project consisting of 82 single family detached duplex homes. The Pulte Option Agreement provides that Pulte may acquire the property planned for the Juniper project in three takedowns. Pulte acquired property for 40 homes in a takedown on January 19, 2023. The final takedown is currently expected to occur in January 2024, however, no assurances can be made that such takedown will occur. Pursuant to the Pulte Option Agreement, Pulte has paid to the Developer an option payment equal to 20% of the purchase price. In the event Pulte does not exercise its option to purchase the property, the Developer is entitled to retain the option payment. The Pulte Option Agreement allows Pulte to commence construction activities on any portion of the property planned for the Juniper project prior to the related takedown having occurred.

A final tract map for the Juniper project has been recorded. Construction of the project commenced in July 2023. Pulte currently expects to commence sales in October 2023, first occupancy is expected in the first quarter of 2024 and sellout in mid-2025. As of August 31, 2023, Pulte had completed the substantial majority of the in-tract street and utility improvements within the Juniper project. As of such date, Pulte had obtained building permits for 16 homes within the Juniper project and had commenced construction of eight model homes and four production homes. The estimated base sales prices in the Juniper project range from \$690,000 to \$800,000 with floor plans ranging from approximately 1,142 square feet to 1,608 square feet. Base sales prices are subject to change and do not include any incentives, options, upgrades or lot premiums.

Pulte has provided estimates to the Developer that its development costs for the Juniper project will be approximately \$30 million (including land acquisition, infrastructure, home construction, soft costs and carrying costs). As of August 31, 2023, Pulte had spent approximately \$3.1 million on site development costs for the Juniper project. Pulte currently expects to finance such costs from home sales revenues and internal funding.

Proposed Development by Trumark – Willow (MR-8). TH Rancho Mission Viejo MR 8 LLC (previously defined herein as “Trumark”), a California limited liability company, is a single member limited liability company, managed by the managers of Trumark Homes LLC. Founded in 1988, Trumark Homes is engaged in the building of master planned communities, single family and attached housing, and urban and mixed-use development in California and Colorado. Since its founding, Trumark Homes has developed over 8,000 residential lots. Other than its project in the District, Trumark Homes’ currently has active residential projects in California that are located in Oceanside, Covina, San Rafael, Concord, Morgan Hill, Alameda, Newark, Sunnyvale, Mission Viejo, Irvine, Lathrop, Riverside County (Mockingbird Canyon), San Bernardino, and Manteca. In January 2020, Daiwa House USA, Inc., a subsidiary of Daiwa House Industry Co., Ltd., acquired the majority equity interests in Trumark Companies LLC and Trumark Homes became a subsidiary of Daiwa House USA, Inc. Daiwa House Industry Co., Ltd. is Japan’s largest homebuilder and is a public company listed on the Tokyo Stock Exchange and the Osaka Securities Exchange under the ticker symbol “DWAHY.”

On March 21, 2023, Trumark acquired approximately 8.4 acres of property in the District from the Developer, where it plans to build Willow, a project consisting of 93 single family detached homes. A final tract map for the Willow project has been recorded. As of August 31, 2023, 13 building permits had been issued for the Willow project and Trumark had commenced construction of four model homes and eight production homes. As of such date, the balance of the property in the Willow project consisted of near-finished lots. Trumark currently expects to commence sales in October 2023, and expects first occupancy in the second quarter of 2024 and sellout in 2025. The estimated base sales prices in the Willow project range from \$579,990 to \$788,990 with floor plans ranging from approximately 923 square feet to 1,540 square feet. Base sales prices are subject to change and do not include any incentives, options, upgrades or lot premiums.

Trumark has provided estimates to the Developer that its development costs for the Willow project will be approximately \$36.9 million (including land acquisition, infrastructure, home construction, soft costs and carrying costs). As of August 31, 2023, Trumark had spent approximately \$8.6 million on site

development costs for the Willow project. Trumark currently expects to finance such costs from home sales revenues and internal funding.

Remaining Developer Properties. Other than the property under contract to be conveyed to Pulte, the remaining land that the Developer owns within the District consists of the land planned for parks and amenities. The Developer expects to complete the community amenities within the District in early 2025. Such amenities are expected to include a clubhouse, swimming pool and spa, play areas, and associated landscaping and parking. The property that the Developer owns in the District that is planned for such amenities is not expected to be subject to the Special Tax.

SPECIAL RISK FACTORS

The purchase of the Bonds involves significant risks that are not appropriate investments for certain 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. The Bonds have not been rated by a rating agency. 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 District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See “— Property Values” and “— Limited Secondary Market.”

Risks of Real Estate Secured Investments Generally

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 the vicinity of the District, 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 and floods), which may result in uninsured losses; and (iv) high rate of inflation, rising interest rates and other economic trends that adversely affects consumers, whether cyclical or resulting from geopolitical events.

No assurance can be given that the Developer, the merchant builders or any future homeowners within the District will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See the caption “— Bankruptcy and Foreclosure” for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels.

Concentration of Ownership

As of August 31, 2023, no homes within the District had closed to individual homeowners. Based on the ownership status of the property within the District as of August 31, 2023, approximately 29.54% of the Special Taxes levied in Fiscal Year 2023-24 is allocated to the property owned by the Lennar Landbank, approximately 25.29% is allocated to property owned by the TRI Pointe Homes Landbank and approximately 20.88% is allocated to the property owned by Shea. Lennar and TRI Pointe Homes are contractually responsible to pay the Special Tax levied on the property for their respective projects during the time their option agreements with their landbanks are in effect. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT — Merchant Builders in the Development.” The remaining merchant builders and the Developer are expected to be responsible for between approximately 6.98% and 10.08% of the Fiscal Year 2023-24 Special Tax levy. The property owned by the Developer as of August 31, 2023 that is planned for residential development is under contract to be acquired by Pulte. Assuming Pulte acquires such property and

assuming no closings of homes to individual homeowners, the portion of the Fiscal Year 2023-24 Special Tax levy allocated to property owned by Pulte will increase.

Failure of the Developer, the merchant builders or any successors, to pay the annual Special Taxes when due could result in a draw on the Reserve Account of the Special Tax Fund, and ultimately a default in payments of the principal of, and interest on, the Bonds, when due. No assurance can be given that the Developer, the merchant builders or their successors, will complete the remaining intended construction and development in the District. See “— Failure to Develop Properties.”

In Fiscal Year 2023-24, all of the Special Tax levy is on property within the District classified as Undeveloped Property which is owned by the Developer and the merchant builders and the landbanks. Undeveloped Property is defined in the Rate and Method as property not classified as Developed Property, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property or Taxable Religious Property. In the event that the Developer or any of the merchant builders fail to complete the remaining intended construction and development in the District, Special Taxes will continue to be levied on Undeveloped Property owned by such entities. No assurance can be given that the merchant builders, or any successors, will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See “— Bankruptcy and Foreclosure” for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels.

Increasing Mortgage Interest Rates

Since approximately November 2021, interest rates for mortgage loans have increased significantly. Increases in mortgage interest rates could have a negative impact on the estimated absorption rates of the planned for-sale residential units in the District described herein. With respect to entry-level households, increased mortgage interest rates may adversely impact the affordability of homes and may increase mortgage payment levels for owning a lower-priced home relative to renting a residence, thereby making purchasing less attractive. With respect to move-up households, higher mortgage interest rates may impact the desire of current homeowners to move from their present home due to the fact that their present home likely has a relatively low mortgage interest rate. In addition, in such instances, a new home would likely have a higher interest rate on a new mortgage loan as well as a higher purchase price and property taxes. Such considerations may decrease the desire for move-up households to purchase a new home. The foregoing factors could reduce demand for and/or the ability to achieve the sales prices of the planned for-sale homes within the District as described herein.

Inability to Access Escrow Fund

As described above under the caption “SOURCES OF PAYMENT FOR THE BONDS—Escrow Fund,” certain conditions must be satisfied prior to the transfer of any money from the Escrow Fund to the Acquisition and Construction Fund (where it would be available to pay for Facilities). The failure to satisfy all of these conditions would mean that no additional money could be transferred from the Escrow Fund to the Acquisition and Construction Fund, and such funds will be applied to effect an early redemption of the Escrow Term Bonds, without premium. See “THE BONDS—Redemption.” There can be no assurance that the conditions precedent contained in the Indenture will be satisfied prior to the Escrow Closing Date of July 1, 2026 in order for all of the funds to be released from the Escrow Fund.

If and to the extent that the conditions precedent in the Indenture have not been satisfied prior to the Escrow Closing Date, the amount then on deposit in the Escrow Fund will never be available for transfer to the Acquisition and Construction Fund, and such amount will never be available for the acquisition or construction of Facilities, effectively increasing the cost of development in the District to the Developer.

Limited Obligations

The Bonds and interest thereon are not payable from the general funds of the County. Except with respect to the Net Taxes, neither the faith and credit nor the taxing power of the District or the County is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Indenture, no Owner of the Bonds may compel the exercise of any taxing power by the District or the County or force the forfeiture of any County or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the County or a legal or equitable pledge, charge, lien or encumbrance upon any of the County's or the District's property or upon any of the County's or the District's income, receipts or revenues, except the Net Taxes and other amounts pledged under the Indenture.

Insufficiency of Special Taxes

Under the Rate and Method, the annual amount of Special Tax to be levied on each taxable parcel in the District will generally be based on the land use class to which a parcel of Developed Property is assigned. See APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" and "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Rate and Method of Apportionment of Special Tax.*"

In order to pay debt service on the Bonds, it is necessary that the Special Taxes be paid in a timely manner. The District will establish and fund upon the issuance of the Bonds a Reserve Account of the Special Tax Fund in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent other funds are not available. See "SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund." The District will covenant to maintain in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement subject, however, to the limitation that the District may not levy the Special Tax in the District in any fiscal year at a rate in excess of the maximum amounts permitted under the Rate and Method. As a result, if a significant number of delinquencies occurs, the District could be unable to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement due to the limitations on the maximum Special Tax. If such defaults were to continue in successive years, the Reserve Account of the Special Tax Fund could be depleted and a default on the Bonds could occur.

The District will covenant in the Indenture that, under certain conditions, it will institute foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. See "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*" for provisions which apply in the event of such foreclosure and which the District is required to follow in the event of delinquencies in the payment of the Special Tax.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds (if the Reserve Account of the Special Tax Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the District of the proceeds of sale. The District may adjust the future Special Tax levied on taxable parcels in the District, subject to the limitation on the maximum Special Tax, to provide an amount required to pay interest on, principal of, and redemption premiums, if any, on the Bonds, and the amount, if any, necessary to replenish the Reserve Account of the Special Tax Fund to an amount equal to the Reserve Requirement and to pay all current expenses; provided, however, that the Act and the Rate and Method provide that under no circumstances will the Special Tax levied in a Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within the District. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against taxable parcels in the District will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the

maximum Special Tax rates. See “—Bankruptcy and Foreclosure” for a discussion of potential delays in foreclosure actions.

The Rate and Method governing the levy of the Special Tax provides that no Special Tax shall be levied on Assessor’s Parcels of Conservation Property, Property Owner Association Property, Public Property and/or Religious Property; provided that an Assessor’s Parcel shall not be exempt and shall be classified as Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property and/or Taxable Religious Property if exempting such property would reduce the sum of all property subject to the Special Tax within the applicable Zone below the corresponding minimum taxable Acreage amount listed Table 9 in APPENDIX A. See Section E of APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” If for any reason property within the District becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within the District. This would result in the owners of such 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 Act provides that, if any property within the District 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 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 Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within the District was to become 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 Bonds when due and a default could occur with respect to the payment of such principal and interest.

Teeter Plan Termination

In 1993, the County implemented its Teeter Plan as an alternate procedure for the distribution of certain property tax and assessment levies on the secured roll. Pursuant to its Teeter Plan, the County has elected to provide local agencies and taxing areas, including the District, with full tax and assessment levies instead of actual tax and assessment collections. In return, the County is entitled to retain all delinquent tax and assessment payments, penalties and interest. Thus, the County’s Teeter Plan may protect the Owners of the Bonds from the risk of delinquencies in the payment of Special Taxes. However, the County is entitled, and under certain circumstances could be required, to terminate its Teeter Plan with respect to all or part of the local agencies and taxing areas covered thereby. A termination of the Teeter Plan with respect to the District would eliminate such protection from delinquent Special Taxes. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Teeter Plan.”

Failure to Develop Properties

Development of property within the District may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the merchant builders, the landbanks or any property owner to pay the Special Taxes when due. Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy such governmental requirements would adversely affect planned land development.

Development of land in the District is also subject to the availability of water. Finally, development of land is subject to economic considerations.

The Developer reports that the area included in the District has been graded and major infrastructure (sewer, water, storm drains, utilities, and arterial roads) to be installed by the Developer has been substantially completed. Remaining onsite infrastructure necessary to complete development within the District consists of final grading of certain portions of the property, certain streets and associated wet and dry utilities, landscaping, parks/trails and a clubhouse and associated amenities.

Merchant builders have acquired or are under contract to acquire all of the land planned for residential development of homes. A majority of the residential lots owned by the merchant builders are in a near-finished lot condition and all of the merchant builders have commenced construction of model homes. No assurance can be given that the remaining proposed development will be partially or fully completed; and for purposes of evaluating the investment quality of the Bonds, prospective purchasers should consider the possibility that such parcels will remain unimproved.

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the Bondowners should it be necessary for the District to foreclose on the property due to the nonpayment of Special Taxes. The failure to complete development of the required infrastructure for development in the District as planned, or substantial delays in the completion of the development of the required infrastructure for the development due to litigation or other causes may reduce the value of the property within the District and increase the length of time during which Special Taxes will be payable from undeveloped property, and may affect the willingness and ability of the owners of property within the District to pay the Special Taxes when due.

There can be no assurance that land development operations within the District will not be adversely affected by future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, an increase in mortgage interest rates, the income tax treatment of real property ownership, or the national economy. A slowdown of the development process and the absorption rate could adversely affect land values and reduce the ability or desire of the property owners to pay the annual Special Taxes. In that event, there could be a default in the payment of principal of, and interest on, the Bonds when due.

Bondowners should assume that any event that significantly impacts the ability to develop land in the District would cause the property values within the District to decrease substantially from those estimated by the Appraiser and could affect the willingness and ability of the owners of land within the District to pay the Special Taxes when due.

