

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

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2023

NEW ISSUE – BOOK-ENTRY-ONLY

NO RATING

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

\$5,330,000*

**CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 100 (VICTORIA)
SPECIAL TAX BONDS, SERIES 2023**

Dated: Date of Delivery

Due: September 1, as shown on the inside cover page

The City of Fontana Community Facilities District No. 100 (Victoria) Special Tax Bonds, Series 2023 (the “Bonds”) are being issued and delivered by the City of Fontana Community Facilities District No. 100 (Victoria) (the “District”) to (i) provide financing for certain public facilities and costs with respect thereto related to the development within the District, (ii) fund a reserve fund with respect to the Bonds, and (iii) pay the costs of issuance with respect to the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein. The District has been formed by and is located in the City of Fontana, California (the “City”).

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California), and pursuant to an Indenture, dated as of _____, 1, 2023, by and between the District and U.S. Bank Trust Company, National Association, as Trustee. The Bonds are special, limited obligations of the District and are payable solely from Net Special Tax Revenues (as defined herein), and the other assets pledged therefor under the Indenture, all as further described herein. The Special Tax (as defined herein) is to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within the District. The City Council 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 Bonds may be made in principal amounts of \$5,000 and integral multiples thereof. 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 on each September 1 and March 1, commencing March 1, 2024. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are expected to remit such payments to the beneficial owners of the Bonds. See “THE BONDS — General Provisions” and Appendix I — “INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM” herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS OR ADDITIONAL BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS OR ADDITIONAL BONDS. THE BONDS AND ANY ADDITIONAL BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The purchase of the Bonds involves certain risks. 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 a summary of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Orrick Herrington & Sutcliffe, LLP, Los Angeles, California, as Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the City and the District by Best Best & Krieger LLP, Riverside, California, in its capacity as City Attorney, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California. It is anticipated that the Bonds will be available for delivery to DTC or its agent in book-entry form on or about _____, 2023.

[STIFEL LOGO]

Dated: _____, 2023

MATURITY SCHEDULE
BASE CUSIP[†]: 344630

<i>Maturity Date</i> <i>(September 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest</i> <i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†] No.</i>
--	---	--	---------------------	---------------------	-------------------------------------

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

[†] 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 City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

CITY OF FONTANA

CITY COUNCIL

Acquanetta Warren, Mayor
Peter Garcia, Mayor Pro Tem
Phillip Cothran, Council Member
John Roberts, Council Member
Jesus “Jesse” Sandoval, Council Member

STAFF

Matthew C. Ballantyne, City Manager
Jessica Brown, Chief Financial Officer, Management Services
Janet Koehler-Brooks, City Treasurer
Germaine Key, City Clerk
Best Best & Krieger LLP, City Attorney

BOND COUNSEL

Orrick Herrington & Sutcliffe LLP
Los Angeles, California

MUNICIPAL ADVISOR

CSG Advisors Incorporated
San Francisco, California

DISCLOSURE COUNSEL

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

TRUSTEE

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

SPECIAL TAX CONSULTANT

DTA, Inc.
Newport Beach, California

APPRAISER

Kitty Siino & Associates, Inc.
Tustin, California

PRICE POINT CONSULTANT

Empire Economics, Inc.
Capistrano Beach, California

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

This Official Statement is not to be construed as a contract with the purchasers or owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

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

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

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or any other parties described herein since the date hereof. 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 hereby made to such documents on file with the District for further information in connection therewith.

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 a “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” 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. Except as set forth in the District’s Continuing Disclosure Agreement, a form of which is attached hereto as Appendix G, neither the District nor the City plans to issue any updates or revisions to the forward-looking statements set forth in this Official Statement. The Developer (as defined herein) has agreed to provide certain continuing disclosure information concerning the Developer and its property within the District in the form attached hereto as Appendix H. See “CONTINUING DISCLOSURE.”

A wide variety of other information, including financial information, concerning the City, is available from publications and websites of the City and others. No such information is a part of or incorporated into this Official Statement.

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

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

TABLE OF CONTENTS

	<i>Page</i>
INTRODUCTION	1
The District	1
Security and Sources of Payment for the Bonds	3
Description of the Bonds.....	3
Appraisal Report	4
Price Point Study.....	4
Professionals Involved in the Offering	5
Continuing Disclosure.....	5
Bond Owners' Risks	5
Other Information	5
ESTIMATED SOURCES AND USES OF FUNDS	6
THE BONDS	6
General Provisions	6
Redemption.....	7
Debt Service Schedule	11
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS	11
General.....	11
Special Tax.....	12
Rate and Method of Apportionment	13
Collection and Application of the Special Tax	18
Covenant for Superior Court Foreclosure	19
Special Tax Fund	20
Reserve Fund	20
Investment of Moneys.....	21
No Additional Bonds Except for Refunding Bonds.....	21
THE COMMUNITY FACILITIES DISTRICT	22
General Information Regarding the District	22
Assigned Special Tax and Development Summary	24
Direct and Overlapping Debt	24
Property Values.....	27
Value-to-Lien Ratios.....	28
Delinquency History	32
PROPERTY OWNERSHIP AND THE DEVELOPMENT	32
General Description of the Development.....	33
Tri Pointe	34
The Land Bank.....	34
Development Plan.....	34
Financing Plan	39
SPECIAL RISK FACTORS	39
Risks of Real Estate Secured Investments Generally – Declines in Value	40
Levy of the Special Tax	40
Collection of the Special Tax.....	41
Failure to Develop Properties	42
Concentration of Property Ownership	42
Exempt Properties	43
Constitutional Limitations on Taxation and Appropriations.....	43
Maximum Special Tax	47
Payment of the Special Tax is Not a Personal Obligation of the Owners	47
Disclosures to Future Purchasers	47
Parity Taxes and Special Assessments.....	47

TABLE OF CONTENTS
(continued)

	<i>Page</i>
Depletion of Reserve Fund	48
Bankruptcy and Legal Delays	48
FDIC/Federal Government Interests In Properties.....	48
Geologic, Topographic and Climatic Conditions.....	49
Hazardous Substances.....	50
No Acceleration Provision	51
Bonds Are Limited Obligations	51
Loss of Tax Exemption.....	51
Potential Early Redemption of Bonds from Special Tax Prepayments.....	51
Cybersecurity	51
Impact of Economic Conditions on the Development in the District	52
Increasing Mortgage Interest Rates.....	52
CONTINUING DISCLOSURE.....	53
Community Facilities District	53
The Developer.....	54
TAX MATTERS.....	54
ABSENCE OF LITIGATION	56
ABSENCE OF RATINGS.....	56
CERTAIN LEGAL MATTERS	56
UNDERWRITING	57
FINANCIAL INTERESTS.....	57
MUNICIPAL ADVISOR	57
ADDITIONAL INFORMATION.....	57
APPENDIX A RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX	A-1
APPENDIX B APPRAISAL REPORT.....	B-1
APPENDIX C UPDATED PRICE POINT STUDY.....	C-1
APPENDIX D FORM OF OPINION OF BOND COUNSEL	D-1
APPENDIX E GENERAL INFORMATION CONCERNING THE CITY OF FONTANA	E-1
APPENDIX F SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.....	F-1
APPENDIX G FORM OF DISTRICT CONTINUING DISCLOSURE AGREEMENT	G-1
APPENDIX H FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE	H-1
APPENDIX I INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM	I-1

[INSERT AREA MAP]

[INSERT AERIAL PHOTO]

\$5,330,000*
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 100 (VICTORIA)
SPECIAL TAX BONDS, SERIES 2023

INTRODUCTION

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, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices, is to provide certain information concerning the issuance of the City of Fontana Community Facilities District No. 100 (Victoria) Special Tax Bonds, Series 2023 (the “Bonds”) by the City of Fontana Community Facilities District No. 100 (Victoria) (the “District”), in the aggregate principal amount set forth on the front cover page. The proceeds of the Bonds will be used to finance certain public facilities and costs with respect thereto related to the development within the District, to fund a reserve fund for the Bonds (the “Reserve Fund”), and to pay costs of issuance of the Bonds.

The Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and pursuant to the Indenture, dated as of ____ 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, constituting a lien on and security interest in, the Net Special Tax Revenues (as defined herein) and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund established pursuant to the Indenture.

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 the 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 F — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Definitions” herein.

The District

The District includes approximately 21.54 gross acres and is located in the northwestern portion of the City of Fontana (the “City”). The District is located at the southwest corner of Victoria Street and Kestrel Drive, just east of Interstate 15. The District is being developed into a gated community known as “Aurora Park” by Tri Pointe Homes Holdings, Inc., a Delaware corporation (“Tri Pointe” or the “Developer”), and is expected to consist of a total of 193 residential units in two product lines known as “Sienna at Aurora Park” (“Sienna”) and “Goldenrod at Aurora Park” (“Goldenrod”). Sienna is proposed for 82 single family detached residential units and Goldenrod is proposed for 111 single family detached residential units. The District is located in Tract Map No. 20229, recorded on June 17, 2021.

Tri Pointe is acquiring the property within the District in phased takedowns from Rescal Victoria 193, LLC (dba Resmark) (the “Land Bank”) pursuant to an Option Agreement, dated December 23, 2020, between Tri Pointe and the Land Bank (the “Option Agreement”) under which Tri Pointe acquires lots in a finished lot condition as development progresses. The Land Bank acquired the property within the District on December 23, 2020 from SC Victoria, LLC, a California limited liability company (the “Original Landowner” or “SC

Victoria”) and Tri Pointe began taking down lots on June 7, 2021. As of July 17, 2023, the date of value of the Appraisal (defined herein), Tri Pointe had taken down 115 of the 193 residential lots in the District. Tri Pointe is scheduled to take down all of the remaining property to be developed as 78 residential units in the District by October 2024. There is no guarantee that Tri Pointe will acquire the remaining lots as planned. During the term of the Option Agreement, Tri Pointe is contractually obligated to pay the Special Tax levied on the property subject to such agreement. However, in the event the Option Agreement is terminated prior to Tri Pointe having acquired all of the lots thereunder, the Special Tax would continue to be levied on the property in the District owned by the Land Bank. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

Sales began within the District in June 2022 and, as of July 17, 2023, within the District, 72 residential units had been completed and conveyed to individual homeowners, Tri Pointe owned six completed model units (none of which were in escrow), 10 homes over 95% complete (nine of which were in escrow), 11 residential units under construction and less than 95% complete (10 of which were in escrow), and 16 finished lots and the Land Bank owned 78 finished lots (none of which were in escrow). As of September 1, 2023, within the District, 88 residential units had been completed and conveyed to individual homeowners, Tri Pointe owned six completed model units (none of which were in escrow), 10 homes over 95% complete all of which were in escrow), 11 residential units under construction and less than 95% complete (none of which were in escrow), and the Land Bank owned 78 finished lots (none of which were in escrow). Sales contracts are subject to cancelation and, therefore, homes currently in escrow may not result in closed escrows with the prospective homebuyers. Within the District, 131 building permits had been obtained as of July 17, 2023. Accordingly, assuming no additional building permits are obtained prior to May 1, 2024, 131 parcels will be classified as Developed Property for the Fiscal Year 2024-25 Special Tax levy. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

The District was formed to finance certain public facilities and costs with respect thereto related to the development within the District. 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 of California (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. 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, the City Council adopted the necessary resolutions stating its intent to establish the District, to authorize the levy of special taxes on taxable property within the boundaries of the District, and to have the District incur bonded indebtedness for the purpose of financing authorized facilities (the “Facilities”). Following public hearings conducted pursuant to the provisions of the Act, the City Council adopted resolutions establishing the District and calling special elections to submit the levy of the special taxes and the incurring of bonded indebtedness to the qualified voters of the District. On December 8, 2020, at an election held pursuant to the Act, the then sole landowner who comprised the qualified voters of the District, SC Victoria, authorized the District to incur bonded indebtedness in the aggregate principal amount of not to exceed \$8,000,000 to be secured by the levy of Special Taxes (as defined below) on taxable property within the District for the purpose of financing the Facilities, and approved the rate and method of apportionment of the special taxes for the District (the “Rate and Method”).

The Rate and Method provides for a Facilities Special Tax (as defined in the Rate and Method) (the “Facilities Special Tax”) to be levied for the Special Tax Requirement for Facilities (as defined in the Rate and Method) and a Services Special Tax (as defined in the Rate and Method) (the “Services Special Tax”) to be levied for services described in the Rate and Method. As used in this Official Statement, the terms “Special Tax” or “Special Taxes” refer only to the Facilities Special Tax and does not include the Services Special Tax. The Services Special Tax is not pledged under the Indenture nor is the Services Special Tax available to pay debt service on the Bonds. The Special Tax will be levied against certain property within the District pursuant

to the Act, the Ordinance approving the levy of Special Taxes and the Indenture and in accordance with the Rate and Method. The lien of the Special Tax will be co-equal with the lien of the Services Special Tax.

Security and Sources of Payment for the Bonds

Under the Indenture, the City has pledged to repay the Bonds and any additional bonds issued under the Indenture (the “Additional Bonds”) from Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund. Proceeds of any Additional Bonds may only be applied to refund the Bonds or any Additional Bonds previously issued under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — No Additional Bonds Except for Refunding Bonds.” The Indenture defines “Net Special Tax Revenues” to mean Special Tax Revenues less amounts required to pay Administrative Expenses. The term “Special Tax Revenues” is defined in the Indenture to mean the proceeds of the Special Tax received by or on behalf of the District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Tax, which will be limited to the amount of said lien and interest and penalties thereon. “Administrative Expenses” is defined in the Indenture to mean costs directly related to the administration of the District, including, but not limited to: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules and the costs of collecting the Special Tax, the costs of remitting the Special Tax to the Trustee, the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture, the costs incurred by the District in complying with the disclosure provisions of any continuing disclosure undertaking and the Indenture, including those related to public inquiries regarding the Special Tax and disclosures to Owners, the costs of the District related to an appeal of the Special Tax, any amounts required to be rebated to the federal government in order for the District to comply with the tax covenants in the Indenture, an allocable share of the salaries of the City staff providing services on behalf of the District directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto, and the costs of foreclosure of any delinquent Special Tax.

Net Special Tax Revenues are the primary security for the repayment of the Bonds and any Additional Bonds. In the event that Net Special Tax Revenues are not paid when due, the only sources of funds available to pay the debt service on the Bonds and any Additional Bonds will be the amounts held by the Trustee for such purpose in the Special Tax Fund, the Bond Fund and the Reserve Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS OR ADDITIONAL BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS OR ADDITIONAL BONDS. THE BONDS AND ANY ADDITIONAL BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Description of the Bonds

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 and any integral multiples 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 I —

“INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM” herein.

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 herein. See Appendix I — “INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM” herein.

The Bonds are subject to optional redemption, mandatory redemption from Special Tax prepayments and mandatory sinking fund redemption as described herein. For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see “THE BONDS” and Appendix F — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

Appraisal Report

The District has obtained an appraisal of the Taxable Property (as defined herein) included in the District dated August 22, 2023, with a date of value as of July 17, 2023 (the “Appraisal”). The Appraisal was prepared for the District by Kitty Siino & Associates, Inc., Tustin, California (the “Appraiser”). Subject to the limitations set forth in the Appraisal, the Appraiser is of the opinion that, as of July 17, 2023 the minimum market value of the Taxable Property within the District was not less than \$71,001,082 (the “Appraised Value”). See “THE COMMUNITY FACILITIES DISTRICT — Property Values” and “THE COMMUNITY FACILITIES DISTRICT — Value-to-Lien Ratios.” A copy of the Appraisal is included as Appendix B to this Official Statement. It is a condition precedent to the issuance of the Bonds that the Appraiser deliver a certificate stating that nothing has come to the attention of the Appraiser subsequent to the date of the Appraisal that would lead the Appraiser to believe that the value of the Taxable Property (as defined in the Rate and Method) in the District is less than the minimum market value of such property reported in the Appraisal. However, the Appraiser has not performed any procedures since the date of value to obtain knowledge of such events or occurrences nor is it obligated to do so in the future.

Price Point Study

In connection with the formation of the District, the City hired Empire Economics, Inc., Capistrano Beach, California (the “Price Point Consultant”) to prepare a price point study of the prices of the homes planned within the District, dated August 26, 2020 (the “Original Price Point Study”). The Special Tax rates set forth in the Rate and Method were based in part on the prices set forth in the Original Price Point Study. In connection with and in preparation for the issuance of the Bonds, the City hired the Price Point Consultant to conduct an update to the Original Price Point Study within the District, dated July 17, 2023 (the “Updated Price Point Study”). Pursuant to Section C of the Rate and Method, prior to the issuance of Bonds, the City is required to amend the Assigned Special Tax (as defined in the Rate and Method) to the extent necessary to cause the total effective tax burden for residential property in the District to not exceed 1.95% of the minimum sales prices set forth in the Updated Price Point Study. A copy of the Updated Price Point Study is included as Appendix C to this Official Statement. Based on the conclusions of the Updated Price Point Study, the Facilities Special Taxes, the Services Special Taxes and all direct and overlapping property taxes, special assessments and other special taxes, the City does not expect to amend the Assigned Special Tax because effective tax rates are not projected to exceed 1.95% for any parcel. See “THE COMMUNITY FACILITIES DISTRICT — Direct and Overlapping Debt — Table 3” — Projected Total Effective Tax Rate for Individually Owned Residential Property.” See also “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Rate and Method of Apportionment.”

Professionals Involved in the Offering

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee under the Indenture and as the initial Dissemination Agent under the District Continuing Disclosure Agreement. Stifel, Nicolaus & Company, Incorporated is the Underwriter of the Bonds. The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick Herrington & Sutcliffe LLP, Bond Counsel to the District. CSG Advisors Incorporated, San Francisco, California, is acting as Municipal Advisor for the City in connection with the Bonds. Kitty Siino & Associates, Inc., Tustin, California, is acting as the Appraiser to the District. DTA, Inc. is acting as the Special Tax Consultant to the District. Empire Economics, Inc. is acting as the Price Point Consultant to the District. Certain legal matters will be passed on for the City and the District by Best Best & Krieger LLP, Riverside, California, in its capacity as City Attorney, and Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California.

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

Continuing Disclosure

The District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system available on the Internet at <http://emma.msrb.org> (“EMMA”) certain annual financial information and operating data. The District will further agree to provide notice of certain listed events. These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). See “CONTINUING DISCLOSURE” herein. Additionally, Tri Pointe has agreed to provide, or cause to be provided, to EMMA, on a semi-annual basis, certain information and to provide notice of certain listed events. See the form of District Continuing Disclosure Agreement attached as Appendix G hereto (the “District Continuing Disclosure Agreement”) for a description of the specific nature of the annual reports to be filed by the District and notices of listed events to be provided by the District. See the form of Developer Disclosure Certificate attached as Appendix H hereto (the “Developer Continuing Disclosure Certificate”) for a description of the specific nature of the semi-annual reports to be filed by Tri Pointe and notices of listed events to be provided by Tri Pointe. See “CONTINUING DISCLOSURE.”

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.

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 City Council, 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.

Copies of the Indenture, the District Continuing Disclosure Agreement and other documents and information referred to herein are available for inspection and (upon request and payment to the City of a charge for copying, mailing and handling) for delivery from the City at 8353 Sierra Avenue, Fontana, California 92335, Attention: Jessica Brown.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:

Principal Amount of the Bonds	\$
[Plus/Less] [Net] [Original Issue] [Premium/Discount]	
Less Underwriter's Discount	
Plus Funds on Hand	
Total	\$

Uses:

Improvement Fund ⁽¹⁾	\$
Reserve Fund ⁽²⁾	
Costs of Issuance Fund	
Total	\$

⁽¹⁾ Consists of \$_____ to be deposited into the Construction Account and \$_____ to be deposited into the Community Benefit Facilities Account.

⁽²⁾ Equal to the initial Reserve Requirement.

THE BONDS

General Provisions

The Bonds will be issued in fully registered form without coupons in denominations of \$5,000 and any integral multiple thereof ("Authorized Denominations"). The Bonds will be dated the date of issuance thereof. The Bonds are scheduled to mature on September 1, in the years and in the principal amounts, and will bear interest at the rates per annum, shown on the inside front cover page of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months and will be payable on March 1 and September 1 of each year, commencing March 1, 2024 (each an "Interest Payment Date"). Interest on each Bond will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) such Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day (the "Record Date") in which event interest thereon will be payable from such Interest Payment Date, (ii) such Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date or (iii) interest on such Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been previously paid or duly provided for.

The interest on, and principal of and redemption premiums, if any, on the Bonds are payable in lawful money of the United States of America. Interest is payable by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date (except that interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date will, if and to the extent that amounts subsequently become available therefor, be payable on a payment date established by the Trustee to the Person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee pursuant to the Indenture). Payment of principal of any Bond will be made only upon presentation and surrender thereof at maturity or upon earlier redemption at the Office of the Trustee.

The Bonds will initially be issued in book-entry form, and DTC will act as securities depository. So long as the Bonds are held in book-entry form, principal of, premium, if any, and interest on the Bonds will be paid by the Trustee directly to DTC for distribution to the Beneficial Owners of the Bonds in accordance with procedures adopted by DTC. See Appendix I — “INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM.”

The Bonds are not general obligations of the District but are special, limited obligations of the District payable solely from Net Special Tax Revenues and the other amounts held under the Indenture in the Special Tax Fund, the Bond Fund and the Reserve Fund. Neither the faith and credit nor the taxing power of the District (except to the limited extent set forth in the Indenture), the City, the State, or any political subdivision thereof, is pledged to the payment of the Bonds or Additional Bonds. See “SPECIAL RISK FACTORS — Bonds Are Limited Obligations.”

Redemption

Optional Redemption. The Bonds maturing on and after September 1, 20__ shall be subject to optional redemption, in whole, or in part in Authorized Denominations, on any date on or after September 1, 20__, from any source of available funds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and thereafter	100

Mandatory Redemption from Special Tax Prepayments. The Bonds are subject to mandatory redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of Special Tax prepayments required to be applied thereto and any related proportional amounts in the Reserve Fund required to be applied thereto pursuant to the Indenture (see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund” and “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Tax Fund”) at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
Any Interest Payment Date through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and thereafter	100

Mandatory Sinking Fund Redemption. The Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Bonds maturing September 1, 20__ to be redeemed,

without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount to be Redeemed</i>
--	---

If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District submitted to the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Bonds maturing on September 1, 20__ so optionally redeemed. If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on September 1, 20__ so mandatorily redeemed from Special Tax prepayments, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

The Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount to be Redeemed</i>
--	---

If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District submitted to the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Bonds maturing on September 1, 20__ so optionally redeemed. If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on

September 1, 20__ so mandatorily redeemed from Special Tax prepayments, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

The Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount to be Redeemed</i>
--	---

If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District submitted to the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Bonds maturing on September 1, 20__ so optionally redeemed. If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on September 1, 20__ so mandatorily redeemed from Special Tax prepayments, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds and Additional Bonds, the Trustee will select the Bonds and Additional Bonds to be redeemed from all Bonds and Additional Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds and Additional Bonds of a Series, among maturities of the Bonds and Additional Bonds of such Series as directed in a Written Request of the District (b) with respect to any mandatory redemption of Bonds or Additional Bonds from prepayments of the Special Tax, among maturities of all Series of Bonds and any Additional Bonds on a pro rata basis as nearly as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued. The Trustee shall select for redemption the Bonds and any Additional Bonds of the same Series with the same maturity by lot in any manner that the Trustee, in its sole discretion, shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of the greatest number of separate denominations that would result in each such denomination being an Authorized Denomination and each such separate denomination shall be treated as a separate Bond that may be separately redeemed.