The District levied Special Taxes on Undeveloped Property for Fiscal Year 2023-24 and expects to levy Special Taxes on Undeveloped Property in future fiscal years until the Special Taxes levied on Developed Property are sufficient to fund the Special Tax Requirement. Undeveloped Property is less valuable per unit of area than Developed Property, especially if there are no plans to develop such land or if there are severe restrictions on the development of such land. The Undeveloped Property also provides less security to the Bondowners should it be necessary for the District to foreclose on Undeveloped Property due to the nonpayment of the Special Taxes. Furthermore, an inability to develop the land within the District as currently proposed will make the Bondowners dependent upon timely payment of the Special Taxes levied on Undeveloped Property. A slowdown or stoppage in the continued development of the District could reduce the willingness and ability of the merchant builders, or any successors, to make Special Tax payments on Undeveloped Property and could greatly reduce the value of such property in the event it has to be foreclosed upon. See “— Property Values.”

No Representation as to Merchant Builders

No representation is made as to the experience, abilities or financial resources of the merchant builders who currently own property in the District or of any other purchaser or potential purchaser of property in the District or the likelihood that such merchant builders, purchasers or potential purchasers will be successful in developing such purchased properties within the District beyond the stage of development reached by the Developer. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT — The Development.” The description of expected development by merchant builders in this Official Statement is based on information provided to the District by the Developer and the Appraiser, and none of the merchant builders have provided any information to the District or the County in connection with the preparation of this Official Statement. In making an investment decision, purchasers of the Bonds should not assume that such merchant builders or such other persons or entities that purchase property within the District will develop such properties beyond the current stage of development reached by the Developer and the merchant builders.

Natural Disasters

The District, like all California communities, may be subject to unpredictable seismic activity, fires, floods, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within the District is not located in a Fault-Rupture Hazard Zone (formerly known as an Alquist-Priolo Special Study Zone). A number of faults are located in Southern California and throughout California; thus, the District may be subject to severe ground shaking during earthquakes. Additionally, the District is not located in a flood plain area.

In recent years, wildfires have caused extensive damage throughout the State, including to a limited degree within the County. In some cases outside of the County, these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. Several fires which occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future. The Rienda development, including the property within the District is located adjacent to open space terrain which the Department of Forestry and Fire Protection of the State of California has designated as a very high fire hazard severity zone. The area also experiences high winds known as Santa Ana winds which frequently accompany and magnify the intensity of wildfires.

The Developer acknowledges the severity and risks of local wildfires, and although large master-planned communities built to State standards are increasingly recognized as less prone to wildfire damage, the Developer has made significant efforts to mitigate this risk. The Villages of Sendero, Esencia and Rienda are master-planned communities developed by affiliates of the Developer located in the Ranch. The Villages of Sendero, Esencia and Rienda have received designation by the National Fire Protection Association (NFPA) as Firewise USA communities in recognition of the Developer’s fire protection planning and proactive approach to reducing wildfire risk in such communities. Firewise USA is a nationwide program which aims to educate communities about fire preparedness and how citizens can work together to limit the impacts of wildfires. The recognition of the Villages of Sendero, Esencia and Rienda as Firewise USA communities is the result of years of collaboration by affiliates of the Developer with Orange County Fire Authority (OCFA) to ensure such developments exceeds State requirements for wildfire protection. Since the NFPA only grants this designation to communities with residents, the Developer currently anticipates that this Firewise USA designation will be forthcoming in calendar year 2024 as residents begin to move into the District.

The County, the OCFA and the Developer prepared a three-party agreement called the “Ranch Plan Fire Protection Program” which was adopted by the County Board of Supervisors in 2007 and has been updated from time-to-time (as updated, the “Fire Protection Plan”). The most update amendment was delivered in March 2022. The purpose of the Fire Protection Plan was to set forth certain fire protection

measures to be implemented within the Ranch development (including the District). The Fire Protection Program has been designed based on research and fire behavior modeling, restrictive home construction, community design requirements, landscape material prohibitions and maintenance monitoring. Among other measures, the Fire Protection Plan provides for (1) construction material requirements which meet certain design criteria for fire resistance; (2) landscaping and plant species restrictions; (3) standards for emergency vehicle access; and (4) a 110-foot wide "Fuel Modification Zone" that will run along the boundary of the District and limits the type of vegetation that may be planted within such Fuel Modification Zone. The Fuel Modification Zone is subject to inspection by the OCFA and is expected to be maintained by the property owner's association within the District. Notwithstanding the foregoing mitigation measures, there is a risk of residential property within the District being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the District.

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

Endangered/Threatened Species

During the 1990s, there was an increase in activity at the State and federal level related to the possible listing of certain plant and animal species found in the Southern California area as endangered or threatened species. In response to this activity, several large landowners began an effort to move away from "species by species" entitlement to multiple species entitlement, in order to minimize the risk of future species listings and maximize the certainty of development. The Original Property Owners are some of such landowners. The Original Property Owners are permittees under the Southern Subregion Habitat Conservation Plan ("SSHCP") which addresses seven (7) federally listed species and twenty-five (25) sensitive species. The Ranch Plan MPC is permitted by the SSHCP. Accordingly, such development within the District is in compliance with this habitat conservation plan and is not anticipated to be impeded as a result of endangered or threatened species.

Hazardous Substances

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming the owner, will become obligated to remedy the condition just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling such substance. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency and the willingness or ability of the owner of any parcel to pay the Special Tax installments.

The value of the taxable property within the District, as set forth in the various tables in this Official Statement, does not reflect the presence of any hazardous substance or the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the property. The Developer has represented to the District that it is not aware of any hazardous substance condition of the property within the District. The District has not independently verified, but is not aware, that any owner (or operator) of any of the parcels within the District has such a current liability with respect to any such parcel. However, it is possible that such liabilities do currently exist and that the District is not aware of them.

Payment of the Special Tax is not a Personal Obligation of the Property 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 value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Special Tax, the District has no recourse against the property owner.

Property Values

The value of the property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See "THE COMMUNITY FACILITIES DISTRICT — Appraised Value-to-Lien Ratios."

The Appraiser has estimated, on the basis of certain definitions, assumptions and limiting conditions contained in the Appraisal Report that as of August 31, 2023, the market value of the land and improvements within the District was approximately \$191,420,000. The Appraisal Report is based on a number of assumptions and limiting conditions as stated in APPENDIX B — "APPRAISAL REPORT." The Appraisal Report does not reflect any possible negative impact which could occur by reason of future slow or no growth voter initiatives, an economic downturn, any potential limitations on development occurring due to time delays, an inability of any landowner to obtain any needed development approval or permit, the presence of hazardous substances or other adverse soil conditions within the District, the listing of endangered species or the determination that habitat for endangered or threatened species exists within the District, or other similar situations.

Prospective purchasers of the Bonds should not assume that the land and improvements within the District could be sold for the amount stated in the Appraisal Report at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of market value, the Appraiser assumes that any property will be sold in a competitive market after a reasonable exposure time, and assuming that neither the buyer or seller is under duress, which is not always present in a foreclosure sale. See APPENDIX B — "APPRAISAL REPORT" for a description of other assumptions made by the Appraiser and for the definitions and limiting conditions used by the Appraiser. Any event which causes one of the Appraiser's assumptions to be untrue could result in a reduction of the value of the land within the District from that estimated by the Appraiser.

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, adjusted annually by an amount determined by the County Assessor, generally not to exceed an increase of more than 2% per fiscal year. No assurance can be given that a parcel could actually be sold for its assessed value.

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent

Special Taxes. See APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — COVENANTS AND WARRANTY — Covenants — Commence Foreclosure Proceedings.”

Parity Taxes and Special Assessments

Property within the District is subject to taxes and assessments imposed by other public agencies also having jurisdiction over the land within the District. See “THE COMMUNITY FACILITIES DISTRICT — Direct and Overlapping Indebtedness.”

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general 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 except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation or other federal agencies. See “— FDIC/Federal Government Interest in Properties” and “— Bankruptcy and Foreclosure.”

Neither the District nor the County has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* property taxes or assessments payable from all or a portion of the property within the District. In addition, the landowners within the District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes and *ad valorem* property taxes or assessments. Any such special 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 the property within the District described herein. See “SOURCES OF PAYMENT FOR THE BONDS” and “THE COMMUNITY FACILITIES DISTRICT — Direct and Overlapping Indebtedness” and “— Appraised Value to Lien Ratios.”

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value is sufficient 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 County has caused a notice of the Special Tax to be recorded in the Office of the Clerk-Recorder for the County against each parcel. 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 District or lending of money thereon.

The 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 special tax under the Act 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 Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the properties within the District on the regular *ad valorem* property tax bills sent to owners of such properties by the County Tax Collector. The Act

currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — COVENANTS AND WARRANTY — Covenants — Commence Foreclosure Proceedings” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See “— Bankruptcy and Foreclosure” for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessment and limitations on the District’s ability to foreclose on the lien of the Special Taxes in certain circumstances.

FDIC/Federal Government Interests in Properties

General. The ability of the 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 District 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 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 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 District, 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 District 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 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 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 Act.

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

Bankruptcy and Foreclosure

Bankruptcy, insolvency and other laws generally affecting creditors' rights could adversely impact the interests of owners of the Bonds in at least two ways. First, the payment of property owners' taxes and the ability of the District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales.*" In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

Second, the Bankruptcy Code might prevent moneys on deposit in the Acquisition and Construction Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner or other party and if the court found that the landowner or other party had an interest in such moneys within the meaning of Section 541(a)(1) of the Bankruptcy Code.

Although a bankruptcy proceeding would not cause the Special Taxes to become extinguished, the amount of any Special Tax lien 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 prosecuting Superior Court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of delinquent Special Tax installments and the possibility of delinquent Special Tax installments not being paid in full.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled *In re Glasply Marine Industries*. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property.

Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be “administrative expenses” of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes.

The Bankruptcy Reform Act of 1994 (the “Bankruptcy Reform Act”) included a provision which excepts from the Bankruptcy Code’s automatic stay provisions, “the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state if such tax comes due after the filing of the petition [by a debtor in bankruptcy court].” This amendment effectively makes the *Glasply* holding inoperative as it relates to *ad valorem* real property taxes. However, it is possible that the original rationale of the *Glasply* ruling could still result in the treatment of post-petition special taxes as “administrative expenses,” rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings.

According to the court’s ruling, as administrative expenses, post-petition taxes would be paid, assuming that the debtor had sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise), it would at that time become subject to current *ad valorem* property taxes.

The Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as *ad valorem* property taxes. No case law exists with respect to how a bankruptcy court would treat the lien for Special Taxes levied after the filing of a petition in bankruptcy court. *Glasply* is controlling precedent on bankruptcy courts in the State. If the *Glasply* precedent was applied to the levy of the Special Taxes, the amount of Special Taxes received from parcels whose owners declare bankruptcy could be reduced.

The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

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 or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. Pursuant to the Indenture, an owner is given the right for the equal benefit and protection of all owners of the Bonds similarly situated to pursue certain remedies described in APPENDIX E — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE — EVENTS OF DEFAULT; REMEDIES” and “— Limitations on Rights and Remedies of Owners.”

Loss of Tax Exemption

As discussed under the caption “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 District in violation of its covenants in the Indenture with respect to compliance with certain provisions of the Internal Revenue Code of 1986. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the District 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 "CONTINUING DISCLOSURE." 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 at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." The provisions of the Initiative as they may relate to community facilities district are subject to interpretation by the courts. The Initiative could potentially impact the Special Taxes available to the District to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIII C 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 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 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 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 July 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

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

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

It may be possible, however, for voters or the Board of Supervisors acting as the legislative body of the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to do so, the District will covenant that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates on parcels within the District. In connection with the foregoing covenant, the District will make an express determination that any elimination or reduction of Special Taxes below the foregoing level would interfere with the timely retirement of the Bonds. The District will also covenant that, in the event an initiative is adopted which purports to alter the Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

The interpretation and application of Article XIII C and Article XIII D will ultimately 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.”

Litigation with Respect to Community Facilities Districts

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

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

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

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

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

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

The Special Tax Election in the District. 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 District had less than 12 registered voters at the time of the election to authorize the Special Taxes. In the San Diego Decision, the court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the court's holding in the San Diego Decision does not apply to the Special Tax election in the District. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. The petitioners in *Horizon* filed the writ of mandate within 30 days of the landowner election. Voters in the District at the time the District was established approved the Special Tax on April 11, 2023. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the District believes that no successful challenge to the Special Tax being levied in accordance with the Rate and Method may now be brought.

Ballot Initiatives

Articles XIII A, XIII B, XIII C and XIII D 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. On March 6, 1995, in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. 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 County, or local districts to increase revenues or to increase appropriations or on the ability of the Developer or the merchant builders within the District to complete the remaining proposed development within the District.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the 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 creditor's rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. The Bonds are not subject to acceleration. 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.

Potential Early Redemption of Bonds from Prepayments or Community Facilities District Bond Proceeds

Property owners within the District 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 the Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the prepayment. The resulting redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See the caption "THE BONDS — Redemption — *Extraordinary Redemption from Special Tax Prepayments.*"

Cybersecurity

The County, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Such incidents can result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the County's information technology systems to misappropriate assets or information or to cause operational disruption and damage. The County and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, distributed denial-of-service, and other attacks on computers, networks, and systems. The County has not experienced a major cyberattack that resulted in a material compromise of the system, data loss, or financial loss.

In 2014, the County created the Cybersecurity Joint Task Force ("CSJTF") comprised of County department operations, policy and Information Technology staff. The CSJTF meets monthly and has produced the County Cybersecurity Best Practices Manual and has been actively involved in the review and approval of the County Cybersecurity Policy, which was revised most recently in May 2021. The CSJTF has also developed, reviewed and approved Countywide Security policies, plans and guidelines.

In 2017, the Board of Supervisors authorized the Chief Information Officer to execute a contract with Tevera Business Solutions, Inc. to conduct a Countywide cybersecurity assessment and audit of all departments. Such assessment and audit was based on 10 security domains established by the Department of Homeland Security Cyber Resilience Review, Vulnerability Assessment, and On-site Validation of Physical Security Controls.

As a result of such assessment and audit, the County bolstered its cybersecurity efforts with additional personnel dedicated to cybersecurity, robust software and hardware protections, and ongoing training for County employees. The County established a Security Operations Center with cybersecurity professionals for cyber-attack monitoring, investigation, and response. The County has deployed the Security Information & Event Management system which enable security administrators to collect log data of all events from a wide variety of network devices in the County to identify and report on security threats and suspicious behavior. Further, the County cybersecurity efforts have increased with respect to both software and hardware, including incorporating web applications to the monthly security vulnerability scanning efforts, implementing web application firewalls for prevention/detection/response, integrating ransomware-proof (immutable storage) backup appliances to enterprise data backups, incorporating web access protections to protect remote system/user functionality, establishing privileged account management to govern the use of administrator accounts, increasing endpoint (laptop, desktop, cellphone) security and management capabilities, and expanding email security to include inter-county emails and prevent internal infection among others. Through the Enterprise Privacy & Cybersecurity Program, the County requires a mandatory cybersecurity awareness training for all County employees and utilizes recurring cybersecurity incident response exercises to keep County employees vigilant.

No assurances can be given that the County's security and operational control measures will ensure against any and all cybersecurity threats and attacks. A cybersecurity incident or breach could damage the County's Information Technology systems and cause disruption to County services and operations. Although the County carries cyber liability insurance in the amount of \$50 million, the cost of any such disruption or remedying damage caused by future attacks could be substantial. The County will continue to assess cyber threats and protect its data and systems.

The County is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation, the Trustee. No assurance can be given that the County and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Owners of the Bonds.

CONTINUING DISCLOSURE

District Continuing Disclosure

Pursuant to a Continuing Disclosure Certificate (the “District Continuing Disclosure Certificate”), the District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) website, or other repository authorized under the Rule, certain annual financial information and operating data concerning the District. The District Reports are to be filed not later than March 1 of each year, beginning March 1, 2024. The initial District Report to be filed by March 1, 2024, shall consist of this Official Statement. The District Reports will include the audited financial statements of the District, if any are prepared. The District does not currently prepare audited financial statements and does not anticipate doing so in the future. The full text of the District Continuing Disclosure Certificate is set forth in APPENDIX F — “FORM OF CONTINUING DISCLOSURE CERTIFICATE OF THE DISTRICT.”

Notwithstanding any provision of the Indenture, failure of the District to comply with the District Continuing Disclosure Certificate shall not be an event of default under the Indenture. However, any Owner or Beneficial Owner of the Bonds may take such action as is necessary and appropriate, including seeking mandate or a judgment for specific performance, to cause the District to comply with its obligations with respect to the District Continuing Disclosure Certificate.

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

Developer Continuing Disclosure

To provide updated information with respect to the development within the District, the Developer will enter into the Developer Continuing Disclosure Agreement by and between the Developer and DTA, Inc., as dissemination agent, and will covenant to provide an Annual Report not later than June 15 of each year beginning June 15, 2024, and a Semiannual Report on each December 15, beginning December 15, 2024, until satisfaction of certain conditions set forth in the Developer Continuing Disclosure Agreement. The Annual Report provided by the Developer and the Semiannual Report will contain updates regarding the development within the District as outlined in Section 4 of the Developer Continuing Disclosure Agreement attached as APPENDIX G. In addition to its Annual Reports and Semiannual Reports, the Developer will agree to provide notices of certain events set forth in the Developer Continuing Disclosure Agreement.

The Developer’s obligations under the Developer Continuing Disclosure Agreement will terminate upon the earliest to occur of: (a) the legal defeasance, prior redemption or payment in full of all the Bonds; or (b) (1) with respect to updates of the number building permits issued, at such time that 75% of the building permits for the planned residential development within the District have been issued, and (2) with respect to the updates of information described in Section 4 of the Developer Continuing Disclosure Agreement other than the number of building permits issued, at such time that ninety percent (90%) of the public improvements to be constructed by the Developer as described under the caption “PROPERTY OWNERSHIP AND THE DEVELOPMENT—The Development” have been completed, based on costs expended.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, 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 for tax years beginning after December 31, 2022, 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 of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District, the County and others and is subject to the condition that the District, the County and others making such representations comply with all requirements of 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 District and the County 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.

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 other 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.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds. 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 and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

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 District and the County 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.

Should interest on the Bonds (including any original issue discount) become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as APPENDIX C.

LEGAL MATTERS

The legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, approving the validity of the Bonds in substantially the form set forth as APPENDIX C hereto, will be made available to purchasers at the time of original delivery. Certain legal matters will be passed upon for the District and the County by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel and for the Underwriters by Best Best & Krieger LLP, Riverside California, as counsel to the Underwriters. 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.

VALIDATION

On May 25, 2023, the County, acting pursuant to the provisions of Sections 860 et seq. of the California Code of Civil Procedure and Government Code Section 53359, filed a complaint in the Superior Court of the State of California for the County of Orange seeking judicial validation of the formation of the District, the authorization of the issuance of bonds for the District and the levy of the special tax within the District. On September 26, 2023, the court entered the Validation Judgment to the effect, among other things, that the proceedings conducted by the Board of Supervisors in connection with the establishment of the District, the authorization to incur bonded indebtedness for the District through the issuance of bonds and the levy of the special tax within the District were valid and in conformity with the Constitution of the State and applicable laws of the State. The last day of the appeal period for the validation action was October 26, 2023.

As of the date of this Official Statement, no appeal has been filed with respect to the Validation Judgment. In issuing the opinion as to the validity of the Bonds and as a condition thereof, Bond Counsel will rely upon the entry of the Validation Judgment and the absence of a timely appeal therefrom. See APPENDIX C — “PROPOSED FORM OF BOND COUNSEL OPINION.”

ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds and a certificate of the District to that effect will be furnished to the Underwriters at the time of the original delivery of the Bonds. Neither the County nor the District is aware of any litigation pending or threatened which questions the existence of the District or the County or contests the authority of the District to levy and collect the Special Taxes or to issue and retire the Bonds.

NO RATING

The District has not made and does not contemplate making application to any rating agency for the assignment of a rating to the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, as representative of itself and Piper Sandler & Co. The Underwriters have agreed to purchase the Bonds at a price of \$_____ (being \$_____ aggregate principal amount thereof, plus original issue premium of \$_____ and less Underwriters' discount of \$_____). The purchase contract relating to the Bonds provides that the Underwriters will purchase all of the Bonds, if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the purchase contract, the approval of certain legal matters by counsel and certain other conditions.

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

FINANCIAL INTERESTS

The fees being paid to the Underwriters, Bond Counsel, Disclosure Counsel, Municipal Advisor to the County, the Trustee and Underwriters' Counsel are contingent upon the issuance and delivery of the Bonds. The fees being paid to the Appraiser, to the Market Absorption Consultant and to the Special Tax Consultant are not contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriters on matters unrelated to the Bonds.

PENDING LEGISLATION

The District is not aware of any significant pending legislation which would have material adverse consequences on the Bonds or the ability of the District to pay the principal of and interest on the Bonds when due.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions. 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.

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The execution and delivery of this Official Statement by the County Executive Officer has been duly authorized by the Board of Supervisors of the County of Orange acting in its capacity as the legislative body of the District.

COMMUNITY FACILITIES DISTRICT NO. 2023-1 OF
THE COUNTY OF ORANGE (RIENDA PHASE 2B)

By: _____
County Executive Officer

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Community Facilities District No. 2023-1 of the County of Orange (Rienda Phase 2B) (the “District”). An Annual Special Tax shall be levied on and collected in the District each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in the District, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

The Special Tax rates for all Land Use Classes in all six Zones shown below reflect the reduced rates that will be in effect upon the issuance of the Bonds pursuant to Section H below.

A Special Tax as hereinafter defined shall be levied on all Assessor’s Parcels in Community Facilities District No. 2023-1 of the County of Orange (Rienda Phase 2B) (“CFD No. 2023-1”) and collected each Fiscal Year commencing in Fiscal Year 2023-2024, in an amount determined by the Board through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2023-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“**Acre**” or “**Acreage**” means the land area of an Assessor’s Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

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

“**Administrative Expenses**” means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2023-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or designee thereof or both); the costs of collecting the Special Taxes (whether by the County 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 County, CFD No. 2023-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the County, CFD No. 2023-1 or any designee thereof of complying with disclosure requirements of the County, CFD No. 2023-1 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the County, CFD No. 2023-1 or any designee thereof related to an appeal of any Special Tax levy; the costs associated with the release of funds from an escrow account; and the County’s annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the CFD Administrator or advanced by the County or CFD No. 2023-1 for any other administrative purposes of CFD No. 2023-1, including attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure action to collect delinquent Special Taxes.

“**Assessor's Parcel**” means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's parcel number.

“Assessor's Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

“Assigned Special Tax” means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.(b) and Section C.1.(e) below.

“Backup Special Tax” means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.(d) and Section C.1.(e) below.

“Board” means the Board of Supervisors of the County of Orange, acting as the legislative body of CFD No. 2023-1.

“Bonds” means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2023-1 and secured by Special Taxes of CFD No. 2023-1 under the Act.

“CFD Administrator” means the County Executive Officer, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“CFD No. 2023-1” means Community Facilities District No. 2023-1 of the County of Orange (Rienda Phase 2B).

“Conservation Property” means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 2023-1, excluding Property Owner Association Property, Public Property and Religious Property, that is subject to a declaration of irrevocable covenant, conservation easement deed, or similar document that was recorded restricting the use of such property to open space, habitat preservation, or other conservation purposes as of January 1 of the prior Fiscal Year. In order to ensure that such property is correctly classified as Conservation Property, the owner of such property shall provide the CFD Administrator with a copy of a declaration of irrevocable covenant, conservation easement deed, or similar document.

“County” means the County of Orange.

“Developed Property” means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Religious Property, for which a building permit for new construction was issued prior to January 1 of the prior Fiscal Year. Notwithstanding the foregoing, (a) if a building permit is revoked, expired or otherwise cancelled and a new building permit is issued for the same property prior to the issuance of Bonds, then the building square footage and building type as indicated on the new building permit shall thereafter be used for purposes of determining the Land Use Class, (b) if a building permit is revoked, expired or otherwise cancelled and a new building permit is issued for the same property after the issuance of Bonds, and the amount of Assigned Special Taxes which may be levied pursuant to the new building permit is greater than the Assigned Special Taxes which may be levied pursuant to the original building permit, then the building square footage and building type as indicated on the new building permit shall thereafter be used for purposes of determining the Land Use Class, otherwise the Land Use Class pursuant to the original building permit shall continue to be used, and (c) if a building permit is revoked, expired or otherwise cancelled and no new building permit is issued for the same property, then the property will continue to be considered Developed Property and taxed based on the original building permit.

“Exempt Welfare Exemption Property” means, for each Fiscal Year, an Assessor's Parcel that is (a) receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and

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Taxation Code (or any successor statute), as indicated in the County's assessor's roll finalized as of January 1 of the previous Fiscal Year, and (b) exempt from the Special Tax pursuant to Section 53340(c) of the Act.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“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, and any instrument replacing or supplementing the same.

“Land Use Class” means any of the classes within each Zone listed in Tables 1 through 6 below.

“Maximum Special Tax” means for each Fiscal Year for each Assessor's Parcel, the maximum Special Tax, determined in accordance with Section C below, that can be levied on such Assessor's Parcel in such Fiscal Year.

“Non-Residential Property” means all Assessor's Parcels of Developed Property for which a building permit(s) was issued for a non-residential use.

“Outstanding Bonds” means all Bonds which are deemed to be outstanding under the Indenture.

“Property Owner Association Property” means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 2023-1 that is owned in fee or by easement, or dedicated to, a property owner association, including any master or sub-association as of January 1 of the prior Fiscal Year. Notwithstanding the foregoing, any property previously classified as Developed Property and subsequently owned in fee or by easement, or dedicated to, a property owner association, including any master or sub-association, shall remain classified as Developed Property.

“Proportionately” means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property within CFD No. 2023-1. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property in CFD No. 2023-1. For Taxable Conservation Property, Taxable Property Owner Association Property, and Taxable Religious Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Taxable Conservation Property, Taxable Property Owner Association Property, or Taxable Religious Property, as applicable, in CFD No. 2023-1. For Taxable Public Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Taxable Public Property, as applicable, in CFD No. 2023-1.

“Public Property” means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 2023-1 that is 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 public agency as of January 1 of the prior Fiscal Year; 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 in accordance with its use. In order to ensure that such property is correctly classified as Public Property, the owner of such property shall provide the CFD Administrator with a copy of any applicable documents.

“Religious Property” means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 2023-1 which (i) is either (a) used primarily as a place of worship or (b) vacant land or land under construction that is intended to be used primarily as a place of worship as determined by the

CFD Administrator; and (ii) is exempt from *ad valorem* property taxes because it is owned by a religious organization as of January 1 of the prior Fiscal Year. Religious Property, without limitation, does not include any Assessor's Parcels used primarily for religious schools, day care centers, or congregate care facilities.

“Residential Floor Area” means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

“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.

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

“Special Tax Requirement” means for each Fiscal Year, that amount required for CFD No. 2023-1 to pay the sum of: (i) debt service on all Outstanding Bonds or Bonds expected to be issued in such Fiscal Year; (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Outstanding Bonds or Bonds expected to be issued in such Fiscal Year by CFD No. 2023-1; and (v) any amounts required for construction of facilities eligible to be constructed or acquired by CFD No. 2023-1 under the Act provided that inclusion of such amount does not increase the amount of Special Taxes to be levied on Assessor's Parcels of Undeveloped Property. In arriving at the Special Tax Requirement, the CFD Administrator shall take into account the reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year and shall give a credit for funds available to reduce the annual Special Tax levy.

“State” means the State of California.

“Taxable Conservation Property” means all Assessor's Parcels of Conservation Property that are not exempt pursuant to Section E below.

“Taxable Property” means all of the Assessor's Parcels within the boundaries of CFD No. 2023-1 which are not exempt from the Special Tax pursuant to law or Section E below.

“Taxable Property Owner Association Property” means all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

“Taxable Public Property” means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

“Taxable Religious Property” means all Assessor's Parcels of Religious Property that are not exempt pursuant to Section E below.

“Trustee” means the trustee, fiscal agent, or paying agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property.

“Zone” means any one of the separate geographic areas within CFD No. 2023-1 as designated on the recorded boundary map for CFD No. 2023-1.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within Zones 1 through 6 of CFD No. 2023-1 shall be classified as Developed Property, Taxable Conservation Property, Taxable Public Property, Taxable Property Owner Association Property, Taxable Religious Property, Undeveloped Property, or Exempt Welfare Exemption Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

The Assigned Special Tax for Residential Property shall be based on the Zone in which the Assessor’s Parcel is located, the number of dwelling units, and the Residential Floor Area of the dwelling units located on the Assessor’s Parcel. The Assigned Special Tax for Non-Residential Property shall be based on the Zone in which the Assessor’s Parcel is located and the Acreage of the Assessor's Parcel.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property within a particular Zone shall be the greater of (i) the amount derived by application of the Assigned Special Tax for such Zone or (ii) the amount derived by application of the Backup Special Tax for such Zone.

b. Assigned Special Tax

The Assigned Special Tax for each Land Use Class within each Zone for Fiscal Year 2023-2024 is shown below in Tables 1 through 6.