Notice of Redemption. If the Bonds are held in book-entry form, notice of redemption will be mailed to DTC and not to the Beneficial Owners of the Bonds under the DTC book-entry system. Neither the District nor the Trustee is responsible for giving notice of redemption to the Beneficial Owners. See Appendix I —

“INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM” herein.

The Indenture provides that the Trustee on behalf and at the expense of the District will give notice of any redemption by first class mail to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books and to the Original Purchaser, at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice of redemption will state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any, the Bond numbers and the maturity or maturities of the Bonds to be redeemed (except in the event of redemption of all of the Bonds of such maturity or maturities in whole). The notice of redemption will require that the Bonds to be redeemed be surrendered at the Office of the Trustee for redemption at the Redemption Price, and give notice that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, will affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice will state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the District will not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption will not be made and the Trustee will, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Effect of Notice of Redemption. If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, is held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof will have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon.

Debt Service Schedule

<i>Year Ending September 1</i>	<i>Principal⁽¹⁾</i>	<i>Interest</i>	<i>Total</i>
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
TOTAL:			

⁽¹⁾ Includes mandatory sinking fund redemption.

Source: The Underwriter.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Bonds are special, limited obligations of the District, and, except as otherwise provided in the Indenture, they are payable solely from Net Special Tax Revenues. The Indenture defines “Net Special Tax Revenues” to mean Special Tax Revenues less amounts required to pay Administrative Expenses. The term “Special Tax Revenues” is defined in the Indenture to mean the proceeds of the Special Tax received by or on behalf of the District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Tax (which shall be limited to the amount of said lien and interest and penalties thereon). The Indenture defines the term “Special Tax” as the special tax described and defined in the Rate and Method as the “Special Tax” approved by the qualified electors of the District. “Administrative Expenses” is defined in the Indenture to mean costs directly related to

the administration of the District, including, but not limited to: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules and the costs of collecting the Special Tax, the costs of remitting the Special Tax to the Trustee, the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture, the costs incurred by the District in complying with the disclosure provisions of any continuing disclosure undertaking and the Indenture, including those related to public inquiries regarding the Special Tax and disclosures to Owners, the costs of the District related to an appeal of the Special Tax, any amounts required to be rebated to the federal government in order for the District to comply with the tax covenants in the Indenture, an allocable share of the salaries of the City staff providing services on behalf of the District directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto, and the costs of foreclosure of any delinquent Special Tax.

Under the Rate and Method, parcels of Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, are classified as Developed Property if a building permit has been obtained for such parcel by May 1 of the fiscal year preceding the Special Tax levy. For the projected Fiscal Year 2024-25 Special Tax levy, based on the development status within the District as of July 17, 2023, 131 parcels of Taxable Property will be classified as Developed Property, assuming no additional building permits are obtained prior to May 1, 2024. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT." Under no circumstances may the amount of Special Tax levied by the District in any year exceed the maximum rates approved by the qualified electors within the District, as set forth in the Rate and Method. A copy of the Rate and Method is attached to this Official Statement as Appendix A.

In addition to the Net Special Tax Revenues, any other amounts held by the Trustee in the Special Tax Fund, the Bond Fund and the Reserve Fund are pledged pursuant to the Indenture to secure the payment of the principal of, premium, if any, and interest on the Bonds and any Additional Bonds in accordance with their respective terms, the Indenture and the Act. However, those amounts are pledged subject to the provisions of the Indenture permitting the application thereof for the purposes set forth in the Indenture. Amounts on deposit in the Improvement Fund, the Costs of Issuance Fund, the Redemption Fund, the Administrative Expense Fund and the Rebate Fund are not pledged to the payment of any of the Bonds or any Additional Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS OR ADDITIONAL BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS OR ADDITIONAL BONDS. THE BONDS AND ANY ADDITIONAL BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Special Tax

Pursuant to the Act, the City Council adopted a resolution on June 9, 2020 stating its intention to establish the District and to levy a special tax within the District. In accordance with the provisions of the Act, the City Council established the District on December 8, 2020 for the purpose of, among other things, financing certain public infrastructure improvements necessary for the proposed development within the District. At a special election held on December 8, 2020, the then sole landowner of the property within the District, SC Victoria, authorized the District to incur indebtedness in an amount not to exceed \$8,000,000 and approved the Rate and Method. The Rate and Method is set forth in Appendix A hereto.

Pursuant to Section C of the Rate and Method, prior to the issuance of the Bonds, if necessary, the City is required to amend the Assigned Special Tax (as defined in the Rate and Method) to the extent necessary to cause the Total Tax Burden (as defined in the Rate and Method) for one or more land use classes of residential property in the District to not exceed 1.95% of the Minimum Sale Prices (as defined in the Rate and Method) set

forth in the Updated Price Point Study. A copy of the Updated Price Point Study is included as Appendix C to this Official Statement. Based on the conclusions of the Updated Price Point Study, the Facilities Special Taxes, the Services Special Taxes and all direct and overlapping property taxes, special assessments and other special taxes, the City does not expect to amend the Assigned Special Tax. See “— Rate and Method of Apportionment” below. See also “THE COMMUNITY FACILITIES DISTRICT — Direct and Overlapping Debt — Table 3 — Projected Total Effective Tax Rate for Individually Owned Residential Property.”

Pursuant to the Indenture, the District has covenanted that it will fix and levy the Special Tax within the District in each Fiscal Year in accordance with the Rate and Method in an amount sufficient (subject to the limitations contained in the Rate and Method as to the maximum Special Tax that may be levied on each parcel) to yield Special Tax Revenues in the amount required for (i) the payment of principal of and interest on any Outstanding Bonds and any Additional Bonds becoming due and payable during the Corresponding Bond Year, (ii) any necessary replenishment of the Reserve Fund, and (iii) the payment of Administrative Expenses estimated to be paid from such Special Tax Revenues, taking into account the balances in the funds and accounts established under the Indenture. See Appendix F — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Certain Covenants Under the Indenture.” Notwithstanding this covenant, the amount of Special Tax actually collected each year may be less than the amount described for a variety of different reasons. See “SPECIAL RISK FACTORS — Levy of the Special Tax.”

The Bonds have been structured so that, beginning in Fiscal Year 2024-25, the Assigned Special Tax rates set forth in the Rate and Method that may be levied within the District, based on the expected buildout of the District, are at least 110% of debt service on the Bonds in each Bond Year net of estimated Administrative Expenses of \$40,000 escalating 2% each fiscal year beginning July 1, 2025. The Special Tax 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.” 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. Pursuant to the Act, the Special Tax levied in any Fiscal Year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels 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. See “SPECIAL RISK FACTORS — Levy of the Special Tax” and “SPECIAL RISK FACTORS — Exempt Properties.”

Rate and Method of Apportionment

General. The Rate and Method is to be applied by the District each year for the purpose of determining the amount of the Special Tax to be levied against each Assessor’s Parcel of Taxable Property within the District. For purposes of the discussion of the Rate and Method only, terms with initial capital letters that are not otherwise defined in this Official Statement shall have the respective meanings assigned to them in the Rate and Method, a copy of which appears in Appendix A.

Under the terms of the Indenture, prior to August 1 of each year, the District will ascertain from the County of San Bernardino Assessor the relevant parcels on which the Special Tax are to be levied, taking into account any parcel splits during the preceding and then current year. The District will levy the Special Tax by August 10 of each Fiscal Year that the Bonds are Outstanding, or otherwise such that the computation of the levy is complete before the final date on which the auditor (the “Auditor”) of the County of San Bernardino (the “County”) will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the District will prepare, or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Tax on the next real property tax roll.

The Special Tax 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. Although the Bonds have been structured so that, beginning in Fiscal Year 2023-24, the Assigned

Special Tax rates set forth in the Rate and Method that may be levied based on expected build out of the District are at least 110% of debt service on the Bonds net of estimated Administrative Expenses of \$40,000 escalating 2% each fiscal year beginning July 1, 2025, there is no assurance that the proceeds of the Special Tax will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See “SPECIAL RISK FACTORS — Levy of the Special Tax” herein.

Rate and Method of Apportionment of Special Tax. The District is legally authorized and has covenanted to cause the levy of the Special Taxes in an amount determined according to a methodology, *i.e.*, the Rate and Method, which the City Council and the qualified elector within the District have approved. The Rate and Method apportions the total amount of the Facilities Special Tax and Services Special Tax to be collected among the Taxable Property in the District as more particularly described below. The Facilities Special Tax is referred to herein as the “Special Tax” or the “Special Taxes.” The Services Special Tax is not pledged to the repayment of the Bonds and is not available to pay debt service on the Bonds.

The following is a synopsis of the provisions of the Rate and Method, 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 Rate and Method attached as Appendix A. As used in the Rate and Method, “Bonds” means the Bonds and any Additional Bonds.

“*Alley Load Product*” means all Residential Property for which residential dwelling units have their garage entrance on one side of the unit, off of an alley or drive that runs behind such unit, with main house entrance from the opposite side of the unit.

“*CFD Administrator*” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, providing for the levy and collection of the Special Taxes, and performing other duties as set forth in the Rate and Method of Apportionment of Special Tax.

“*Cluster Product*” means all Residential Property located within the District that is not an Alley Load Product.

“*Developed Property*” means, for each Fiscal Year, (i) with respect to the Facilities Special Tax, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2020 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Facilities Special Taxes are being levied, and (ii) with respect to the Services Special Tax, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, (a) for which the Final Residential Subdivision was recorded prior to the Fiscal Year for which the Services Special Taxes are being levied, or (b) for which a building permit has been issued with respect to Non-Residential Property on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Services Special Taxes are being levied.

“*Facilities Special Tax*” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within the District to fund the Special Tax Requirement for Facilities as set forth in the Rate and Method of Apportionment of Special Tax.

“*Lower Income Households Welfare Exemption Property*” means, for each Fiscal Year, an Assessor’s Parcel within the boundaries of the District that is entitled to a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County’s assessment roll finalized as of the last preceding January 1.

“*Product Type*” means Cluster Product or Alley Load Product, as defined in the Rate and Method.

“*Services Special Tax*” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property within the District to fund the Special Tax Requirement for Services as set forth in the Rate and Method of Apportionment of Special Tax. The Services Special Tax is not pledged to the repayment of the Bonds and is not available to pay debt service on the Bonds.

“*Special Tax Requirement for Facilities*” means, for any Fiscal Year, that amount required, after taking into account available amounts held in the funds and accounts under the Indenture, for the following items: (i) debt service on all Outstanding Bonds due in the calendar year commencing in such Fiscal Year; (ii) periodic costs with respect to the Bonds, including but not limited to, costs of credit enhancement and federal rebate payments due in the calendar year commencing in such Fiscal Year; (iii) pay all or a portion of Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) without duplicating any amounts described in clause (iv) above, reasonably anticipated Facilities Special Tax delinquencies based on the delinquency rate for the Facilities Special Tax in the previous Fiscal Year, as said levy for delinquencies shall be limited by the Act; and (vi) pay directly for the acquisition or construction of Authorized Facilities, provided that the inclusion of such amount does not cause an increase in the Facilities Special Tax levy on Undeveloped Property.

“*Taxable Property*” means all of the Assessor’s Parcels within the boundaries of the District which are not exempt from the Special Tax pursuant to law or described below under the subheading “— *Exempt Property*.” Each Fiscal Year, all Taxable Property within the District will be classified as Developed Property, Undeveloped Property, Taxable Property Owner Association Property, or Taxable Public Property, and will be subject to Special Taxes in accordance with the Rate and Method described below under the subheading “*Maximum Special Tax, Assigned Special Tax and Backup Special Tax*.”