TABLE 1
Zone 1
Fiscal Year 2023-2024
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,600 SF	Residential Property	\$7,207 per unit
2	1,501 – 1,600 SF	Residential Property	\$7,040 per unit
3	1,401 – 1,500 SF	Residential Property	\$7,009 per unit
4	1,301 – 1,400 SF	Residential Property	\$6,861 per unit
5	1,201 – 1,300 SF	Residential Property	\$6,205 per unit
6	< 1,201 SF	Residential Property	\$5,129 per unit
7	N/A	Non-Residential Property	\$165,372 per Acre

TABLE 2
Zone 2
Fiscal Year 2023-2024
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,400 SF	Residential Property	\$7,791 per unit
2	1,101 – 1,400 SF	Residential Property	\$6,823 per unit
3	< 1,101 SF	Residential Property	\$5,502 per unit
4	N/A	Non-Residential Property	\$119,752 per Acre

TABLE 3
Zone 3
Fiscal Year 2023-2024
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,600 SF	Residential Property	\$7,900 per unit
2	1,401 – 1,600 SF	Residential Property	\$7,405 per unit
3	1,201 – 1,400 SF	Residential Property	\$6,664 per unit
4	< 1,201 SF	Residential Property	\$6,331 per unit
5	N/A	Non-Residential Property	\$190,058 per Acre

TABLE 4
Zone 4
Fiscal Year 2023-2024
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,700 SF	Residential Property	\$9,135 per unit
2	1,501 – 1,700 SF	Residential Property	\$8,281 per unit
3	< 1,501 SF	Residential Property	\$7,508 per unit
4	N/A	Non-Residential Property	\$269,049 per Acre

TABLE 5
Zone 5
Fiscal Year 2023-2024
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,900 SF	Residential Property	\$9,903 per unit
2	1,701 – 1,900 SF	Residential Property	\$8,883 per unit
3	< 1,701 SF	Residential Property	\$8,112 per unit
4	N/A	Non-Residential Property	\$187,003 per Acre

TABLE 6
Zone 6
Fiscal Year 2023-2024
Assigned Special Taxes for Developed Property

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,000 SF	Residential Property	\$9,631 per unit
2	1,801 – 2,000 SF	Residential Property	\$8,992 per unit
5	< 1,801 SF	Residential Property	\$8,644 per unit
6	N/A	Non-Residential Property	\$255,036 per Acre

c. Multiple Land Use Classes

In some instances an Assessor's Parcel may contain both Undeveloped Property and Developed Property. Furthermore, Developed Property may contain more than one Land Use Class.

In such cases, the Acreage of the Assessor's Parcel shall be allocated between Developed Property and Undeveloped Property based on the portion of the Assessor's Parcel for which building permits had been issued prior to January 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which building permits had not been issued prior to January 1 of the prior Fiscal Year. The Acreage that is considered Developed Property shall be allocated between Residential Property, and Non-Residential Property based on the site plan or other applicable document as determined by the CFD Administrator. The Maximum Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Special Tax that can be levied on each type of property located on that Assessor's Parcel.

d. Backup Special Tax

The Backup Special Tax in CFD No. 2023-1 shall be equal to an amount per Acre for each Zone as shown below in Table 7.

TABLE 7
All Zones
Fiscal Year 2023-2024
Backup Special Tax

Zone	FY 2023-2024 Backup Special Tax
1	\$147,574 per Acre
2	\$116,378 per Acre
3	\$181,250 per Acre
4	\$232,932 per Acre
5	\$154,158 per Acre
6	\$201,937 per Acre

e. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2024, the Assigned Special Tax and the Backup Special Tax for Developed Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

2. Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and Undeveloped Property

a. Maximum Special Tax

The Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and Undeveloped Property within each Zone is shown below in Table 8.

TABLE 8
All Zones
Fiscal Year 2023-2024
Maximum Special Taxes for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and Undeveloped Property

Zone	FY 2023-2024 Maximum Special Tax
1	\$165,372 per Acre
2	\$119,752 per Acre
3	\$190,058 per Acre
4	\$269,049 per Acre
5	\$187,003 per Acre
6	\$255,036 per Acre

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2024, the Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Religious Property, and Undeveloped Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2023-2024 and for each following Fiscal Year, the Board shall levy the Special Tax until the amount of Special Taxes levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor’s Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property for which the Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Taxable Conservation Property, Taxable Property Owner Association Property and Taxable Religious Property at up to 100% of the Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property and Taxable Religious Property, as applicable.

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Taxable Public Property at up to 100% of the Maximum Special Tax for Taxable Public Property.

Notwithstanding the above, under no circumstances will the Special Tax levied in a Fiscal Year against any Assessor’s Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year as a consequence of delinquency or default by the owner of any other Assessor’s Parcel within CFD No. 2023-1. To the extent that the levy of the Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Special Tax on all other Assessor’s Parcels shall continue in equal percentages at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

No Special Taxes shall be levied on Conservation Property, Property Owner Association Property, Public Property, or Religious Property, so long as the Acreage of Taxable Property in each Zone is at least equal to the “Minimum Taxable Acreage” as defined below.

The Minimum Taxable Acreage for Zones 1 through 6 is equal to the applicable amount shown in Table 9 below.

**Table 9
Minimum Taxable Acreage**

Zone	Minimum Taxable Acreage
1	4.832 Acres
2	5.634 Acres
3	3.205 Acres
4	2.447 Acres
5	4.747 Acres
6	3.672 Acres

Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Conservation Property, Property Owner Association Property, Public Property, or Religious Property. However, should an Assessor’s Parcel no longer be classified as Conservation Property, Property Owner Association Property, Public Property, or Religious Property, its tax-exempt status will be revoked and it will thereafter be classified as Developed Property or Undeveloped Property in accordance with Section C above.

To the extent that the exemption of an Assessor’s Parcel of Conservation Property, Property Owner Association Property, Public Property, or Religious Property would reduce the Acreage of Taxable Property below the Minimum Taxable Acreage in the applicable Zone, such Assessor’s Parcel shall be classified as Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, as applicable, and shall be subject to the levy of the Special Tax and shall be taxed as part of the fourth or fifth steps, as applicable, in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property.

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Exempt Welfare Exemption Property.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2023-1 may directly bill the Special Tax, may collect Special Taxes 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.

Tenders of Bonds may be accepted for payment of Special Taxes upon the terms and conditions established by the Act and permitted by CFD No. 2023-1. The use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the Board.

G. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section G:

“CFD Public Facilities Cost” means either \$80.0 million in 2023 dollars, which shall increase by the Construction Inflation Index on July 1, 2024, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 2023-1 under the authorized bonding program for CFD No. 2023-1, or (ii) shall be determined by the Board 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 as described in Section D.

“Construction Fund” means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

“Construction Inflation Index” means, for a Fiscal Year, the greater of 0% and 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 CFD Administrator 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 Cost minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

“Outstanding Bonds” means all Previously Issued Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

“Previously Issued Bonds” means all Bonds that have been issued by CFD No. 2023-1 prior to the date of prepayment.

Prepayment in Full

The obligation to pay the Special Tax for an Assessor's Parcel of Taxable Property may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An

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owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount for such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this figure.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
equals	Prepayment Amount

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

Paragraph No.:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax applicable for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel. For Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, compute the Maximum Special Tax for the Assessor's Parcel to be prepaid.
2. (a) For an Assessor's Parcel of Developed Property or Undeveloped Property for which a building permit has been issued (i) Divide the Assigned Special Tax computed pursuant to paragraph 1 by the total estimated Assigned Special Taxes for the entire CFD No. 2023-1 based on the Developed Property Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 2023-1, excluding any Assessor's Parcels for which the Special Taxes have been prepaid, and (ii) Divide the Backup Special Tax computed pursuant to paragraph 1 by the total estimated Backup Special Taxes for the entire CFD No. 2023-1 based on the Backup Special Taxes which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 2023-1, excluding any Assessor's Parcels for which the Special Taxes have been prepaid.

(b) For Assessor's Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, divide the Maximum Special Tax computed pursuant to paragraph 1 by the total estimated Maximum Special Tax for the entire CFD No. 2023-1 based on the Maximum Special Tax which could be charged in the current Fiscal Year on all expected development through buildout of CFD No. 2023-1, excluding any Assessor's Parcels for which the Special Taxes have been prepaid.
3. Multiply the larger of quotient (i) and (ii) computed pursuant to paragraph 2(a) for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, or the quotient computed pursuant to paragraph 2(b) for Assessor's Parcels of

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Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the “Bond Redemption Amount”).

4. Multiply the Bond Redemption Amount computed pursuant to paragraph 3 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the “Redemption Premium”).
5. Compute the current Future Facilities Costs.
6. Multiply the larger of quotient (i) and (ii) computed pursuant to paragraph 2(a) for Assessor’s Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, or the quotient computed pursuant to paragraph 2(b) for Assessor’s Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, by the amount determined pursuant to paragraph 5 to compute the amount of Future Facilities Costs to be prepaid (the “Future Facilities Amount”).
7. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
8. Confirm that no Special Tax delinquencies apply to such Assessor’s Parcel.
9. Determine the Special Taxes levied on the Assessor’s Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 7 and 9 and subtract the amount computed pursuant to paragraph 10 (the “Defeasance Amount”).
12. Verify the administrative fees and expenses of CFD No. 2023-1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the “Administrative Fees and Expenses”).
13. The reserve fund credit (the “Reserve Fund Credit”) shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), 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 requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. If any capitalized interest for the Outstanding Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger of quotient (i) and (ii) computed pursuant to paragraph 2(a) for Assessor’s Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, or the quotient computed pursuant to

paragraph 2(b) for Assessor’s Parcels of Undeveloped Property for which a building permit has not been issued, Taxable Conservation Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Religious Property, by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the “Capitalized Interest Credit”).

15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 3, 4, 6, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the “Prepayment Amount”).
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 3, 4, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 6 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 2023-1.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year’s Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year’s Special Tax levy for such Assessor’s Parcel from the County tax rolls. With respect to any Assessor's Parcel for which the Special Tax is prepaid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor’s Parcel, and the obligation to pay the Special Tax for such Assessor’s Parcel shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless (i) the amount of Maximum Special Tax that may be levied on Taxable Property (based on expected development at build out), after the proposed prepayment, less expected Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year and (ii) the amount of Maximum Special Tax that may be levied on non-delinquent Taxable Property (based on expected development at build out) after the proposed prepayment, less expected Administrative Expenses, shall be at least equal to the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year.

2. Prepayment in Part

The Special Tax for an Assessor’s Parcel of Developed Property and/or Undeveloped Property may be partially prepaid. The amount of the prepayment shall be calculated as in Section G.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = [(P_E - AE) \times F] + AE$$

These terms have the following meaning:

- AE = the Administrative Fees and Expenses
- PP = the partial prepayment amount

P_E = the Prepayment Amount calculated according to Section G.1
 F = the percentage by which the owner of the Assessor's Parcel is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel for which the Special Tax is partially prepaid, CFD No. 2023-1 shall (i) distribute the funds remitted to it according to Section G.1, and (ii) indicate in the records of CFD No. 2023-1 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage $(1.00 - F)$ of the applicable Assigned Special Tax, Backup Special Tax, and Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D. Furthermore, for Undeveloped Property for which the Special Tax has been partially prepaid, the outstanding percentage $(1.00 - F)$ of the applicable Assigned Special Tax, Backup Special Tax, and Maximum Special Tax shall continue to apply to such Assessor's Parcel after such Assessor's Parcel is considered Developed Property.

Notwithstanding the foregoing, no partial prepayment will be allowed unless (i) the amount of Maximum Special Tax that may be levied on Taxable Property (based on expected development at build out), after the proposed partial prepayment, less expected Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year and (ii) the amount of Maximum Special Tax that may be levied on non-delinquent Taxable Property (based on expected development at build out) after the proposed partial prepayment, less expected Administrative Expenses, shall be at least equal to the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year.

H. SPECIAL TAX REDUCTION

The following definitions apply to this Section H:

“Issuance Date” means the date a bond purchase contract related to the sale of the Bonds is entered into between the underwriter of the Bonds and CFD No. 2023-1.

“Plan Type” means a discrete residential plan type (generally consisting of residential dwelling units that share a common product type (e.g., detached, attached, cluster, etc.) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within CFD No. 2023-1 as identified in the Price Point Study.

“Price Point” means, with respect to the residential dwelling units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such residential dwelling units, estimated by the Price Point Consultant as of such date, including any incentives and concessions, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size.

“Price Point Consultant” means any consultant or firm of such consultants selected by CFD No. 2023-1 that (a) has substantial experience in performing price point studies for residential units within community facilities districts or otherwise estimating or confirming pricing for residential units in community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of residential units in community facilities districts, (c) is in fact independent and not

under the control of CFD No. 2023-1 or the County, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 2023-1, (ii) the County, (iii) any owner of real property in CFD No. 2023-1, or (iv) any real property in CFD No. 2023-1, and (e) is not connected with CFD No. 2023-1 or the County as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2023-1 or the County.

“Price Point Study” means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within Zones 1 through 6 of CFD No. 2023-1, (c) sets forth the estimated number of constructed and expected residential dwelling units for each Plan Type, (d) sets forth such Price Point Consultant’s estimate of the Price Point for each Plan Type and (e) uses a date for establishing such Price Points that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Step No. 1 of this Section H. The Price Point Study will only include the for-sale Residential Property in Zones 1 through 6.

“Total Effective Tax Rate” means, for a Plan Type, the quotient of (a) the Total Tax and Assessment Obligation for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

“Total Tax and Assessment Obligation” means, with respect to a Plan Type in a Zone, for the Fiscal Year for which the calculation is being performed, the quotient of (a) the sum of the Assigned Special Tax and estimated *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges levied or imposed on all residential dwelling units of such Plan Type in such Zone in such Fiscal Year or that would have been levied or imposed on all such residential dwelling units had such residential dwelling units been completed, sold and subject to such levies and impositions in such Fiscal Year divided by (b) the number of residential dwelling units in such Plan Type in such Zone. The Total Tax and Assessment Obligation for each Plan Type shall be calculated based on the applicable Residential Floor Area, Price Point, and number of constructed and expected residential dwelling units for such Plan Type in such Zone as identified in the Price Point Study.

Prior to the issuance of the first series of Bonds, the following steps shall be taken for each Land Use Class of for-sale Residential Property in Zones 1 through 6:

Step No.:

1. At least 30 days prior to the expected Issuance Date of the first series of Bonds, CFD No. 2023-1 shall cause a Price Point Study to be delivered to the CFD Administrator.
2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax and Assessment Obligation and Total Effective Tax Rate for each Plan Type in each Zone.
3. Separately, for each Land Use Class of for-sale Residential Property in each Zone, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to 2.00%.
 - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class in a Zone is less than or equal to 2.00%, then there shall be no change in the Assigned Special Tax for such Land Use Class in such Zone.
 - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class in a Zone is greater than 2.00%, the CFD Administrator shall calculate a revised Assigned Special Tax for

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such Land Use Class in such Zone, which revised Assigned Special Tax shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Class in such Zone to exceed 2.00%.