“*Taxable Property Owner Association Property*” means all Assessor’s Parcels of Property Owner Association Property that are not exempt from the Special Tax described below under the subheading “— *Exempt Property*,” and further described in Section E of the Rate and Method attached hereto as Appendix A.

“*Taxable Public Property*” means all Assessor’s Parcels of Public Property that are not exempt from the Special Tax described below under the subheading “— *Exempt Property*,” and further described in Section E of the Rate and Method attached hereto as Appendix A.

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

Exempt Property. No Facilities Special Tax will be levied on up to 7.7 Acres of Public Property and/or Property Owner Association Property in the District. Tax-exempt status will be assigned by the CFD Administrator in chronological order in which property in the District becomes Public Property or Property Owner Association Property. However, should an Assessor’s Parcel no longer be classified as Public Property or Property Owner Association Property, it will, from that point forward, be subject to the Facilities Special Tax.

Notwithstanding the above, an Assessor’s Parcel in the District that is transferred to a public agency or property owner’s association prior to the issuance of the first series of bonds that causes the Acreage of Public Property and Property Owner Association Property to exceed the 7.7 Acreage limit that can be designated by the CFD Administrator under the Rate and Method will also be exempted from the Special Tax.

Public Property or Property Owner Association Property that is not exempt from the Facilities Special Tax as described above will be subject to the levy of the Facilities Special Tax and will be taxed Proportionately as part of the fourth step described under the heading “*Method of Apportionment of Special Tax*” below. The District will not levy a Services Special Tax on Undeveloped Property, Taxable Public Property, Taxable

Property Owner Association Property or Public Property and Property Owner Association Property described below under the subheading “— *Exempt Property*,” and further described in Section E of the Rate and Method attached hereto as Appendix A.

Under the Rate and Method, no Special Tax shall be levied on Lower Income Household Welfare Exemption Property; provided that if, in any Fiscal Year, applicable law does not require that an Assessor’s Parcel that is Lower Income Households Welfare Exemption Property be exempt from the Facilities Special Tax, then the Facilities Special Tax shall be levied on such Assessor’s Parcel in accordance with the Rate and Method as if such Assessor’s Parcel were not classified as Lower Income Households Welfare Exemption Property. Senate Bill 1473, the “Local Government Omnibus Act of 2020,” amended Government Code Section 53340(c) to provide that in a community facilities district in which the levy of a special tax is authorized by an ordinance adopted on or after January 1, 2020, a property receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code shall be exempt from the special tax unless debt is outstanding and the property was subject to the special tax prior to receiving the exemption, in which case the property shall remain subject to the special tax and the special tax shall be enforceable against the property. Therefore, pursuant to the Rate and Method and California law, and given that no property is subject to the welfare exemption as of the date hereof, the Special Tax will be applicable to Lower Income Household Welfare Exemption Property so long as the Bonds are outstanding.

Maximum Special Tax, Assigned Special Tax and Backup Special Tax. The Maximum Special Tax, Assigned Special Tax and Backup Special Tax for the Facilities Special Tax provided for in the Rate and Method are as follows:

Facilities Special Tax.

Developed Property. The Maximum Facilities Special Tax for each Assessor’s Parcel classified as Developed Property will be the greater of (i) the amount derived by application of the Assigned Facilities Special Tax or (ii) the amount derived by application of the Backup Facilities Special Tax.

Assigned Facilities Special Tax. Residential Property will be assigned to either Land Use Class 1 or Land Use Class 2, as identified in Table 1 in Section C of the Rate and Method, based on the Product Type associated with such Assessor’s Parcel. Non-Residential Property will be assigned to Land Use Class 3. The Assigned Facilities Special Tax applicable to an Assessor’s Parcel classified as Residential Property was \$2,348 per unit for units assigned to Land Use Class 1 as an Alley Load Product and \$2,229 per unit for units assigned to Land Use Class 2 as a Cluster Product. The Assigned Facilities Special Tax applicable to an Assessor’s Parcel classified as Non-Residential Property is \$31,660 per acre. Based on the Updated Price Point Study provided by the Price Point Consultant, the City does not expect the Assigned Facilities Special Tax rates set forth in Section C of the Rate and Method to be reduced, as the total effective tax burden applicable to each land use class of residential property to be constructed within the District will not exceed 1.95% of the minimum sale prices set forth in the Updated Price Point Study. A copy of the Updated Price Point Study is included as Appendix C to this Official Statement.

Backup Facilities Special Tax. The Backup Facilities Special Tax for an Assessor’s Parcel of Developed Property upon adoption of the Rate and Method equaled the lesser of (a) \$37,240 per Acre, or (b) in connection with any reduction in the Assigned Facilities Special Tax as set forth in Section C.1 of the Rate and Method, the reduced amount per Acre calculated pursuant to Section C.1.a.(3) of the Rate and Method. Pursuant to the Updated Price Point Study provided by the Price Point Consultant, no reduction of the Assigned Facilities Special Tax will be required under the Rate and Method; accordingly, no reduction of the Backup Facilities Special Tax will be required.

The Assigned Facilities Special Tax and Backup Facilities Special Tax are not subject to escalation.

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

Undeveloped Property, Taxable Public Property and Taxable Property Owner Association Property. The Maximum Facilities Special Tax for each Assessor's Parcel of Undeveloped Property, Taxable Public Property and Taxable Property Owner Association Property is \$37,240 per Acre. The Maximum Facilities Special Tax rates for Undeveloped Property, Taxable Public Property and Taxable Property Owner Association Property are not subject to escalation.

Method of Apportionment of Special Tax. Commencing with Fiscal Year 2021-22, and for each following Fiscal Year, the CFD Administrator will determine the Special Tax Requirement for Facilities and, subject to the Maximum Facilities Special Tax rates described above, will provide for the levy the Facilities Special Tax as follows:

First: The Facilities Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to 100% of the applicable Assigned Facilities Special Tax;

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

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

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

Notwithstanding the above, the CFD Administrator will, in any Fiscal Year, calculate a levy Proportionately less than 100% of the Assigned Facilities Special Tax in step one above, when (i) the CFD Administrator is no longer required to provide for the levy of the Facilities Special Tax pursuant to steps two through four above in order to meet the Special Tax Requirement for Facilities; and (ii) all authorized Bonds for the District have already been issued or the City Council has covenanted that it will not issue any additional District bonds (except refunding bonds) to be supported by the Facilities Special Tax. The District has covenanted in the Indenture not to issue any Additional Bonds except to refund the Bonds or outstanding Additional Bonds. See "— No Additional Bonds Except For Refunding Bonds" below.

Further, notwithstanding the above, under no circumstances shall the Facilities Special Tax levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued (in accordance with Section 53321(d)(3) of the California Government Code), 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. To the extent that the levy of the Facilities Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Facilities Special Tax on each Assessor's Parcel of Non-Residential Property shall continue in equal percentages up to 100% of the applicable Maximum Facilities Special Tax.

Prepayment of Special Taxes. The Facilities Special Tax obligation for an Assessor's Parcel of Developed Property or Undeveloped Property for which a building permit has been issued, may be prepaid in full, or in part, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment, provided that the terms set forth under Section H of the Rate and Method are satisfied. The Prepayment Amount is calculated based on the Bond Redemption Amount plus Redemption Premium plus the Future Facilities Amount plus the Defeasance Amount plus the Administrative Fees and Expenses, less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any) and less an allocable share of capitalized interest (if any), all as specified in Appendix A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX — Section H."

Mandatory redemption of Bonds from Special Tax prepayments may result in the reduction in the otherwise expected yield on such Bonds if the Bonds were purchased at a price greater than par. See "SPECIAL RISK FACTORS — Potential Early Redemption of Bonds from Special Tax Prepayments."

Term of Special Taxes. Pursuant to the Rate and Method, the Facilities Special Tax levy is authorized to be levied for a period not to exceed forty-five years commencing with Fiscal Year 2021-22.

Estimated Debt Service Coverage. Based on the expected buildout of the District, Assigned Special Tax rates set forth in the Rate and Method are at least 110% of debt service on the Bonds in each Bond Year plus estimated Administrative Expenses. The District may levy up to the Maximum Special Tax rates on Taxable Property within the District. See "— Rate and Method of Apportionment — *Maximum Special Tax, Assigned Special Tax and Backup Special Tax*" and "— Rate and Method of Apportionment — *Exempt Property*."

Pursuant to the Rate and Method, the status of Developed Property is based on building permits issued as of May 1 of the Fiscal Year preceding the Fiscal Year for which the Special Tax is levied. As of July 17, 2023, building permits had been issued for 131 anticipated residential parcels within the District; accordingly, assuming no additional building permits are obtained prior to May 1, 2024, 131 taxable parcels within the District will be classified as Developed Property for the Fiscal Year 2024-25 Special Tax levy. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

Collection and Application of the Special Tax

The Special Tax is 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; provided, however, that the District may directly bill the Special Tax, may collect the Special Tax 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.

The District has made certain covenants in the Indenture for the purpose of ensuring that the current maximum rates and method of collection of the Special Tax are not altered in a manner that would impair the District's ability to collect a sufficient amount of the Special Tax to pay debt service on the Bonds and Administrative Expenses when due. First, the District has covenanted that, to the extent it is legally permitted to do so, it will not initiate proceedings under the Act to modify the Rate and Method if such modification would

adversely affect the security for the Bonds and any Additional Bonds and if an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds and any Additional Bonds, the District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds and any Additional Bonds. Second, the District has covenanted not to authorize owners of taxable parcels within the District to satisfy Special Tax obligations by the tender of Bonds and any Additional Bonds unless the District shall have first obtained a report of an Independent Consultant certifying that doing so would not result in the District having insufficient Special Tax Revenues to pay the principal of and interest on all Outstanding Bonds and any Additional Bonds when due.

Although the Special Tax constitutes a lien on Taxable Property within the District, it does not constitute a personal indebtedness of the owners of such property within the District. Moreover, other overlapping general obligation debt already exists on the property located within the District and other future special tax and assessment liens and overlapping general obligation debt could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners therein. 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 Tax 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.”

Under the terms of the Indenture, the Trustee shall establish and maintain a separate fund designated the “Special Tax Fund.” As soon as practicable after the receipt by the District of any Special Tax Revenues, but in any event no later than the date ten Business Days prior to the Interest Payment Date after such receipt, the District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that any portion of any such Special Tax Revenues that represents Special Tax prepayments that are to be applied to the payment of the redemption price of Bonds and any Additional Bonds in accordance with the provisions of the Indenture shall be identified to the Trustee as such by the District and shall be deposited in the Redemption Fund. See “— Special Tax Fund” below, “THE BONDS — Redemption — *Mandatory Redemption from Special Tax Prepayments*” and Appendix F — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Covenant for Superior Court Foreclosure

Pursuant to Section 53356.1 of the Act, the District has covenanted in the Indenture that it will determine or cause to be determined, no later than September 15 of each year, whether or not any owners of property within the District are delinquent in the payment of the Special Tax levied thereon and that, if such delinquencies exist, the District will order and cause to be commenced no later than November 1, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of the Special Tax or installment thereof not paid when due. Notwithstanding the foregoing, the District is not required under the Indenture to order the commencement of foreclosure proceedings if (a) the total Special Tax delinquency in the District for such Fiscal Year is less than 5% of the total amount of the Special Tax levied in such Fiscal Year, and (b) the amount then on deposit in the Reserve Fund is equal to the Reserve Requirement. Notwithstanding the foregoing, if the District determines that any single parcel is delinquent in excess of \$5,000 in the payment of the Special Tax, then the District will diligently institute, prosecute and pursue foreclosure proceedings against such parcel.