- c. If the revised Assigned Special Tax amounts result in a situation in which the Assigned Special Tax for a particular Land Use Class of Residential Property in a Zone would be less than the Assigned Special Tax for the numerical Land Use Class of Residential Property directly above it within the same Zone (e.g., the Assigned Special Tax for Land Use Class 1 in Zone 1 is less than the Assigned Special Tax for Land Use Class 2 in Zone 1), then the Assigned Special Tax for the higher numbered Land Use Class shall be revised to be equal to the Assigned Special Tax for the lower numbered Land Use Class (i.e., the Assigned Special Tax for Land Use Class 2 in Zone 1 shall be revised to be equal to the updated Assigned Special Tax for Land Use Class 1 in Zone 1).
4. If the Assigned Special Tax for any Land Use Class in a Zone is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall calculate a revised Backup Special Tax for all property within such Zone. The revised Backup Special Tax per Acre for such Zone shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax per Acre for such Zone as set forth in Table 9 above, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Taxes for all Land Use Classes of Residential Property in such Zone resulting from the calculations in steps 3.a. through 3.c. above. The weighted average percentage will be calculated by taking the sum of the products of the number of units constructed or expected to be constructed in each Land Use Class in such Zone multiplied by the percentage change in the Assigned Special Tax (pursuant to step 3.b. or 3.c. above) for each Land Use Class in such Zone (or 0 for Land Use Classes that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed within the Zone and converted to a percentage.
5. If the Assigned Special Tax for any Land Use Class in any Zone is revised pursuant to step 3.b. or 3.c. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Taxes substantially in the form of Exhibit A hereto and shall deliver such Certificate of Reduction in Special Taxes to CFD No. 2023-1. The Certificate of Reduction in Special Taxes shall be completed for all Land Use Classes in all Zones and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class in a Zone as calculated pursuant to step 3.b. or 3.c., or (ii) the Assigned Special Tax as identified in Tables 1 through 6 in Section C for a Land Use Class in a Zone that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax for a Zone as calculated pursuant to step 4, or (ii) the Backup Special Tax as identified in Table 7 in Section C.1.(d) for a Zone that was not revised as determined pursuant to step 4.
6. If the Issuance Date of the first series of Bonds is within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2023-1 shall execute the acknowledgement on such Certificate of Reduction in Special Taxes, dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax for each Land Use Class and the Backup Special Tax shall be, for all purposes, as set forth in such Certificate of Reduction in Special Taxes. If the Issuance Date of the first series of Bonds is not within 180 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Taxes shall not be acknowledged by CFD No. 2023-1 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to the expected Issuance Date of such first series of Bonds, the CFD Administrator shall cause a

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new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.

7. As soon as practicable after the execution by CFD No. 2023-1 of the acknowledgement on the Certificate of Reduction in Special Taxes, CFD No. 2023-1 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for CFD No. 2023-1 reflecting the Assigned Special Taxes and the Backup Special Tax for each Zone set forth in such Certificate of Reduction in Special Taxes.
8. If the Assigned Special Tax is not required to be changed for any Land Use Class in any Zone based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax, and no Certificate of Reduction in Special Taxes shall be required. However the CFD Administrator shall prepare and deliver to CFD No. 2023-1 a Certificate of No Reduction in Special Taxes substantially in the form of Exhibit B hereto dated as of the closing date of the first series of Bonds that states that the calculations required pursuant to this Section H have been made and that no changes to the Maximum Special Tax are necessary.
9. CFD No. 2023-1 and the CFD Administrator shall take no further actions under this Section H upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 2023-1 on a Certificate of Reduction in Special Taxes pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Taxes pursuant to step 8.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied on an Assessor's Parcel for a period not to exceed forty years from the Fiscal Year in which such Assessor's Parcel first becomes Developed Property.

J. DETERMINATIONS OF CFD ADMINISTRATOR CONSIDERED FINAL

Any determinations made by the CFD Administrator under terms of this Rate and Method of Apportionment shall be final.

EXHIBIT A

CERTIFICATE OF REDUCTION IN SPECIAL TAXES

**Community Facilities District No. 2023-1 of the County of Orange
(Rienda Phase 2B)**

1. Pursuant to Section H of the Rate and Method of Apportionment, the Maximum Special Tax for Developed Property for [certain or all] Land Use Classes within CFD No. 2023-1 has been reduced.
2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on _____.
3. Tables 1A through 6A below show the Assigned Special Tax for each Land Use Class in Zones 1 through 6 after such reduction.

**Table 1A
Assigned Special Tax for Developed Property in Zone 1
Fiscal Year 2023-2024**

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,600 SF	Residential Property	\$____ per unit
2	1,501 – 1,600 SF	Residential Property	\$____ per unit
3	1,401 – 1,500 SF	Residential Property	\$____ per unit
4	1,301 – 1,400 SF	Residential Property	\$____ per unit
5	1,201 – 1,300 SF	Residential Property	\$____ per unit
6	< 1,201 SF	Residential Property	\$____ per unit
7	N/A	Non-Residential Property	\$____ per Acre

Table 2A
Assigned Special Tax for Developed Property in Zone 2
Fiscal Year 2023-2024

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,400 SF	Residential Property	\$____ per unit
2	1,101 – 1,400 SF	Residential Property	\$____ per unit
3	< 1,101 SF	Residential Property	\$____ per unit
4	N/A	Non-Residential Property	\$____ per Acre

Table 3A
Assigned Special Tax for Developed Property in Zone 3
Fiscal Year 2023-2024

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,600 SF	Residential Property	\$____ per unit
2	1,401 – 1,600 SF	Residential Property	\$____ per unit
3	1,201 – 1,400 SF	Residential Property	\$____ per unit
4	< 1,201 SF	Residential Property	\$____ per unit
5	N/A	Non-Residential Property	\$____ per Acre

Table 4A
Assigned Special Tax for Developed Property in Zone 4
Fiscal Year 2023-2024

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,700 SF	Residential Property	\$____ per unit
2	1,501 – 1,700 SF	Residential Property	\$____ per unit
3	< 1,501 SF	Residential Property	\$____ per unit
4	N/A	Non-Residential Property	\$_____ per Acre

Table 5A
Assigned Special Tax for Developed Property in Zone 5
Fiscal Year 2023-2024

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 1,900 SF	Residential Property	\$____ per unit
2	1,701 – 1,900 SF	Residential Property	\$____ per unit
3	< 1,701 SF	Residential Property	\$____ per unit
4	N/A	Non-Residential Property	\$_____ per Acre

**Table 6A
Assigned Special Tax for Developed Property in Zone 6
Fiscal Year 2023-2024**

Land Use Class	Residential Floor Area	Description	Assigned Special Tax
1	> 2,000 SF	Residential Property	\$____ per unit
2	1,801 – 2,000 SF	Residential Property	\$____ per unit
5	< 1,801 SF	Residential Property	\$____ per unit
6	N/A	Non-Residential Property	\$____ per Acre

4. The Backup Special Tax for each Assessor's Parcel of Developed Property shall equal an amount per Acre after such reduction as shown in Table 7A below.

**Table 7A
Backup Special Tax
Fiscal Year 2023-2024**

Zone	Backup Special Tax
1	\$____ per Acre
2	\$____ per Acre
3	\$____ per Acre
4	\$____ per Acre
5	\$____ per Acre
6	\$____ per Acre

5. Upon execution of this certificate by CFD No. 2023-1, CFD No. 2023-1 shall cause an amended notice of Special Tax lien for CFD No. 2023-1 to be recorded reflecting the Assigned Special Tax and Backup Special Tax set forth herein.

Attachment C

Submitted

CFD ADMINISTRATOR

By: _____ Date: _____

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2023-1, receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Community Facilities District No. 2023-1 of the County of Orange
(Rienda Phase 2B)

By: _____ Date as of: [closing date of Bonds]

EXHIBIT B

CERTIFICATE OF NO REDUCTION IN SPECIAL TAXES

**Community Facilities District No. 2023-1 of the County of Orange
(Rienda Phase 2B)**

1. All calculations required pursuant to Section H of the Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on _____.
2. The Total Effective Tax Rate for all Plan Types in all Land Use Classes in all Zones is less than or equal to 2.00%.
3. The Maximum Special Tax for Developed Property within CFD No. 2023-1, including the Assigned Special Taxes set forth in Sections C.1.(b) and the Backup Special Tax set forth in Section C.1.(d) of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: _____

Date as of: _____
[closing date of Bonds]

APPENDIX B
APPRAISAL REPORT

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Bond Counsel will deliver an opinion for the Bonds substantially in the form set forth below:

[Closing Date]

Community Facilities District No. 2023-1
of the County of Orange (Rienda Phase 2B)
Santa Ana, California

*Re: \$_____ Community Facilities District No. 2023-1 of the County of Orange
(Rienda Phase 2B) 2023 Series A Special Tax Bonds*

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Board of Supervisors of the County of Orange taken in connection with the authorization and issuance by the Community Facilities District No. 2023-1 of the County of Orange (Rienda Phase 2B) (the “District”) of its 2023 Series A Special Tax Bonds in the aggregate principal amount of \$_____ (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 of fact and certifications made by the District, the initial purchasers of the Bonds and others. 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 Mello Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), Resolution No. ____, adopted by the Board of Supervisors of the County of Orange (the “County”), acting in its capacity as the legislative body of the District (the “Board”) on October 31, 2023, and the Indenture dated as of November 1, 2023 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as trustee. All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

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 District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture. The Bonds are limited obligations of the District but are not a debt of the County, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Net Taxes, neither the faith and credit nor the taxing power of the County, the State of California, or any of its political subdivisions is pledged for the payment thereof.

(2) The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses and we express no opinion as to any provisions with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

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(3) The Indenture creates a valid pledge of that which the Indenture purports to pledge, subject to the provisions of the Indenture.

(4) 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 for tax years beginning after December 31, 2023, 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.

(5) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

(6) 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.

(7) 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 paragraphs (4) and (6) 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 District and the County 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 District and the County have covenanted to comply with all such requirements. Except as set forth in paragraphs (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Tax Certificate executed by the District and the County and other documents related to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion 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 advice or approval of bond counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Our opinion is limited to matters governed by the laws of the State of California and federal 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

Attachment C

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.

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions, including the default judgment entered on September 26, 2023, by the Superior Court of the State of California for the County of Orange in the action entitled County of Orange v. All Persons Interested in the Matter etc., Case No. 30-2023-01327984-CU-MC-CJC, 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 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 or other offering material.

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur).

Respectfully submitted,

APPENDIX D

**GENERAL ECONOMIC AND DEMOGRAPHIC DATA FOR THE COUNTY OF
ORANGE**

The following economic data for the County of Orange (the "County"), the City of Rancho Santa Margarita and the City of Mission Viejo are presented for information purposes only. The Bonds are not a debt or obligation of the County, the City of Rancho Santa Margarita or the City of Mission Viejo.

General

The County is bordered on the north by Los Angeles County and San Bernardino County, on the east by Riverside County, on the southeast by San Diego County, and on the west and southwest by the Pacific Ocean. The County encompasses 789 square miles, has a population of over 3 million, and approximately 42 miles of ocean shoreline provide beaches, marinas, and other recreational areas for use by residents and visitors.

The County is the third largest county in California (by population) and is located in the most heavily populated region of California, necessitating easy access to road, rail, air and sea transportation. The County is also a major Southern California tourist center with a large number of amusement parks and recreational and entertainment activities. The County's Pacific Coast shoreline includes five state beaches and parks, five Municipal beaches, and five County beaches.

The County is a charter county, created under a provision of the State Constitution that allows for adoption and enforcement of local ordinances, provided they do not conflict with the general laws of the State. The County is divided into five supervisorial districts on the basis of population and is governed by an elected five-member Board of Supervisors with each Supervisor serving a four-year term.

The County provides a wide range of services to its residents, including public protection, public assistance/social services, health and mental health services, infrastructure and environmental services such as airport, road, flood control, landfill and waste management services, libraries, beaches and parks. The County administers the numerous health and social service programs as the administrative agent of the State and pursuant to State law.

Population

The following table summarizes population estimates for the City of Mission Viejo, the City of Rancho Santa Margarita, County and State from 2019 through 2023.

POPULATION ESTIMATES
The City of Mission Viejo, the City of Rancho Santa Margarita,
County of Orange and the State of California
2019-2023⁽¹⁾

<i>Year</i>	<i>City of Mission Viejo</i>	<i>City of Rancho Santa Margarita</i>	<i>County of Orange</i>	<i>California</i>
2019	95,728	48,987	3,185,378	39,605,361
2020	95,130	48,708	3,180,491	39,648,938
2021	92,597	47,590	3,167,783	39,286,510
2022	92,118	42,300	3,151,946	39,078,674
2023	91,846	47,066	3,137,164	38,940,231

⁽¹⁾ January 1 data.

Source: California State Department of Finance, Demographic Research Unit., *E-4 Population Estimates for Cities, Counties, and the State, 2010-2020, with 2010 Census Benchmark, and E-4 Population Estimates for Cities, Counties, and the State, 2020-2023, with 2020 Benchmark.*

Income

The following tables show the personal income and per capita personal income for the County, State of California and United States from 2017 through 2021.