The mere commencement of foreclosure proceedings will not assure a prompt and favorable resolution of Special Tax delinquencies. The ability of the District to foreclose the lien of delinquent unpaid Special Tax may be limited. See “SPECIAL RISK FACTORS — Bankruptcy and Legal Delays” and “SPECIAL RISK FACTORS — FDIC/Federal Government Interests in Properties.” Moreover, even if a judgment of foreclosure and order of sale is obtained, the District must cause a notice of levy to be issued. Under current law, the property owner has 120 days from the date of service of the notice of levy in which to redeem the subject property. If the property owner fails to redeem the property and it is sold, the property owner’s only remedy is an action to set aside the sale, which action must be brought within 90 days of the date of sale. If such an action results in the setting aside of the foreclosure sale, the judgment is revived, and the District would be entitled to receive interest

on the revived judgment as if the sale had not been made. Under former law a property owner had a period of one year within which to redeem property to be sold, and the constitutionality of the legislation that eliminated the one year redemption period has not been tested.

There can be no assurance that, even if the subject property is sold, the proceeds from such sale will be sufficient to pay the delinquent installments of the Special Tax. The Act does not require the District or any other governmental agency to purchase or otherwise acquire any Assessor's Parcel being sold if there is no other purchaser at such sale. The Act does require that property being sold pursuant to foreclosure under the Act must be sold for not less than the judgment amount (which must include reasonable attorneys' fees, together with interest, penalties, and other authorized charges and costs) plus post judgment interest and authorized costs, unless a lower bid price is authorized by the Owners of not less than 75% by value of the Bonds and any Additional Bonds Outstanding.

Special Tax Fund

The Indenture provides that the Trustee will establish and maintain a separate fund designated the "Special Tax Fund." The Indenture requires that the District transfer Special Tax Revenues (other than Special Tax prepayments) to the Trustee for deposit into the Special Tax Fund as soon as practicable after the District's receipt thereof, but in any event no later than ten Business Days prior to the Interest Payment Date after such receipt. No later than the Business Day immediately preceding each Interest Payment Date, after having made any requested transfers to the Administrative Expense Fund, as requested by the District, to have sufficient amounts available therein to pay Administrative Expenses, the Trustee is required by the Indenture to make transfers from the Special Tax Fund to the Interest Account in the Bond Fund, the Principal Account in the Bond Fund and the Reserve Fund in the amounts and in the priority specified in the Indenture. See Appendix F — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

As soon as practicable after the District's receipt of Special Tax prepayments, but in any event no later than ten Business Days prior to the Interest Payment Date after such receipt, the District is required to transfer any Special Tax prepayment to the Trustee and, in connection therewith, submit to the Trustee a Written Certificate identifying such amounts as Special Tax prepayment, identifying the portion of such Special Tax prepayments so transferred that is to be applied to the Redemption Price of the Bonds and any Additional Bonds and identifying the portion of such Special Tax prepayment that is to be applied to the payment of interest on the Bonds and any Additional Bonds to be so redeemed. The portion of such Special Tax prepayment that is to be applied to the Redemption Price will be deposited by the Trustee in the Redemption Fund and will be applied to the redemption of the Bonds and any Additional Bonds pursuant to the Indenture. The portion of such Special Tax prepayment that is to be applied to the payment of interest on the Bonds and any Additional Bonds to be so redeemed will be deposited by the Trustee in the Interest Account and will be applied to the payment of such interest.

Reserve Fund

The Indenture provides that the Trustee will establish and maintain a special fund designated the "Reserve Fund." On the Closing Date, the Trustee will deposit in the Reserve Fund the amount specified under the Indenture. See "ESTIMATED SOURCES AND USES OF FUNDS." The Trustee is also required, not later than the Business Day immediately preceding each Interest Payment Date, to transfer from the Special Tax Fund (after the requisite transfers to the Administrative Expense Fund, the Interest Account and the Principal Account) the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement. The Indenture defines "Reserve Requirement" to mean, as of the date of any calculation, the least of (i) "10% of the proceeds of the issue," within the meaning of Section 148 of the Code (excluding Bonds and any Additional Bonds refunded with the proceeds of subsequently issued Additional Bonds secured by the Special Tax on a parity with such Bonds and Additional Bonds), (ii) Maximum Annual Debt Service and (iii) 125% of Average Annual Debt Service.

Except as otherwise provided in the Indenture, all amounts deposited in the Reserve Fund are to be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the Interest Account in accordance with the Indenture in the event that, on the Business Day prior to an Interest Payment Date, amounts in the Interest Account are insufficient to pay the interest on the Bonds and any Additional Bonds due and payable on such Interest Payment Date, (ii) making transfers to the Principal Account in accordance with the Indenture in the event that, on the Business Day prior to a September 1 on which principal of the Bonds and any Additional Bonds is due and payable (including principal due and payable by reason of mandatory sinking fund redemption of the Bonds and any Additional Bonds), amounts in the Principal Account are insufficient to pay such principal, and (iii) redeeming Bonds and any Additional Bonds in accordance with the Indenture as described in the following paragraph.

Whenever Bonds or any Additional Bonds are to be optionally redeemed or redeemed from Special Tax prepayments, a proportionate share (determined as provided below) of the amount on deposit in the Reserve Fund will, on the date on which amounts to redeem such Bonds and any Additional Bonds are deposited in the Redemption Fund or otherwise deposited with the Trustee, be transferred by the Trustee from the Reserve Fund to the Redemption Fund or to such deposit held by the Trustee and will be applied to the redemption of said Bonds and any Additional Bonds; provided that, such amount will be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds and any Additional Bonds to be redeemed). Such proportionate share will be equal to the largest integral multiple of the minimum Authorized Denomination for said Bonds and any Additional Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds and any Additional Bonds to be so redeemed and the denominator of which is the principal amount of Bonds and any Additional Bonds to be Outstanding on the day prior to the date on which such Bonds and any Additional Bonds are to be so redeemed.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay Outstanding Bonds and any Additional Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee will, upon receipt of a Written Request of the District, transfer the amount in the Reserve Fund to the Interest Account, Principal Account and/or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds and any Additional Bonds. If, as a result of the scheduled payment of principal of or interest on the Bonds and any Additional Bonds, the Reserve Requirement is reduced, the Trustee will transfer an amount equal to the amount of such reduction to the Interest Account.

Investment of Moneys

All moneys held by the Trustee in any of the funds or accounts established pursuant to the Indenture are required to be invested by the Trustee solely in Permitted Investments, as directed in writing by the District. As used in the Indenture, the phrase “Permitted Investments” includes a variety of investments, some of which may not be rated by a national rating service. See Appendix F — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Definitions.”

No Additional Bonds Except for Refunding Bonds

So long as any of the Bonds and any Additional Bonds remain Outstanding, the District will not issue any obligations payable from Net Special Tax Revenues senior to the Bonds. The District may issue Additional Bonds or obligations payable on a parity with the Bonds and any Additional Bonds, if, among other things: (i) upon the issuance of such Additional Bonds, no Event of Default will occur or be continuing under the Indenture; (ii) the proceeds of the Additional Bonds will be applied to refund the Bonds or any Additional Bonds previously issued under the Indenture, pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and/or make any requisite deposit to the Reserve Fund; and (iii) the Annual Debt Service in each Bond Year, calculated for all Bonds and any Additional Bonds that will be Outstanding after the issuance

of such Additional Bonds, will be less than or equal to Annual Debt Service in such Bond Year, calculated for all Bonds and any Additional Bonds that are Outstanding immediately prior to the issuance of such Additional Bonds.

The District may issue obligations payable from Net Special Tax Revenues on a basis subordinate to the Bonds and any Additional Bonds.

THE COMMUNITY FACILITIES DISTRICT

General Information Regarding the District

The District was organized by the City Council under the Act to provide for the financing of public improvements to meet the needs of new development related to the District. The qualified electors within the boundaries of the District, being the then owners of all property in 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 and authorized the levy of the Special Tax.

The District includes approximately 21.54 gross acres and is located in the northwestern portion of the City. The District is located at the southwest corner of Victoria Street and Kestrel Drive, just east of Interstate 15. The District is being developed into a gated community known as “Aurora Park” by Tri Pointe, and is expected to consist of a total of 193 residential units in two product lines known as “Sienna at Aurora Park” and “Goldenrod at Aurora Park.” Sienna is proposed for 82 single family detached residential units and Goldenrod is proposed for 111 single family detached residential units. The District is located in Tract Map No. 20229, recorded on June 17, 2021.

As of July 17, 2023, within the District, 72 residential units had been completed and conveyed to individual homeowners, Tri Pointe owned six completed model units (none of which were in escrow), 10 homes over 95% complete (nine of which were in escrow), 11 residential units under construction and less than 95% complete (10 of which were in escrow), and 16 finished lots and the Land Bank owned 78 finished lots (none of which were in escrow). As of September 1, 2023, within the District, 88 residential units had been completed and conveyed to individual homeowners, Tri Pointe owned six completed model units (none of which were in escrow), 10 homes over 95% complete all of which were in escrow), 11 residential units under construction and less than 95% complete (none of which were in escrow), and the Land Bank owned 78 finished lots (none of which were in escrow). Sales contracts are subject to cancelation and, therefore, homes currently in escrow may not result in closed escrows with the prospective homebuyers. Within the District, 131 building permits had been obtained as of July 17, 2023. Accordingly, assuming no additional building permits are obtained prior to May 1, 2024, 131 parcels will be classified as Developed Property for the Fiscal Year 2024-25 Special Tax levy. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

The District is zoned R-M (or Medium Density Residential) on the City’s General Plan Land Use Map. The District also falls within the West Gate Specific Plan, which as most recently amended denotes the District as zoned R-2 Cluster (Residential 5.1-12.0 dwelling units per acre). Tract Map No. 20229, recorded June 17, 2021, subdivided the District into a single lot along with condominium maps which divide the property into 193 single family units, along with a community center and pool/spa, tot lot, gazebo area, outdoor exercise area, covered eating areas, setback areas and internal streets. The approved condominium maps results in a density of approximately 10.08 dwelling units per acre, which is within the approved designation.

Water service to the property within the District will be supplied by the Fontana Water Company and sewer service to the property within the District will be supplied by the Inland Empire Utilities Agency. Electricity will be supplied by Southern California Edison Company, gas by the Southern California Gas Company and schools by the Etiwanda School District and the Chaffey Joint Union High School District.

Like all of Southern California, the land within the District is subject to seismic activity. The District is not located in a County Designated Fault Zone or an Earthquake Fault Zone Boundary. However, faults that

have the potential to generate the strongest ground shaking in the Fontana area include the Cucamonga (thrust fault), the San Jacinto (strike-slip fault), and the San Andreas (strike-slip) fault. The Cucamonga fault is an active fault that crosses the northern portion of the City, trending northwest along the foot of the San Gabriel Mountains. The Lytle Creek Branch of the San Jacinto Fault is an active fault that crosses the extreme northeast portion of the City in a southeastern direction. There are several other faults that border the Lytle Creek alluvial basin, including the Chino, San Andreas and San Jacinto faults.

In recent years, wildfires have caused extensive damage throughout the State. The last major wildfire in the vicinity of the City was the Grand Prix Fire in October 2003. There have been smaller fires, such as the 147-acre Sierra Fire that burned in November 2018 and the 277-acre Karen Fire in July 2020. While the District is not aware of any particular risk of wildfire within the District, there can be no assurances that wildfires won't occur within the District. See "SPECIAL RISK FACTORS — Geologic, Topographic and Climatic Conditions."

The Federal Emergency Management Agency has determined that the District is located in a Zone "AE, X500" flood area (an area with a one percent chance of flood discharge contained in a structure), and flood insurance will not be required.

An aerial photo showing the taxable property within the District and a map showing the general location of the District and the surrounding area appears on the pages before page 1. More detailed information about the property therein is contained in Appendix B — "APPRAISAL REPORT," and information about the ownership of such property is set forth under the caption "PROPERTY OWNERSHIP AND THE DEVELOPMENT." General information about the City is set forth in Appendix E.

Assigned Special Tax and Development Summary

The following table sets forth the Assigned Special Tax that are projected to be levied on the property within the District at buildout of the development.

TABLE 1
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 100 (VICTORIA)
SPECIAL TAX AND DEVELOPMENT SUMMARY

<i>Rate and Method Land Use Classes</i>	<i>Number of Permitted Units/Acres as of May 1, 2023⁽¹⁾</i>	<i>Number of Additional Permitted Units/Acres as of July 17, 2023⁽²⁾</i>	<i>Remaining Number of Units/Acres⁽³⁾</i>	<i>Assigned Facilities Special Tax</i>	<i>Assigned Facilities Special Taxes at Build-Out</i>
<u>Developed Property</u>					
Residential Property (Alley Load Product)	58	6	18	\$ 2,348	\$ 192,536
Residential Property (Cluster Product)	57	10	44	2,229	247,419
Non-Residential Property	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>31,660</u>	<u>0</u>
TOTAL	115	16	62	N/A	\$ 439,955

⁽¹⁾ Represents the classification of one hundred 115 parcels of Taxable Property as Developed Property for Fiscal Year 2023-2024, comprised of approximately 8.2 acres, based upon the building permits that had been obtained for such properties as of May 1, 2023.

⁽²⁾ Represents the projected Developed Property classification of 16 parcels of Taxable Property, comprised of approximately 1.2 acres that will be classified as Undeveloped Property for Fiscal Year 2024-25, based upon the building permits that had been obtained for such properties between May 1, 2023 and July 17, 2023.

⁽³⁾ Represents the projected Developed Property classification of 62 parcels of Taxable Property, comprised of approximately 4.5 acres that had not obtained a building permit as of July 17, 2023. The actual classification of these parcels for purposes of the Fiscal Year 2024-25 Special Tax levy will depend on building permits issued as of May 1, 2024.

Source: DTA, Inc.

Direct and Overlapping Debt

The District is included within the boundaries of numerous overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing indebtedness payable from taxes and assessments that may be levied upon the property within the District is shown in Table 2 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within the District; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

TABLE 2
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 100 (VICTORIA)
DIRECT AND OVERLAPPING DEBT SUMMARY (TAXABLE PROPERTY)

<i>Overlapping District</i>	<i>Percent of Levy on Taxable Parcels in the District⁽¹⁾</i>	<i>Total Debt Outstanding⁽²⁾</i>	<i>District Share of Total Debt Outstanding</i>
Etiwanda Elementary School District G.O. Bonds	0.16953%	\$104,723,080	\$ 177,540
Chaffey Joint Union School District G.O. Bonds	0.03532	501,825,610	177,250
Chaffey Community College District G.O. Bonds	0.01845	302,930,000	55,900
Metropolitan Water District Mid-Valley G.O. Bonds	0.00051	20,175,000	110
Estimated Share of Overlapping Debt Allocable to District			\$ 410,800
Plus: The Bonds			<u>5,330,000</u>
Estimated Share of Direct and Overlapping Debt Allocable to District			\$ 5,740,800

⁽¹⁾ Based on the District's estimated share of the Fiscal Year 2022-23 levy for each applicable overlapping district.

⁽²⁾ Based on the estimated overlapping tax and assessment debt outstanding as of August 1, 2023. Excludes debt secured by any tax or assessment established and levied on an individual Assessor's Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof.

Source: DTA, Inc., San Bernardino County.

As shown in Table 3A, the projected total effective tax rate for Fiscal Year 2024-25 for completed residential units conveyed to individual homeowners as of July 17, 2023 in Sienna at Aurora Park ranges from approximately 1.906% to approximately 1.852% of the concluded value as identified in the Appraisal. As shown in Table 3B, the projected total effective tax rate for Fiscal Year 2024-25 for completed single family detached residential units conveyed to individual homeowners as of July 17, 2023 in Goldenrod at Aurora Park ranges from approximately 1.715% to approximately 1.779% of the concluded value as identified in the Appraisal. Such estimates assume that the Rate and Method is not amended in accordance with Section C thereof.

**TABLE 3A
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 100 (VICTORIA)
PROJECTED TOTAL EFFECTIVE TAX RATES FOR
INDIVIDUALLY OWNED RESIDENTIAL PROPERTY
SIENNA AT AURORA PARK**

<i>Sienna at Aurora Park (Alley Load) Plan Types</i>				
DESCRIPTION		Plan 1	Plan 2	Plan 3
Number of Units Sold ⁽¹⁾		12	12	11
Unit Size		1,879	1,997	2,264
Base Market Value ⁽¹⁾		\$ 522,362	\$ 559,160	\$ 572,792
Less: Homeowner Exemption		(7,000)	(7,000)	(7,000)
Equals: Assumed Taxable Value ⁽²⁾		\$ 515,362	\$ 552,160	\$ 565,792
AD VALOREM PROPERTY TAXES ^{(2),(3)}	Property Tax Rate	Projected Amount	Projected Amount	Projected Amount
Base Property Tax	1.0000%	\$ 5,154	\$ 5,522	\$ 5,658
Etiwanda Elementary School District G.O. Bonds	0.0323	166	178	183
Chaffey Joint Union High School G.O. Bonds	0.0294	152	162	166
Chaffey Community College District G.O. Bonds	0.0137	71	76	78
Metropolitan Water District G.O. Bonds	0.0035	18	19	20
Subtotal <i>Ad Valorem</i> Property Tax Rate/Taxes	1.0789%	\$ 5,561	\$ 5,957	\$ 6,105
PARCEL CHARGES, ASSESSMENTS AND SPECIAL TAXES⁽⁴⁾		Projected Amount	Projected Amount	Projected Amount
Metropolitan Water District Water Standby Charge		\$ 8	\$ 8	\$ 8
Fontana Vector Control Charge		6	6	6
Etiwanda Elementary School District CFD No. 10		1,604	1,604	1,858
Fontana CFD No. 100 (Victoria) Services Special Tax ⁽⁵⁾		430	430	430
Fontana CFD No. 100 (Victoria) Facilities Special Tax ⁽⁶⁾		2,348	2,348	2,348
Subtotal Parcel Charges, Assessments And Special Taxes		\$ 4,396	\$ 4,396	\$ 4,650
PROJECTED TOTAL PROPERTY TAXES		\$ 9,957	\$ 10,353	\$ 10,755
PROJECTED EFFECTIVE TAX RATE (% OF BASE MARKET VALUE)		1.906%	1.852%	1.878%

⁽¹⁾ Number of units sold and base market value for units that have closed to individual homeowners based on the Appraisal.

⁽²⁾ Assumed Taxable Value and *ad valorem* taxes incorporate owner-occupied assessed value exemption of \$7,000.

⁽³⁾ Based on the Fiscal Year 2022-23 *ad valorem* rates for the tax rate area(s) within the District. Rates subject to change in future years.

⁽⁴⁾ Based on the Fiscal Year 2022-23 charges identified on the San Bernardino County issued property tax bills. Charges subject to change in future years.

⁽⁵⁾ Based on the levy of the Assigned Services Special Tax.

⁽⁶⁾ Based on the levy of the Assigned Facilities Special Tax.

Source: DTA, Inc., Kitty Siino & Associates, Inc., City of Fontana, County of San Bernardino.

**TABLE 3B
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 100 (VICTORIA)
PROJECTED TOTAL EFFECTIVE TAX RATES FOR
INDIVIDUALLY OWNED RESIDENTIAL PROPERTY
GOLDENROD AT AURORA PARK**

DESCRIPTION	<i>Goldenrod at Aurora Park (Cluster) Plan Types</i>		
	<i>Plan 1</i>	<i>Plan 2</i>	<i>Plan 3</i>
Number of Units Sold ⁽¹⁾	13	14	10
Unit Size	2,006	2,292	2,743
Base Market Value ⁽¹⁾	\$ 611,830	\$ 653,220	\$ 740,610
Less: Homeowner Exemption	(7,000)	(7,000)	(7,000)
Equals: Assumed Taxable Value ⁽²⁾	\$ 604,830	\$ 646,220	\$ 733,610
AD VALOREM PROPERTY TAXES ⁽²⁾⁽³⁾	Property Tax Rate	Projected Amount	Projected Amount
Base Property Tax	1.0000%	\$ 6,048	\$ 7,336
Etiwanda Elementary School District G.O. Bonds	0.0323	195	237
Chaffey Joint Union High School G.O. Bonds	0.0294	178	216
Chaffey Community College District G.O. Bonds	0.0137	83	101
Metropolitan Water District G.O. Bonds	0.0035	21	26
Subtotal <i>Ad Valorem</i> Property Tax Rate/Taxes	1.0789%	\$ 6,525	\$ 7,916
PARCEL CHARGES, ASSESSMENTS AND SPECIAL TAXES ⁽⁴⁾	Projected Amount	Projected Amount	Projected Amount
Metropolitan Water District Water Standby Charge	\$ 8	\$ 8	\$ 8
Fontana Vector Control Charge	6	6	6
Etiwanda Elementary School District CFD No. 10	1,689	1,858	2,111
Fontana CFD No. 100 (Victoria) Services Special Tax ⁽⁵⁾	430	430	430
Fontana CFD No. 100 (Victoria) Facilities Special Tax ⁽⁶⁾	2,229	2,229	2,229
Subtotal Parcel Charges, Assessments And Special Taxes	\$ 4,362	\$ 4,531	\$ 4,784
PROJECTED TOTAL PROPERTY TAXES	\$ 10,887	\$ 11,504	\$ 12,700
PROJECTED EFFECTIVE TAX RATE (% OF BASE MARKET VALUE)	1.779%	1.761%	1.715%

⁽¹⁾ Number of units sold and base market value for units that have closed to individual homeowners based on the Appraisal.

⁽²⁾ Assumed Taxable Value and *ad valorem* taxes incorporate owner-occupied assessed value exemption of \$7,000.

⁽³⁾ Based on the Fiscal Year 2022-23 *ad valorem* rates for the tax rate area(s) within the District. Rates subject to change in future years.

⁽⁴⁾ Based on the Fiscal Year 2022-23 charges identified on the San Bernardino County issued property tax bills. Charges subject to change in future years.

⁽⁵⁾ Based on the levy of the Assigned Services Special Tax.

⁽⁶⁾ Based on the levy of the Assigned Facilities Special Tax.

Source: DTA, Inc., Kitty Siino & Associates, Inc., City of Fontana, County of San Bernardino.

Property Values

Appraisal. In order to provide information with respect to the value of the land within the District, the District engaged Kitty Siino & Associates, Inc. to prepare the Appraisal. The principal of the Appraiser, who was actively involved in the preparation of the Appraisal, 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 District and has no material relationships with the City, the District or the owners of the land within the District other than the relationship represented by the engagement to prepare the Appraisal and other similar engagements for the City. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the commission now known as California Debt and Investment Advisory Commission. A copy of the Appraisal is included as Appendix B to this Official Statement.

The purpose of the Appraisal was to estimate the minimum market value of the fee simple estate, subject to special tax and special assessment liens, of the property within the District in its current condition. As of July

17, 2023, within the District, 72 residential units had been completed and conveyed to individual homeowners, Tri Pointe owned six completed model units (none of which were in escrow), 10 homes over 95% complete (nine of which were in escrow), 11 residential units under construction and less than 95% complete (10 of which were in escrow), and 10 finished lots and the Land Bank owned 78 finished lots (none of which were in escrow). Subject to the contingencies, assumptions and limiting conditions set forth in the Appraisal, the Appraiser concluded that, as of July 17, 2023, the minimum market value of the Taxable Property within the District was not less than \$71,001,082, consisting of \$43,783,946 for the 72 completed units conveyed to individual homeowners, \$6,937,338 for the 16 completed homes owned by Tri Pointe, \$5,214,805 for the 27 finished lots and homes under construction owned by Tri Pointe and \$15,064,993 for the 78 finished lots owned by the Land Bank. See Appendix B — “APPRAISAL REPORT.”