PERSONAL INCOME
County of Orange, State of California, and United States
2017-2021
(Dollars in Thousands)

<i>Year</i>	<i>County of Orange</i>	<i>California</i>	<i>United States</i>
2017	\$204,911,755	\$2,318,281,000	\$16,837,337,000
2018	212,806,994	2,431,774,000	17,671,054,000
2019	224,716,133	2,567,426,000	18,575,467,000
2020	241,153,117	2,790,524,000	19,812,171,000
2021	256,700,438	3,006,184,000	21,288,709,000

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

PER CAPITA PERSONAL INCOME⁽¹⁾
County of Orange, State of California, and United States
2017-2021

<i>Year</i>	<i>County of Orange</i>	<i>California</i>	<i>United States</i>
2017	\$64,321	\$58,804	\$51,550
2018	66,753	61,508	53,786
2019	70,539	64,919	56,250
2020	75,737	70,647	59,765
2021	81,034	76,614	64,143

⁽¹⁾ Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Employment

The following table summarizes the labor force, employment and unemployment figures from 2017 to 2021 for the City of Mission Viejo, the City of Rancho Santa Margarita, the County and the State of California.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
City of Mission Viejo, City of Rancho Santa Margarita, County of Orange, State of California
and the United States
2017-2021⁽¹⁾

	<i>Area</i>	<i>Labor Force</i>	<i>Employment⁽²⁾</i>	<i>Unemployment⁽³⁾</i>	<i>Unemployment Rate⁽⁴⁾</i>
2017	City of Mission Viejo	49,800	48,000	1,800	3.5%
	City of Rancho Santa Margarita	27,800	26,900	900	3.1
	Orange County	1,609,800	1,553,400	56,400	3.5
	State of California	19,205,300	18,285,500	919,800	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	City of Mission Viejo	49,700	48,200	1,500	3.0%
	City of Rancho Santa Margarita	27,700	27,000	800	2.8
	Orange County	1,625,400	1,569,750	47,500	2.9
	State of California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	City of Mission Viejo	49,900	48,500	1,400	2.8%
	City of Rancho Santa Margarita	27,800	27,100	700	2.5
	Orange County	1,623,400	1,578,333	45,100	2.8%
	State of California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7
2020	City of Mission Viejo	47,100	43,300	3,800	8.8%
	City of Rancho Santa Margarita	26,100	24,200	1,900	7.9
	Orange County	1,561,500	1,420,700	140,800	9.0
	State of California	18,931,100	16,996,700	1,934,500	10.2
	United States	160,742,000	147,795,000	12,947,000	8.1
2021	City of Mission Viejo	47,500	44,900	2,600	5.5%
	City of Rancho Santa Margarita	26,300	25,000	1,300	4.9
	Orange County	1,560,000	1,467,300	93,400	6.0
	State of California	18,923,200	17,541,900	1,381,200	7.3
	United States	161,204,000	152,581,000	8,623,000	5.3

⁽¹⁾ Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.

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

⁽³⁾ Includes all persons without jobs who are actively seeking work.

⁽⁴⁾ The unemployment rate is computed from un-rounded 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 2021 Benchmark.

Industry

The following table summarizes employment figures by industry for the Anaheim-Santa Ana-Irvine Metropolitan Division, which is located entirely within the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
Anaheim-Santa Ana-Irvine Metropolitan Division
(Orange County)
2018-2022⁽¹⁾

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Farming	2,000	1,900	1,900	2,000	1,600
Mining and Logging	500	500	400	400	300
Construction	105,900	106,100	101,300	102,200	106,500
Manufacturing	160,800	160,100	150,100	149,800	155,400
Wholesale Trade	79,800	79,400	79,400	75,600	76,900
Retail Trade	152,600	150,500	137,600	143,400	146,000
Transportation, Warehousing and Utilities	29,200	29,500	29,600	31,100	33,700
Information	26,700	26,000	24,100	24,000	24,800
Financial Activities	118,700	117,600	115,900	117,100	114,100
Professional and Business Services	317,300	328,400	309,200	321,700	332,500
Education and Health Services	225,200	233,100	225,800	237,300	249,500
Leisure and Hospitality	222,600	227,700	161,800	180,400	217,700
Other Services	51,400	52,000	44,100	47,500	52,700
Government	<u>161,200</u>	<u>162,500</u>	<u>156,100</u>	<u>155,700</u>	<u>160,200</u>
Total:	1,653,800	1,675,300	1,532,700	1,587,900	1,671,500

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

⁽¹⁾ Employment is reported by place of work; it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not add to totals due to rounding.

Source: State of California, Employment Development Department, *Industry Employment & Labor Force by Annual Average, March 2021 Benchmark*.

Largest Employers

The following table presents the largest employers in the County as of June 30, 2022.

LARGEST EMPLOYERS
County of Orange
2022

<i>Name of Business</i>	<i>Number of Employees</i>	<i>Type of Business</i>
University of California, Irvine	26,182	Education
Walt Disney Co.	25,000	Entertainment
County of Orange	18,388	County Government
Providence	13,079	Healthcare
Kaiser Permanente	8,800	Healthcare
Albertsons	7,853	Grocery
Hoag Memorial Hospital	7,051	Healthcare
Wal-Mart	6,300	Retail
Target Corporation	6,000	Retail
Memorial Care	5,490	Healthcare

Source: County of Orange Comprehensive Annual Financial Report, Year Ended June 30, 2022.

Building Activity

The following tables summarize building permits and valuations for the County, the City of Mission Viejo and the City of Rancho Santa Margarita during calendar years 2018 through 2022.

**BUILDING PERMITS AND VALUATIONS
County of Orange
2018-2022**

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation (In \$000's)					
Residential	\$2,750,619	\$2,642,321	\$1,870,957	\$2,393,961	\$2,214,772
Nonresidential	<u>3,532,285</u>	<u>3,152,501</u>	<u>2,025,512</u>	<u>1,825,076</u>	<u>1,928,312</u>
Total Valuation ⁽¹⁾	\$6,282,904	\$5,794,815	\$3,896,469	\$4,219,037	\$4,143,084
New Dwelling Units (#)					
Single-Family	3,975	3,125	2,863	3,292	2,929
Multifamily	<u>4,130</u>	<u>7,169</u>	<u>3,032</u>	<u>4,382</u>	<u>3,405</u>
Total:	8,105	10,294	5,895	7,674	6,334

⁽¹⁾ Total may not add up due to rounding.

Source: Construction Industry Research Board.

**BUILDING PERMITS AND VALUATIONS
City of Mission Viejo
2018-2022**

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation (In \$000's)					
Residential	\$22,695	\$10,243	\$14,117	\$25,825	\$35,538
Nonresidential	<u>67,837</u>	<u>20,673</u>	<u>50,376</u>	<u>70,276</u>	<u>22,007</u>
Total Valuation ⁽¹⁾	\$90,532	\$30,916	\$64,493	\$96,101	\$57,545
New Dwelling Units (#)					
Single-Family	21	0	12	39	35
Multi-Family	<u>0</u>	<u>0</u>	<u>10</u>	<u>14</u>	<u>32</u>
Total:	21	0	22	53	67

⁽¹⁾ Total may not add up due to rounding.

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
City of Rancho Santa Margarita
2018-2022

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation (In \$000's)					
Residential	\$ 4,586	\$ 3,744	\$3,534	\$ 3,569	\$ 4,980
Nonresidential	<u>9,675</u>	<u>4,901</u>	<u>9,662</u>	<u>15,628</u>	<u>18,914</u>
Total Valuation ⁽¹⁾	\$14,261	\$8,645	\$13,196	\$19,197	\$23,894
New Dwelling Units (#)					
Single-Family	0	0	0	0	0
Multi-Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total:	0	0	0	0	0

⁽¹⁾ Total may not add up due to rounding.

Source: Construction Industry Research Board.

Taxable Sales

The history of taxable transactions in the County, the City of Mission Viejo and the City of Rancho Santa Margarita from 2017 through 2021 is shown in the following tables.

TAXABLE SALES
County of Orange
(Dollars in Thousands)
2018-2022

<i>Year</i>	<i>Retail Permits</i>	<i>Retail and Food Taxable Transactions</i>	<i>Total Permits</i>	<i>Total Outlets Taxable Transactions</i>
2018	69,228	\$46,078,187	117,633	\$67,468,616
2019	71,305	47,044,198	122,989	69,499,158
2020	76,066	44,257,342	132,807	63,833,514
2021	67,060	53,553,039	118,779	78,095,148
2022	67,272	58,099,122	119,697	88,027,071

Source: Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA") for 2018-2022. Certain previously reported data has been revised by the CDTFA.

TAXABLE SALES
City of Mission Viejo
(Dollars in Thousands)
2018-2022

<i>Year</i>	<i>Retail Permits</i>	<i>Retail and Food Taxable Transactions</i>	<i>Total Permits</i>	<i>Total Outlets Taxable Transactions</i>
2018	1,900	\$1,391,667	3,125	\$1,649,008
2019	1,953	1,362,000	3,280	1,618,523
2020	2,045	1,056,267	3,511	1,255,031
2021	1,771	1,304,530	3,013	1,613,038
2022	1,704	1,386,127	2,955	1,754,002

Source: Taxable Sales in California, CDTFA for 2018-2022. Certain previously reported data has been revised by the CDTFA.

TAXABLE SALES
City of Rancho Santa Margarita
(Dollars in Thousands)
2018-2022

<i>Year</i>	<i>Retail Permits</i>	<i>Retail and Food Taxable Transactions</i>	<i>Total Permits</i>	<i>Total Outlets Taxable Transactions</i>
2018	677	\$485,629	1,243	\$609,287
2019	694	483,666	1,294	598,668
2020	739	453,344	1,400	555,405
2021	644	566,165	1,218	673,410
2022	632	609,792	1,196	725,817

Source: Taxable Sales in California, CDTFA for 2018-2022. Certain previously reported data has been revised by the CDTFA.

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE

The following is a summary of certain definitions and provisions of the Indenture which is not described elsewhere in the Official Statement. This Summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of its provisions.

APPENDIX F

DISTRICT CONTINUING DISCLOSURE CERTIFICATE

APPENDIX G

FORM OF DEVELOPER CONTINUING DISCLOSURE AGREEMENT

This Developer Continuing Disclosure Agreement (the “Disclosure Agreement”) dated as of November 1, 2023 is executed and delivered by the RMV PA3 Development, LLC (the “Landowner”), and DTA, Inc., as dissemination agent (the “Dissemination Agent”), in connection with the issuance by Community Facilities District No. 2023-1 of the County of Orange (Rienda Phase 2B) of its \$_____ Community Facilities District No. 2023-1 of the County of Orange (Rienda Phase 2B) 2023 Series A Special Tax Bonds (the “Bonds”). The Bonds are being issued pursuant to Resolution No. _____ adopted on October 31, 2023, by the Board of Supervisors of the County of Orange, acting as the legislative body of the District, and the Bond Indenture dated as of November 1, 2023 by and between the District and U.S. Bank Trust Company, National Association, as trustee. The Landowner covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Landowner to assist the Underwriter in the marketing of the Bonds.

SECTION 2. Definitions. Unless otherwise defined in this Disclosure Agreement, the following capitalized terms shall have the following meanings. Capitalized terms used and not defined herein shall have the meanings set forth in the Official Statement (defined below):

“Affiliate” shall mean, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially or as an agent, guardian or other fiduciary, twenty-five percent (25%) or more of any class of Equity Securities of such Person, (b) each Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person or (c) each of such Person’s executive officers, directors, joint venturers and general partners; provided, however, that in no case shall the District be deemed to be an Affiliate of the Landowner for purposes of this Disclosure Agreement. For the purpose of this definition, “control” of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise. Affiliates of the Landowner include, but are not limited to, RMV Community Development, LLC.

“Annual Report” shall mean any Annual Report provided by the Landowner pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the Chief Financial Officer or his or her designee acting on behalf of the Landowner, or such other officer or employee as the Landowner shall designate in writing to the Dissemination Agent from time to time.

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

“District” shall mean Community Facilities District No. 2023-1 of the County of Orange (Rienda Phase 2B).

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

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“Equity Securities” of any Person shall mean (a) all common stock, preferred stock, participations, shares, general partnership interests or other equity interests in and of such person (regardless of how designated and whether or not voting or non-voting) and (b) all warrants, options and other rights to acquire any of the foregoing.

“Fiscal Year” shall mean the period beginning on January 1 of each year and ending on the next succeeding December 31.

“Government Authority” shall mean any national, state or local government, any political subdivision thereof, any department, agency, authority or bureau of any of the foregoing, or any other Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Listed Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement, dated _____, 2023, relating to the Bonds.

“Parity Bonds” shall mean bonds of the District that are secured on a parity with the Bonds.

“Person” shall mean any natural person, corporation, partnership, firm, association, Government Authority or any other Person whether acting in an individual fiduciary, or other capacity.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“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.

“Semiannual Report” shall mean any report to be provided by the Landowner on or prior to December 15 of each year pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“State” shall mean the State of California.

“Underwriter” shall mean the original underwriters of the Bonds, which are Stifel, Nicolaus & Company, Incorporated and Piper Sandler & Co.

SECTION 3. Provision of Annual Reports and Semiannual Report.

(a) The Landowner shall, or upon receipt of the Annual Report the Dissemination Agent shall, not later than June 15 of each year, commencing June 15, 2024, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If, in any year, June 15 falls on a Saturday, Sunday or a holiday on which the Dissemination Agent’s offices are closed for business, such deadline shall be extended to the next following day on which the Dissemination Agent’s offices are open for business. 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, if any, of the Landowner may be submitted separately from the balance of the Annual Report and later than the date required for the filing of the Annual Report if they are not available by that date. In addition, until such time as the Landowner’s reporting requirements terminate pursuant to Section 6 below, the Landowner shall, or upon receipt of the Semiannual Report the Dissemination Agent shall, not later than December 15 of each year, commencing December 15,

2024, provide to the Repository a Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If, in any year, December 15 falls on a Saturday, Sunday or a holiday on which the Dissemination Agent's offices are closed for business, such deadline shall be extended to the next following day on which the Dissemination Agent's offices are open for business.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report and Semiannual Report to the Repository, the Landowner shall provide the Annual Report or the Semiannual Report, as applicable, to the Dissemination Agent or shall provide notification to the Dissemination Agent that the Landowner is preparing, or causing to be prepared, the Annual Report or the Semiannual Report, as applicable, and the date which the Annual Report or the Semiannual Report, as applicable, is expected to be available. If by such date, the Dissemination Agent has not received a copy of the Annual Report or the Semiannual Report, as applicable, or notification as described in the preceding sentence, the Dissemination Agent shall notify the Landowner of such failure to receive the report.

(c) If the Dissemination Agent is unable to provide an Annual Report or Semiannual Report to the Repository by the date required in subsection (a) or to verify that an Annual Report or Semiannual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to the Repository in the form required by the Repository.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report and the Semiannual Report the name and address of the Repository; and

(ii) promptly after receipt of the Annual Report, file a report with the Landowner and the District certifying that the Annual Report or the Semiannual Report, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the Repository.

(e) Notwithstanding any other provision of this Disclosure Agreement, any of the required filings hereunder shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Report and Semiannual Report.

(a) The Landowner's Annual Report and Semiannual Report shall contain or include by reference the information which is updated, except with respect to the financial statements of the Landowner required under 4(a)(4), through a date which shall not be more than 60 days prior to the date of the filing of the Annual Report or the Semiannual Report, as applicable, relating to the following:

1. An update (if any) to the information relating to the Landowner and its Affiliates under the captions in the Official Statement entitled "PROPERTY OWNERSHIP AND THE DEVELOPMENT—General Description of the Development," "The Developer," "The Development," and "Remaining Developer Properties." Such updates shall include, but not be limited to, the estimated remaining cost of the Landowner and its Affiliates to complete any of the public improvements in the District (collectively, the "Landowner Improvements").

2. Any significant amendments to land use entitlements with respect to parcels owned by the Landowner or its Affiliates within the District, or that are otherwise known to the Landowner, including an update of the total acres subject to the levy of Special Taxes if the amendment affects the total number of acres subject to the levy of the Special Taxes.

3. Status of Special Tax payments on all parcels owned by the Landowner and its Affiliates.

4. In the Annual Report only, the financial statements of the Landowner for its most recently completed Fiscal Year (which currently ends on each December 31).

5. An update of the number of building permits pulled by each merchant builder and the acquisition of property by merchant builders from the Landowner or the merchant builders' respective landbank (as applicable) as set forth in Table 6 of the Official Statement.

(b) Any and all of the items listed above may be included by specific reference to other documents, including official statements of debt issues which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Landowner 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 Landowner shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material under clauses (b) and (c) as soon as practicable after the occurrence of any of the following events:

1. Failure to pay any real property taxes, special taxes or assessments levied within the District on a parcel owned by the Landowner or any Affiliate;

2. Material default by the Landowner or any Affiliate on any loan with respect to the construction or permanent financing of the Landowner Improvements to which the Landowner or any Affiliate has been provided a notice of default;

3. Material default by the Landowner or any Affiliate on any loan secured by property within the District owned by the Landowner or any Affiliate to which the Landowner or any Affiliate has been provided a notice of default;

4. Payment default by the Landowner or any Affiliate on any loan of the Landowner or any Affiliate (whether or not such loan is secured by property within the District) which is beyond any applicable cure period in such loan;

5. The filing of any proceedings with respect to the Landowner or any Affiliate, in which the Landowner or any Affiliate, may be adjudicated as bankrupt or discharged from any or all of their respective debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of debts; and

6. The filing of any lawsuit against the Landowner or any of its Affiliates which, in the reasonable judgment of the Landowner, will adversely affect the completion of the development of parcels owned by the Landowner or its Affiliates within the District, or litigation which if decided against the Landowner, or any of its Affiliates, in the reasonable judgment of the Landowner, would materially adversely affect the financial condition of the Landowner or its Affiliates or their respective ability to pay special taxes levied within the District.

(b) Whenever the Landowner obtains knowledge of the occurrence of a Listed Event, the Landowner shall as soon as possible determine if such event would be material under applicable federal securities laws. The Dissemination Agent shall have no responsibility to determine the materiality of any of the Listed Events.

(c) If the Landowner determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Landowner shall promptly file a notice of such

occurrence with the Dissemination Agent which shall then distribute such notice to the Repository, with a copy to the District.

SECTION 6. Termination of Reporting Obligation. The Landowner's obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the following events:

- (a) the legal defeasance, prior redemption or payment in full of all of the Bonds, or
- (b) as of the date of the filing for the Semiannual Report or Annual Report (1) with respect to the obligation of the Landowner to update the information pursuant to Section 4(a)(1) – (4) above, ninety percent (90%) of the public improvements to be constructed by the Landowner as described under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT—The Development" have been completed based on costs expended and (2) with respect to the obligation of the Landowner to update the information pursuant to Section 4(a)(5) above, 75% of the building permits for the planned residential development within the District have been issued.

If such termination occurs prior to the final maturity of the Bonds, the Landowner shall give notice of such termination in the same manner as for an Annual Report hereunder.

SECTION 7. Dissemination Agent. The Landowner 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. If the Dissemination Agent is not the Landowner, the Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Landowner pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing (i) thirty days written notice to the Landowner and the Dissemination Agent and (ii) upon appointment of a new Dissemination Agent hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Landowner 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 relates 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 amendment or waiver either (i) is approved by the owners of the Bonds in the same manner as provided in the Indenture with the consent of owners of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel addressed to the District and the Dissemination Agent, materially impair the interests of the owners or Beneficial Owners of the Bonds; and
- (c) The Landowner, or the Dissemination Agent, shall have delivered copies of the amendment and any opinions delivered under (b) above to the District and the Trustee.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Landowner shall describe such amendment in the next Annual Report or Semiannual 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 Landowner.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Landowner 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 Semiannual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Landowner chooses to include any information in any Annual Report or Semiannual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Landowner shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or Semiannual Report or notice of occurrence of a Listed Event.

The Landowner acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Landowner, and that under some circumstances compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Landowner under such laws.

SECTION 10. Default. In the event of a failure of the Landowner or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Underwriter 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 Landowner or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Landowner or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Landowner, the Underwriters, owners of the Bonds or Beneficial Owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon a direction from the Landowner or an opinion of nationally recognized bond counsel. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement. The Dissemination Agent may conclusively rely upon the Annual Report and Semiannual Report provided to it by the Landowner as constituting the Annual Report and Semiannual Report required of the Landowner in accordance with this Disclosure Agreement and shall have no duty or obligation to review such Annual Report and Semiannual Report. The Dissemination Agent shall have no duty to prepare the Annual Report and Semiannual Report nor shall the Dissemination Agent be responsible for filing any Annual Report and Semiannual Report not provided to it by the Landowner in a timely manner in a form suitable for filing with the Repositories. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

The Dissemination Agent will not, without the Landowner's prior written consent, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification may be sought hereunder unless such settlement, compromise or consent includes an unconditional release of the Landowner and its controlling persons from all liability arising out of such claim, action or proceedings. If a claim, action or proceeding is settled with the consent of the Landowner or if there is a final judgment (other than a stipulated final judgment without the approval of the Landowner) for the plaintiff in any such claim, action or proceeding, with or without the consent of the Landowner, the Landowner agrees to indemnify and hold harmless the Dissemination Agent to the extent described herein.

SECTION 12. Landowner as Independent Contractor. In performing under this Disclosure Agreement, it is understood that the Landowner is an independent contractor and not an agent of the District.

SECTION 13. Notices. Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

Attachment C

Landowner: RMV PA3 Development, LLC
28811 Ortega Highway
San Juan Capistrano, CA 92675
Attn: Chief Financial Officer

Dissemination Agent: DTA, Inc.
18201 Von Karman, Suite 220
Irvine, CA 92612
Attn: Andrea Roess

Underwriters: Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2150
Los Angeles, CA 90067
Attn: Public Finance Department

Piper Sandler & Co.
120 Vantis Drive, Suite 330
Aliso Viejo, California 92656
Attn: Public Finance

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Landowner, the District, the Dissemination Agent, the Underwriter and owners of the Bonds 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.

RMV PA3 DEVELOPMENT, LLC, a Delaware limited liability company

By: RANCHO MISSION VIEJO, LLC, a Delaware limited liability company, as agent and manager

By: _____
Name: [Name]
Title: [Title]

By: _____
Name: [Name]
Title: [Title]

DTA, Inc., as Dissemination Agent

By: _____
Authorized Officer

APPENDIX H

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriters believe to be reliable, but neither the District nor the Underwriters takes any 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, 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 District which the District believes to be reliable, but the District 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, NY, 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 annual maturity, and will be deposited with 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.

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 certificates representing their ownership interests in the 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

Attachment C

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 District 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 District 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 District 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 District 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 District 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.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE

Attachment C

VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX I

SAMPLE PROPERTY TAX BILLS

TABLE I-1
COUNTY OF ORANGE
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (RIENDA PHASE 2B)
ESTIMATED FISCAL YEAR 2023-2024 SAMPLE TAX BILL
DEVELOPED PROPERTY – CONDOMINIUMS
ZONE 1 - TAX CLASS 1 (> 1,600 SF)

<i>Assessed Valuation and Property Taxes</i>	<i>Percent of Total AV</i>	<i>Expected Amount</i>
BASE PRICE ⁽¹⁾	\$730,000	
NET ASSESSED VALUE ⁽¹⁾	\$723,000	
Unit Size ⁽²⁾	1,605 Square Feet	
 <i>AD VALOREM PROPERTY TAXES</i> ⁽³⁾		
Basic Levy	1.00000%	\$ 7,300.00
Metropolitan Water District G.O. Bonds	0.00350	25.55
Capistrano Unified School District SFID 1 Series 2001	0.00335	24.46
<u>Capistrano Unified School District SFID 1 Series 2022</u>	<u>0.00298</u>	<u>21.75</u>
Total General Property Taxes and Overrides	1.00983%	\$ 7,371.76
 ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES		
Mosquito & Fire Ant Assessment ⁽⁴⁾		\$ 8.54
Vector Control Charge ⁽⁵⁾		1.92
Metropolitan Water District West Standby Charge ⁽⁶⁾		10.08
<u>County of Orange CFD No. 2023-1</u> ⁽⁷⁾		<u>7,207.00</u>
Total Assessments and Parcel Charges		\$ 7,227.54
 PROJECTED TOTAL PROPERTY TAXES		 \$ 14,599.30
 Projected Total Effective Tax Rate (as % of Base Price)		 2.000%

⁽¹⁾ Based on expected base sale price for units in Tax Class 1 of Zone 1, provided by the Market Absorption Consultant as of August 9, 2023. Total Assessed Value includes \$7,000 homeowner's exemption. Total Assessed Value used to determine the Total Effective Tax Rate.

⁽²⁾ Based on expected unit size for units in Tax Class 1 of Zone 1, provided by the Market Absorption Consultant as of August 9, 2023.

⁽³⁾ Based on the Fiscal Year 2023-24 *ad valorem* rates.

⁽⁴⁾ Based on the Fiscal Year 2023-24 rate of \$8.54 per benefit unit. Residential parcels are assessed at 1 benefit unit.

⁽⁵⁾ Based on the Fiscal Year 2023-24 rate of \$1.92 per benefit unit. Residential parcels are assessed at 1 benefit unit.

⁽⁶⁾ Based on the Fiscal Year 2023-24 rate of \$10.08 per parcel or per acre, whichever is greater.

⁽⁷⁾ Amount based on the Fiscal Year 2023-24 Assigned Special Tax of \$7,207.00 per unit for Tax Class 1 property of Zone 1, which is 100.00% of the Fiscal Year 2023-24 Assigned Special Tax of \$7,207.00 per unit. The Assigned Special Tax will escalate by 2.00% per year commencing July 1, 2024.

Source: DTA, Inc.

TABLE I-2
COUNTY OF ORANGE
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (RIENDA PHASE 2B)
ESTIMATED FISCAL YEAR 2023-2024 SAMPLE TAX BILL
DEVELOPED PROPERTY - ATTACHED ROW TOWNHOMES
ZONE 2 - TAX CLASS 3 (< 1,101 SF)

<i>Assessed Valuation and Property Taxes</i>	<i>Percent of Total AV</i>	<i>Expected Amount</i>
BASE PRICE ⁽¹⁾	\$557,682	
NET ASSESSED VALUE ⁽¹⁾	\$550,682	
Unit Size ⁽²⁾	923 Square Feet	
 <i>AD VALOREM PROPERTY TAXES</i> ⁽³⁾		
Basic Levy	1.00000%	\$ 5,576.82
Metropolitan Water District G.O. Bonds	0.00350	19.52
Capistrano Unified School District SFID 1 Series 2001	0.00335	18.68
<u>Capistrano Unified School District SFID 1 Series 2022</u>	<u>0.00298</u>	<u>16.62</u>
Total General Property Taxes and Overrides	1.00983%	\$ 5,631.64
 ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES		
Mosquito & Fire Ant Assessment ⁽⁴⁾		\$ 8.54
Vector Control Charge ⁽⁵⁾		1.92
Metropolitan Water District West Standby Charge ⁽⁶⁾		10.08
<u>County of Orange CFD No. 2023-1</u> ⁽⁷⁾		<u>5,502.00</u>
Total Assessments and Parcel Charges		\$ 5,522.54
 PROJECTED TOTAL PROPERTY TAXES		 \$ 11,154.18
 Projected Total Effective Tax Rate (as % of Base Price)		 2.000%

⁽¹⁾ Based on expected base sale price for units in Tax Class 3 of Zone 2, provided by the Market Absorption Consultant as of August 9, 2023. Total Assessed Value includes \$7,000 homeowner's exemption. Total Assessed Value used to determine the Total Effective Tax Rate.

⁽²⁾ Based on expected unit size for units in Tax Class 3 of Zone 2, provided by the Market Absorption Consultant as of August 9, 2023.

⁽³⁾ Based on the Fiscal Year 2023-24 *ad valorem* rates.

⁽⁴⁾ Based on the Fiscal Year 2023-24 rate of \$8.54 per benefit unit. Residential parcels are assessed at 1 benefit unit.

⁽⁵⁾ Based on the Fiscal Year 2023-24 rate of \$1.92 per benefit unit. Residential parcels are assessed at 1 benefit unit.

⁽⁶⁾ Based on the Fiscal Year 2023-24 rate of \$10.08 per parcel or per acre, whichever is greater.

⁽⁷⁾ Amount based on the Fiscal Year 2023-24 Assigned Special Tax of \$5,502.00 per unit for Tax Class 3 property of Zone 2, which is 100.00% of the Fiscal Year 2023-24 Assigned Special Tax of \$5,502.00 per unit. The Assigned Special Tax will escalate by 2.00% per year commencing July 1, 2024.

Source: DTA, Inc.

TABLE I-3
COUNTY OF ORANGE
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (RIENDA PHASE 2B)
ESTIMATED FISCAL YEAR 2023-2024 SAMPLE TAX BILL
DEVELOPED PROPERTY - ATTACHED DUPLEX
ZONE 3 - TAX CLASS 2 (1,401 - 1,600 SF)

<i>Assessed Valuation and Property Taxes</i>	<i>Percent of Total AV</i>	<i>Expected Amount</i>
BASE PRICE ⁽¹⁾	\$750,000	
NET ASSESSED VALUE ⁽¹⁾	\$743,000	
Unit Size ⁽²⁾	1,525 Square Feet	
 <i>AD VALOREM PROPERTY TAXES</i> ⁽³⁾		
Basic Levy	1.00000%	\$ 7,500.00
Metropolitan Water District G.O. Bonds	0.00350	26.25
Capistrano Unified School District SFID 1 Series 2001	0.00335	25.13
<u>Capistrano Unified School District SFID 1 Series 2022</u>	<u>0.00298</u>	<u>22.35</u>
Total General Property Taxes and Overrides	1.00983%	\$ 7,573.73
 ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES		
Mosquito & Fire Ant Assessment ⁽⁴⁾		\$ 8.54
Vector Control Charge ⁽⁵⁾		1.92
Metropolitan Water District West Standby Charge ⁽⁶⁾		10.08
<u>County of Orange CFD No. 2023-1</u> ⁽⁷⁾		<u>7,405.00</u>
Total Assessments and Parcel Charges		\$ 7,422.02
 PROJECTED TOTAL PROPERTY TAXES		 \$ 14,999.27
 Projected Total Effective Tax Rate (as % of Base Price)		 2.000%

⁽¹⁾ Based on expected base sale price for units in Tax Class 2 of Zone 3, provided by the Market Absorption Consultant as of August 9, 2023. Total Assessed Value includes \$7,000 homeowner's exemption. Total Assessed Value used to determine the Total Effective Tax Rate.