Reference is made to Appendix B for a complete list and full discussion of the applicable contingencies, assumptions and limiting conditions and the methodology employed by the Appraiser. 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. 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.

The Appraisal merely indicates the Appraiser’s opinion as to the minimum 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 adversely change in the future.

The Appraiser has specifically consented to the inclusion of the Appraisal in this Official Statement. Nevertheless, the Appraisal contains the following statement:

The acceptance of and/or use of this appraisal report by the client or any third party constitutes acceptance of the following conditions:

The liability of Kitty Siino & Associates, Inc. and the appraisers responsible for this report is limited to the client only and to the fee actually received by the appraisers. Further, there is no accountability, obligation or liability to any third-party. If the appraisal report is placed in the hands of anyone other than the client for whom this report was prepared, the client shall make such party and/or parties aware of all limiting conditions and assumptions of this assignment and related discussions. Any party who uses or relies upon any information in this report, without the preparer’s written consent, does so at his own risk.

If the client or any third party brings legal action against Kitty Siino & Associates, Inc. or the signer of the Appraisal and the appraisers prevail, the party initiating such legal action shall reimburse Kitty Siino & Associates, Inc. and/or the appraisers for any and all costs of any nature, including attorneys’ fees, incurred in their defense.

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 value of the Appraisal that would cause the Appraiser to believe that the value of property in the District is less than the minimum value reported in the Appraisal. However, the Appraiser has not performed any procedures since the date of value to obtain knowledge of such events or occurrences nor is it obligated to do so in the future.

Value-to-Lien Ratios

The value of the property within the District is significant because, in the event of a delinquency in the payment of the Special Tax, the District may foreclose only against delinquent parcels. Likewise, the ratio of the value of a parcel to its “share” of the Bonds is important because it provides an indication of the extent of the relative burden imposed on each parcel by the applicable Special Tax. As indicated above, the minimum market value of the property within the District is not less than \$71,001,082. The ratio of that value to the

\$5,330,000* total principal amount of the Bonds is approximately 13.32*-to-1. This ratio does not include other overlapping general obligation debt within the District. At this time there is no other overlapping land secured special tax or assessment debt within the District. See “— Direct and Overlapping Debt.” Taking the \$5,330,000* principal amount of the Bonds and other overlapping general obligation debt within the District into account, the ratio of the minimum market value to the total amount of direct and overlapping bonded debt for the District of \$410,800 is approximately 12.37*-to-1. Table 4 sets forth the minimum market value-to-lien ratios of all the taxable property within the District by development status as of July 17, 2023 based on the projected Fiscal Year 2024-25 Special Tax levy.

Each of the aforesaid value-to-lien ratios is for the entire District, however, the ratios of the value of individual lots within the District to their respective shares of the principal amount of the Bonds can be expected to vary substantially depending upon the selling price thereof. The following Table 5 sets forth the value-to-lien ratios within the District by land use class under the Rate and Method using the principal amount of the Bonds allocated based on the projected Fiscal Year 2024-25 Special Tax levy.

Additionally, the following Table 6 sets forth the stratification of value-to-liens of the parcels within the District, based on the appraised value of such parcels set forth in the Appraisal and such parcels’ respective shares of the principal amount of the Bonds (allocated to each parcel based upon its respective share of the total projected Fiscal Year 2024-25 Special Tax levy) and the ratio of the appraised value to its share of the Bonds. Taxable property within the District will be classified as “Developed Property” for purposes of the Fiscal Year 2024-25 Special Tax levy if a building permit for such property is obtained by May 1, 2024. Based on the development status within the District as of July 17, 2023, building permits had been issued for 131 residential parcels of Taxable Property within the District and will thus be classified as Developed Property for purposes of the projected Fiscal Year 2024-25 Special Tax levy. Tri Pointe currently expects to obtain the remaining 62 building permits by December 2023.

** Preliminary, subject to change.*

TABLE 4
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 100 (VICTORIA)
ESTIMATED MINIMUM MARKET VALUE-TO-LIEN RATIOS BASED ON BONDS ONLY
ALLOCATED BY PROPERTY OWNER/DEVELOPMENT STATUS
(Projected Fiscal Year 2024-25 Special Tax Levy)

<i>Property Owner/ Development Status⁽¹⁾</i>	<i>Number of Taxable Parcels</i>	<i>Projected Fiscal Year 2024-25 Facilities Special Tax^{(2)*}</i>	<i>Percent of Projected Fiscal Year 2024-25 Facilities Special Tax[*]</i>	<i>Pro Rata Share of Bonds^{(3)*}</i>	<i>Minimum Market Value⁽¹⁾</i>	<i>Estimated Minimum Market Value-to-Lien Ratios^{(4)*}</i>
<u>Tri Pointe Homes Holdings, Inc.</u>						
Model Homes	6	\$ 13,731	3.42%	\$ 182,276	\$ 2,842,821	15.60
95%+ Completed Homes	10	23,361	5.82	310,113	4,094,517	13.20
Homes Under Construction	11	25,114	6.26	333,383	2,124,550	6.37
Finished Lots (Developed Property)	<u>16</u>	<u>36,378</u>	<u>9.06</u>	<u>482,910</u>	<u>3,090,255</u>	<u>6.40</u>
Subtotal	43	\$ 98,584	24.55%	\$ 1,308,682	\$ 2,842,821	9.29
<u>Rescal Victoria 193, LLC</u>						
Model Homes	0	\$ 0	0.00%	\$ 0	\$ 0	N/A
95%+ Completed Homes	0	0	0.00	0	0	N/A
Homes Under Construction	0	0	0.00	0	0	N/A
Finished Lots (Developed Property)	16	36,378	9.06	482,910	3,090,255	6.40
Finished Lots (Undeveloped Property) ⁽⁵⁾	<u>62</u>	<u>101,898</u>	<u>25.38</u>	<u>1,352,674</u>	<u>11,974,738</u>	<u>8.85</u>
Subtotal	78	\$ 136,276	34.44%	\$ 1,835,584	\$ 15,064,993	8.21
<u>Individual Homeowners</u>	<u>72</u>	<u>\$ 164,653</u>	<u>41.01%</u>	<u>\$ 2,185,734</u>	<u>\$ 43,783,946</u>	<u>20.03</u>
TOTAL	193	\$ 401,513	100.00%	\$ 5,330,000	\$ 71,001,082	13.32

* Preliminary, subject to change.

(1) Based on the Appraisal with a date of value as of July 17, 2023.

(2) Based on the levy to fund Administrative Expenses and debt service on the Bonds, the building permits obtained as of July 17, 2023, and assumes no further development.

(3) There are currently no overlapping assessment districts and/or other community facilities districts encumbering the District with outstanding debt (excluding debt secured by any tax or assessment established and levied on an individual Assessor's Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof). The Bonds are allocated based on a proportionate share of the projected Fiscal Year 2024-25 Facilities Special Tax.

(4) Calculated by dividing the Minimum Market Value column by the Pro Rata Share of Bonds column.

(5) Under the Rate and Method, parcels of Taxable Property are classified as Developed Property if a building permit has been obtained for such parcel by May 1 of the fiscal year preceding the Special Tax levy. Accordingly, of the 94 parcels identified in the Appraisal as finished lots, thirty-two (32) of such parcels have obtained a building permit as of July 17, 2023 and will be classified as Developed Property for Fiscal Year 2024-45 and 62 of such parcels have not obtained a building permit as of July 17, 2023, and assuming no further development, will be classified as Undeveloped Property for Fiscal Year 2024-45.

Source: DTA, Inc.

TABLE 5
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 100 (VICTORIA)
ESTIMATED MINIMUM MARKET VALUE-TO-LIEN RATIOS BASED ON BONDS ONLY
ALLOCATED BY LAND USE CLASSES
(Projected Fiscal Year 2024-25 Special Tax Levy)

<i>Rate and Method Land Use Classes</i>	<i>Number of Permitted Units/ Acres as of July 17, 2023⁽¹⁾</i>	<i>Fiscal Year 2024-25 Assigned / Maximum Facilities Special Tax^{(2)*}</i>	<i>Projected Fiscal Year 2024-25 Facilities Special Tax^{(3)*}</i>	<i>Pro Rata Share of Bonds^{(4)*}</i>	<i>Minimum Market Value⁽⁵⁾</i>	<i>Estimated Minimum Market Value-to- Lien Ratios^{(6)*}</i>
<u>Developed Property</u>						
Residential Property (Alley Load Product)	64	\$ 150,272	\$ 150,272	\$ 1,994,829	\$ 27,420,510	13.75
Residential Property (Cluster Product)	67	149,343	149,343	1,982,497	31,605,834	15.94
Non-Residential Property	<u>0.0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>
Subtotal	131	\$ 299,615	\$ 299,615	\$ 3,977,326	\$ 59,026,344	14.84
<u>Undeveloped Property</u>	<u>4.5</u>	<u>\$ 168,653</u>	<u>\$ 101,898</u>	<u>\$ 1,352,674</u>	<u>\$ 11,974,738</u>	<u>8.85</u>
TOTAL	N/A	\$ 468,268	\$ 401,513	\$ 5,330,000	\$ 71,001,082	13.32

* Preliminary, subject to change.

- (1) Based on the building permits obtained as of July 17, 2023, and assumes no further development. Under the Rate and Method, parcels of Taxable Property are classified as Developed Property if a building permit has been obtained for such parcel by May 1 of the fiscal year preceding the Special Tax levy.
- (2) Based on the Assigned Facilities Special Tax revenues generated by residential dwelling units for which building permits had been obtained as of July 17, 2023, and the Maximum Facilities Special Tax revenues generated by 62 parcels of Taxable Property on approximately 4.5 acres of Undeveloped Property for which building permits had not been obtained as of July 17, 2023, and assumes no further development.
- (3) Based on the levy to fund Administrative Expenses and debt service on the Bonds, the building permits obtained as of July 17, 2023, and assumes no further development.
- (4) There are currently no overlapping assessment districts and/or other community facilities districts encumbering the District with outstanding debt (excluding debt secured by any tax or assessment established and levied on an individual Assessor's Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof). The Bonds are allocated based on a proportionate share of the projected Fiscal Year 2024-25 Facilities Special Tax.
- (5) Based on the Appraisal with a date of value as of July 17, 2023.
- (6) Calculated by dividing the Minimum Market Value column by the Pro Rata Share of Bonds column.

Source: DTA, Inc.

TABLE 6
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 100 (VICTORIA)
ESTIMATED MINIMUM MARKET VALUE-TO-LIEN STRATIFICATION
BASED ON BONDS ONLY
(Projected Fiscal Year 2024-25 Special Tax Levy)

<i>Estimated Minimum Market Value-to-Lien Ratio Category</i>	<i>Number of Parcels Subject to Facilities Special Tax</i>	<i>Projected Fiscal Year 2024-25 Facilities Special Tax⁽¹⁾</i>	<i>Percent of Projected Fiscal Year 2024-25 Facilities Special Tax</i>	<i>Pro Rata Share of Bonds⁽²⁾</i>	<i>Minimum Market Value⁽³⁾</i>	<i>Estimated Minimum Market Value-to-Lien Ratios⁽⁴⁾</i>
20:00:1 and above	37	\$ 82,473	20.54%	\$ 1,094,812	\$ 24,504,970	22.38
17:00:1 to 19:99:1	26	60,691	15.12	805,660	14,614,712	18.14
14:00:1 to 16:99:1	15	35,101	8.74	465,958	7,627,869	16.37
11:00:1 to 13:99:1	16	31,802	7.92	311,692	3,973,733	12.75
8:00:1 to 10:99:1	56	93,576	23.31	993,879	9,270,765	9.33
5:00:1 to 7:99:1	43	97,870	24.37	1,657,999	11,009,033	6.64
Less than 5:00:1 ⁽⁵⁾	0	0	0.00	0	0	NA
TOTAL	193	\$ 401,513	100.00%	\$ 5,330,000	\$ 71,001,082	13.32

(1) Based on the levy to fund Administrative Expenses and debt service on the Bonds, the building permits obtained as of July 17, 2023, and assumes no further development.