⁽²⁾ Based on expected unit size for units in Tax Class 2 of Zone 3, provided by the Market Absorption Consultant as of August 9, 2023.

⁽³⁾ Based on the Fiscal Year 2023-24 *ad valorem* rates.

⁽⁴⁾ Based on the Fiscal Year 2023-24 rate of \$8.54 per benefit unit. Residential parcels are assessed at 1 benefit unit.

⁽⁵⁾ Based on the Fiscal Year 2023-24 rate of \$1.92 per benefit unit. Residential parcels are assessed at 1 benefit unit.

⁽⁶⁾ Based on the Fiscal Year 2023-24 rate of \$10.08 per parcel or per acre, whichever is greater.

⁽⁷⁾ Amount based on the Fiscal Year 2023-24 Assigned Special Tax of \$7,405.00 per unit for Tax Class 2 of Zone 3, which is 100.00% of the Fiscal Year 2023-24 Assigned Special Tax of \$7,405.00 per unit. The Assigned Special Tax will escalate by 2.00% per year commencing July 1, 2024.

Source: DTA, Inc.

**TABLE I-4
COUNTY OF ORANGE
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (RIENDA PHASE 2B)
ESTIMATED FISCAL YEAR 2023-2024 SAMPLE TAX BILL
DEVELOPED PROPERTY - DETACHED STUB ALLEY SMALL LOT
ZONE 4 - TAX CLASS 1 (> 1,700 SF)**

<i>Assessed Valuation and Property Taxes</i>	<i>Percent of Total AV</i>	<i>Expected Amount</i>
BASE PRICE ⁽¹⁾	\$924,782	
NET ASSESSED VALUE ⁽¹⁾	\$917,782	
Unit Size ⁽²⁾	1,818 Square Feet	
 <i>AD VALOREM PROPERTY TAXES</i> ⁽³⁾		
Basic Levy	1.00000%	\$ 9,247.82
Metropolitan Water District G.O. Bonds	0.00350	32.37
Capistrano Unified School District SFID 1 Series 2001	0.00335	30.98
<u>Capistrano Unified School District SFID 1 Series 2022</u>	<u>0.00298</u>	<u>27.56</u>
Total General Property Taxes and Overrides	1.00983%	\$ 9,338.73
 <i>ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES</i>		
Mosquito & Fire Ant Assessment ⁽⁴⁾		\$ 8.54
Vector Control Charge ⁽⁵⁾		1.92
Metropolitan Water District West Standby Charge ⁽⁶⁾		10.08
<u>County of Orange CFD No. 2023-1</u> ⁽⁷⁾		<u>9,135.00</u>
Total Assessments and Parcel Charges		\$ 9,155.54
 PROJECTED TOTAL PROPERTY TAXES		 \$ 18,494.27
 Projected Total Effective Tax Rate (as % of Base Price)		 2.000%

⁽¹⁾ Based on expected base sale price for units in Tax Class 1 of Zone 4, provided by the Market Absorption Consultant as of August 9, 2023. Total Assessed Value includes \$7,000 homeowner's exemption. Total Assessed Value used to determine the Total Effective Tax Rate.

⁽²⁾ Based on expected unit size for units in Tax Class 1 of Zone 4, provided by the Market Absorption Consultant as of August 9, 2023.

⁽³⁾ Based on the Fiscal Year 2023-24 *ad valorem* rates.

⁽⁴⁾ Based on the Fiscal Year 2023-24 rate of \$8.54 per benefit unit. Residential parcels are assessed at 1 benefit unit.

⁽⁵⁾ Based on the Fiscal Year 2023-24 rate of \$1.92 per benefit unit. Residential parcels are assessed at 1 benefit unit.

⁽⁶⁾ Based on the Fiscal Year 2023-24 rate of \$10.08 per parcel or per acre, whichever is greater.

⁽⁷⁾ Amount based on the Fiscal Year 2023-24 Assigned Special Tax of \$9,135.00 per unit for Tax Class 1 of Zone 4, which is 100.00% of the Fiscal Year 2023-24 Assigned Special Tax of \$9,135.00 per unit. The Assigned Special Tax will escalate by 2.00% per year commencing July 1, 2024.

Source: DTA, Inc.

TABLE I-5
COUNTY OF ORANGE
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (RIENDA PHASE 2B)
ESTIMATED FISCAL YEAR 2023-2024 SAMPLE TAX BILL
DEVELOPED PROPERTY - DETACHED STUB ALLEY LARGE LOT
ZONE 5 - TAX CLASS 2 (1,701 - 1,900 SF)

<i>Assessed Valuation and Property Taxes</i>	<i>Percent of Total AV</i>	<i>Expected Amount</i>
BASE PRICE ⁽¹⁾	\$899,405	
NET ASSESSED VALUE ⁽¹⁾	\$892,405	
Unit Size ⁽²⁾	1,753 Square Feet	
 <i>AD VALOREM PROPERTY TAXES</i> ⁽³⁾		
Basic Levy	1.00000%	\$ 8,994.05
Metropolitan Water District G.O. Bonds	0.00350	31.48
Capistrano Unified School District SFID 1 Series 2001	0.00335	30.13
<u>Capistrano Unified School District SFID 1 Series 2022</u>	<u>0.00298</u>	<u>26.80</u>
Total General Property Taxes and Overrides	1.00983%	\$ 9,082.46
 ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES		
Mosquito & Fire Ant Assessment ⁽⁴⁾		\$ 8.54
Vector Control Charge ⁽⁵⁾		1.92
Metropolitan Water District West Standby Charge ⁽⁶⁾		10.08
<u>County of Orange CFD No. 2023-1</u> ⁽⁷⁾		<u>8,883.00</u>
Total Assessments and Parcel Charges		\$ 8,903.54
 PROJECTED TOTAL PROPERTY TAXES		 \$ 17,986.00
 Projected Total Effective Tax Rate (as % of Base Price)		 2.000%

⁽¹⁾ Based on expected base sale price for units in Tax Class 2 of Zone 5, provided by the Market Absorption Consultant as of August 9, 2023. Total Assessed Value includes \$7,000 homeowner's exemption. Total Assessed Value used to determine the Total Effective Tax Rate.

⁽²⁾ Based on expected unit size for units in Tax Class 2 of Zone 5, provided by the Market Absorption Consultant as of August 9, 2023.

⁽³⁾ Based on the Fiscal Year 2023-24 *ad valorem* rates.

⁽⁴⁾ Based on the Fiscal Year 2023-24 rate of \$8.54 per benefit unit. Residential parcels are assessed at 1 benefit unit.

⁽⁵⁾ Based on the Fiscal Year 2023-24 rate of \$1.92 per benefit unit. Residential parcels are assessed at 1 benefit unit.

⁽⁶⁾ Based on the Fiscal Year 2023-24 rate of \$10.08 per parcel or per acre, whichever is greater.

⁽⁷⁾ Amount based on the Fiscal Year 2023-24 Assigned Special Tax of \$8,883.00 per unit for Tax Class 2 of Zone 5, which is 100.00% of the Fiscal Year 2023-24 Assigned Special Tax of \$8,883.00 per unit. The Assigned Special Tax will escalate by 2.00% per year commencing July 1, 2024.

Source: DTA, Inc.

TABLE I-6
COUNTY OF ORANGE
COMMUNITY FACILITIES DISTRICT NO. 2023-1 (RIENDA PHASE 2B)
ESTIMATED FISCAL YEAR 2023-2024 SAMPLE TAX BILL
DEVELOPED PROPERTY - DETACHED TRADITIONAL
ZONE 6 - TAX CLASS 1 (> 2,000 SF)

<i>Assessed Valuation and Property Taxes</i>	<i>Percent of Total AV</i>	<i>Expected Amount</i>
BASE PRICE ⁽¹⁾	\$975,000	
NET ASSESSED VALUE ⁽¹⁾	\$968,000	
Unit Size ⁽²⁾	2,003 Square Feet	
 <i>AD VALOREM PROPERTY TAXES</i> ⁽³⁾		
Basic Levy	1.00000%	\$ 9,750.00
Metropolitan Water District G.O. Bonds	0.00350	34.13
Capistrano Unified School District SFID 1 Series 2001	0.00335	32.66
<u>Capistrano Unified School District SFID 1 Series 2022</u>	<u>0.00298</u>	<u>29.06</u>
Total General Property Taxes and Overrides	1.00983%	\$ 9,845.84
 ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES		
Mosquito & Fire Ant Assessment ⁽⁴⁾		\$ 8.54
Vector Control Charge ⁽⁵⁾		1.92
Metropolitan Water District West Standby Charge ⁽⁶⁾		10.08
<u>County of Orange CFD No. 2023-1</u> ⁽⁷⁾		<u>9,631.00</u>
Total Assessments and Parcel Charges		\$ 9,651.54
 PROJECTED TOTAL PROPERTY TAXES		 \$ 19,497.38
 Projected Total Effective Tax Rate (as % of Base Price)		 2.000%

⁽¹⁾ Based on expected base sale price for units in Tax Class 1 of Zone 6, provided by the Market Absorption Consultant as of August 9, 2023. Total Assessed Value includes \$7,000 homeowner's exemption. Total Assessed Value used to determine the Total Effective Tax Rate.

⁽²⁾ Based on expected unit size for units in Tax Class 1 of Zone 6, provided by the Market Absorption Consultant as of August 9, 2023.

⁽³⁾ Based on the Fiscal Year 2023-24 *ad valorem* rates.

⁽⁴⁾ Based on the Fiscal Year 2023-24 rate of \$8.54 per benefit unit. Residential parcels are assessed at 1 benefit unit.

⁽⁵⁾ Based on the Fiscal Year 2023-24 rate of \$1.92 per benefit unit. Residential parcels are assessed at 1 benefit unit.

⁽⁶⁾ Based on the Fiscal Year 2023-24 rate of \$10.08 per parcel or per acre, whichever is greater.

⁽⁷⁾ Amount based on the Fiscal Year 2023-24 Assigned Special Tax of \$9,648.00 per unit for Tax Class 1 of Zone 6, which is 100.00% of the Fiscal Year 2023-24 Assigned Special Tax of \$9,631.00 per unit. The Assigned Special Tax will escalate by 2.00% per year commencing July 1, 2024.

Source: DTA, Inc.

APPENDIX J
MARKET ABSORPTION STUDY

Attachment C

RMV PA3 Development, LLC
Balance Sheets
(Unaudited)

ASSETS

			<u>June 30, 2023</u>		<u>December 31, 2022</u>
Cash and Cash Equivalents	Note 1	\$	83,443,513	\$	136,252,810
Accounts Receivable from Builders	Note 2		28,231,102		134,624,906
Accounts Receivable from Affiliates			304,443		253,456
Land and Land Improvements	Note 3		296,700,613		318,638,329
Total Assets		\$	<u>408,679,672</u>	\$	<u>589,769,501</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts Payable & Accrued Liabilities	Note 4	\$	4,734,441	\$	7,232,703
Option Payments			529,445		24,533,408
Builder Sales Deferred Income			29,238,769		49,452,319
Costs to Complete			190,885,384		178,165,126
		\$	<u>225,388,039</u>	\$	<u>259,383,556</u>
Member's Equity					
RMV Community Development, LLC		\$	217,523,804	\$	268,416,115
Retained Earnings			<u>(34,232,171)</u>		<u>61,969,830</u>
			183,291,633		330,385,945
Total Liabilities & Members' Equity		\$	<u>408,679,672</u>	\$	<u>589,769,501</u>

Statements of Operations
For the Current Month and Year to Date Period Ended June 30, 2023

		<u>Current Month</u>	<u>Year to Date</u>
Revenue			
Land Sales	\$	<u>12,309,542</u>	\$ <u>26,093,607</u>
Total Income		<u>12,309,542</u>	<u>26,093,607</u>
Cost of Sales			
Land Cost of Sales		<u>8,845,619</u>	<u>16,638,970</u>
Total Cost of Sales		<u>8,845,619</u>	<u>16,638,970</u>
Other Income:			
Interest and Other Income		<u>892,400</u>	<u>4,236,968</u>
Total Other Income		<u>892,400</u>	<u>4,236,968</u>
Other Expenses:			
Marketing Expenses		<u>121,709</u>	<u>419,718</u>
Other G&A		<u>100,843</u>	<u>437,669</u>
Total Other Expenses		<u>222,552</u>	<u>856,781</u>
Net Other		<u>669,848</u>	<u>3,380,187</u>
Net Income/(Loss)	\$	<u>4,133,771</u>	\$ <u>12,834,824</u>

RMV PA3 Development, LLC
Notes to Financial Statements
June 30, 2023
(Unaudited)

Note 1 Cash and Cash Equivalents

U.S. Bank Checking	\$	11,658,595
U.S. Bank Money Market		6,035,175
U.S. Bank Library Fund Money Market		1,221,334
County of Orange Trust PA3		213,895
Temporary Investments*		64,314,515
Total	\$	83,443,513

* Temporary Investments represent Commercial Paper with maturities ranging from 1 day to 80 days.

Note 2 Accounts Receivable from Builders

	6/30/2023	12/31/2022
Accounts Receivable-PA3.1	\$ 2,647,273	\$ 12,499,847
Accounts Receivable-PA3.2A	25,583,829	10,197,840
Accounts Receivable-PA3.2B	-	111,927,219
Total	\$ 28,231,102	\$ 134,624,906

Note 3 Land and Land Improvements

Land and Land Improvements are carried at cost which, in management's opinion, is not in excess of that which will be realized from the orderly development and disposition of the Project.

Land and Land Improvements includes direct and indirect land costs, offsite and onsite improvement costs, as well as carrying charges during such time as a portion of the Project is under active development.

Selling and marketing costs are generally expensed as incurred unless future benefit from such expenditures can be demonstrated.

The allocation of Land and Land Improvements to Cost of Sales is determined based on the relative sales value.

Land and Land Improvements at June 30, 2023 consist of:

Land	\$	116,625,000
Land improvements		326,113,814
Cost of Sales		(336,923,585)
Total Inventory	\$	105,815,229
Costs to Complete		190,885,384
Net Land and Land Improvements	\$	296,700,613

Note 4 Accounts Payable & Accrued Liabilities

	6/30/2023	12/31/2022
Accounts Payable and Accrued Liabilities	\$ 3,464,521	\$ 6,056,707
Accrued Library Fees	1,269,920	1,175,996
Total	\$ 4,734,441	\$ 7,232,703