(2) There are currently no overlapping assessment districts and/or other community facilities districts encumbering the District with outstanding debt (excluding debt secured by any tax or assessment established and levied on an individual Assessor's Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof). The Bonds are allocated based on a proportionate share of the projected Fiscal Year 2024-25 Facilities Special Tax.

(3) Based on the Appraisal with a date of value as of July 17, 2023.

(4) Calculated by dividing the Minimum Market Value column by the Pro Rata Share of Bonds column.

(5) No parcel has a value-to-lien of less than 5:00:1.

Source: DTA, Inc.

Delinquency History

Fiscal Year 2022-23 was the first year in which Special Taxes were levied in the District. For Fiscal Year 2022-23, Facilities Special Taxes totaling \$198,542 were levied on 87 parcels classified as Developed Property with respect to the Facilities Special Tax. For Fiscal Year 2022-23, Services Special Taxes totaling \$82,990 were levied on 193 parcels classified as Developed Property with respect to the Services Special Tax. As of August 15, 2023, one parcel was delinquent in payment of Facilities Special Taxes in the amount of \$1,174 for a delinquency rate of 0.59%, and delinquent in payment of Services Special Taxes in the amount of \$215 for a delinquency rate of 0.26%.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

Representatives of Tri Pointe have provided the information in this section regarding Tri Pointe and its development in the District. Representatives of the Land Bank have also provided information in this section regarding the Land Bank and the Option Agreement. Neither the Underwriter nor the City has independently confirmed or verified the information in this section of the Official Statement nor does any such party make any representation as to accuracy or adequacy of this information. Further, there may be material adverse changes in this information after the date of this Official Statement.

The information in this section of the Official Statement regarding ownership of certain taxable property in the District has been included because it is considered relevant to an informed evaluation of the Bonds. The inclusion in this Official Statement of information related to Tri Pointe and the Land Bank should not be

construed to suggest that the Bonds, or the Special Tax that will be used to pay the Bonds, are recourse obligations of Tri Pointe, the Land Bank, or any other property owner in the District. A property owner may sell or otherwise dispose of land within the District or a development or any interest therein at any time.

No assurance can be given that the proposed development within the District will occur as described below. As the proposed land development progresses and parcels are sold, it is expected that the ownership of the land within the District will become more diversified. No assurance can be given that development of the land within the District will occur in a timely manner or in the configuration or intensity described herein, or that any landowner described herein will obtain or retain ownership of any of the land within the District.

The Bonds and the Special Tax are not personal obligations of Tri Pointe, the Land Bank, or any other current or subsequent property owners and, in the event that Tri Pointe, the Land Bank, or any other current or subsequent property owner defaults in the payment of the Special Tax, the City may proceed with judicial foreclosure but has no direct recourse to the assets of Tri Pointe, the Land Bank, or any other current or subsequent property owner. As a result, other than as provided in the Official Statement, no financial statements or information is, or will be, provided about Tri Pointe, the Land Bank, or any other current or subsequent property owner. The Bonds are secured solely by the Net Special Tax Revenues and other amounts pledged under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and “SPECIAL RISK FACTORS.”

General Description of the Development

The District is located in Tract Map No. 20229, recorded on June 17, 2021. Tri Pointe Homes Holdings, Inc., a Delaware corporation (previously defined herein as “Tri Pointe” or the “Developer”) is acquiring the property within the District from Rescal Victoria 193, LLC (dba Resmark), a Delaware limited liability company (previously defined herein as the “Land Bank”) in phased takedowns pursuant to an Option Agreement. The Land Bank acquired all of the property within the District on December 23, 2020 and Tri Pointe began taking down property for development on June 7, 2021. Pursuant to the Option Agreement, Tri Pointe was provided an exclusive option, but is not obligated, to acquire the property within the District over several takedowns pursuant to an agreed takedown schedule. In the event that Tri Pointe does not exercise its option to purchase the property, the Land Bank, being an investor only and not a homebuilder, would likely attempt to sell such property to another merchant builder. As of July 17, 2023, the date of value of the Appraisal, Tri Pointe had taken down 115 of the planned 193 residential lots in the District. Tri Pointe is scheduled to take down all of the remaining property to be developed as 78 residential units in the District by October 2024. There is no guarantee that Tri Pointe will acquire the remaining lots as planned See the caption “—Development Plan” below for more information regarding the Option Agreement, including the complete takedown schedule.

As of July 17, 2023, within the District, 72 residential units had been completed and conveyed to individual homeowners, Tri Pointe owned six completed model units (none of which were in escrow), 10 homes over 95% complete (nine of which were in escrow), 11 residential units under construction and less than 95% complete (10 of which were in escrow), and 16 finished lots and the Land Bank owned 78 finished lots (none of which were in escrow). As of September 1, 2023, within the District, 88 residential units had been completed and conveyed to individual homeowners, Tri Pointe owned six completed model units (none of which were in escrow), 10 homes over 95% complete all of which were in escrow), 11 residential units under construction and less than 95% complete (none of which were in escrow), and the Land Bank owned 78 finished lots (none of which were in escrow).. Sales contracts are subject to cancellation and, therefore, homes currently in escrow may not result in closed escrows with the prospective homebuyers. As of July 17, 2023, building permits had been obtained for 131 of the 193 single family residential units planned to be constructed within the District. As of September 1, 2023, Tri Pointe had not obtained any additional building permits and Tri Pointe currently expects to obtain the remaining 62 building permits by December 2023. While the information set forth in this Official Statement reflects Tri Pointe’s current development expectations, no assurance can be given that final home construction and conveyance to individual home buyers will be carried out as described in this Official Statement.

Tri Pointe

As previously defined in this Official Statement as the “Developer” or “Tri Pointe” is Tri Pointe Homes Holdings, Inc. (formerly known as TRI Pointe Homes, Inc.), a Delaware corporation, which is an indirect, wholly-owned subsidiary of Tri Pointe Homes, Inc., a Delaware corporation (“Tri Pointe Homes”), a publicly traded company whose common stock is listed on the New York Stock Exchange under the ticker symbol “TPH”. Tri Pointe Homes 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. Effective January 15, 2021, Tri Pointe Homes changed its corporate name from “TRI Pointe Group, Inc.” to “Tri Pointe Homes, Inc.” and consolidated its six regional homebuilding brands into one unified name—Tri Pointe Homes.

Tri Pointe Homes 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, set forth, among other things, certain data relative to the consolidated results of operations and financial position of Tri Pointe Homes and its consolidated subsidiaries, including Tri Pointe, as of such dates (e.g., see Tri Pointe Homes’ Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as filed with the SEC on February 21, 2023, and Tri Pointe Homes’ Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, as filed with the SEC on July 27, 2023).

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Tri Pointe Homes. The address of such Internet web site is www.sec.gov. All documents filed by Tri Pointe Homes pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of Tri Pointe Homes’ most recent Annual Report on Form 10-K and each of its other quarterly and current reports, including any amendments, are available in the “investors” portion of its website at www.TriPointehomes.com.

The foregoing website addresses and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. Tri Pointe Homes and Tri Pointe are not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information contained on such websites may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter.

The Land Bank

Rescal Victoria 193, LLC (dba Resmark), a Delaware limited liability company (previously defined herein as the “Land Bank”), is ultimately controlled by Resmark Equity Partners LLC (“Resmark”). Resmark was founded in 1995 and is a real estate investment manager focused on the residential sector. Resmark finances, acquires, develops and manages real estate investments in California, the Western United States, Texas, the Southeastern United States, the D.C./mid-Atlantic region and select additional major metropolitan markets. Since its formation, Resmark has invested in over 90,000 single-family and multi-family units and lots and invested in over 295 single-family and multi-family investments. Resmark’s principal office is located in Virginia.

Development Plan

General. Tri Pointe plans to construct a total of 193 residential units in the District in a community known as Aurora Park. Aurora Park is a gated community consisting of two product lines known as “Sienna at Aurora Park,” which is planned to be comprised of 82 single family detached alley-load residential units, and “Goldenrod at Aurora Park,” which is planned for 111 cluster detached condominiums. For each of the Sienna

and Goldenrod products, Aurora Park features two story floorplans with three exterior architectural styles: Traditional, Spanish and Farmhouse. Home exteriors feature dual glazed low-E windows, insulated roll-up sectional garage doors, rain gutters, and 8-foot entry doors with black hardware and Smart Wi-Fi deadbolt. Aurora Park homes include tankless water heaters, 220V outlet in garage for electric car chargers, Eero Wi-Fi systems, Merv 13 air filters, and smart home system including Amazon voice control for automation of smart deadbolt, Ring doorbell, and Smart programmable Wi-Fi thermostat. Kitchens include granite countertops and white thermofoil flat panel cabinets, stainless steel double basin sinks, and GE stainless steel appliances.

The following table describes the development and ownership status as of July 17, 2023 by floor plan within the development.

TABLE 7
AURORA PARK
DEVELOPMENT AND OWNERSHIP STATUS
(AS OF JULY 17, 2023)

<i>Floor Plan</i>	<i>Total Units Planned</i>	<i>Home Size</i>	<i>Closings as of July 17, 2023</i>	<i>Completed Homes/ Models</i>	<i>Homes Under Construction</i>	<i>Finished Lots⁽¹⁾</i>	<i>Homes in Escrow</i>	<i>Base Home Prices⁽²⁾</i>
Sienna								
1	29	1,879	12	4			5	\$613,000
2	27	1,997	12	4			4	\$636,000
3	26	2,264	11	4			5	\$682,000
Total	82		35	12	5	30	14	
Goldenrod								
1	37	2,006	13	1				\$660,000
2	38	2,292	14	1				\$679,000
3	36	2,743	10	2				\$749,000
Total	111		37	4	6	64	5	
Total	193		72	16	11	94	19	

⁽¹⁾ As of July 17, 2023, 16 finished lots were owned by Tri Pointe and 78 finished lots were owned by the Land Bank.

⁽²⁾ Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives, and any selling concessions, mortgage rate buydowns or price reductions currently being offered. Tri Pointe is offering varying concessions, including rate buy downs, on a case-by-case basis. As of July 17, 2023, the date of value of the Appraisal, the net closing cost and rate buy down concessions for the 72 residential units conveyed to individual homeowners and the 19 residential units in escrow within the District ranged from \$0 to \$38,500, and averaged \$13,341.60 per residential unit.

Source: Tri Pointe.

Sienna at Aurora Park. The Sienna residential units are alley loaded detached condominiums that include three floorplans ranging from 1,879 to 2,264 square feet. Each of the floorplans feature two stories with three to four bedrooms and two to three-car garages. As of July 17, 2023, the base sales prices for the Sienna units ranged from \$613,000 to \$682,000. Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives, and any selling concessions, mortgage rate buydowns or price reductions currently being offered. Tri Pointe is offering varying concessions, including rate buy downs, on a case-by-case basis.

As of July 17, 2023, within Sienna, 35 completed units had been conveyed to individual homeowners, Tri Pointe owned three completed model units (none of which were in escrow), nine completed residential units (all of which were in escrow), and five residential units under construction (all of which were in escrow) and six finished lots (none of which were in escrow) and the Land Bank owned 24 finished lots (none of which were in escrow). Between July 17, 2023 and September 1, 2023, an additional nine residential units had been completed and conveyed to individual homeowners, for a total of 44 residential units owned by individual homeowners as of September 1, 2023. Sales of residential units within Sienna began in June 2022 and Tri Pointe expects that construction will be complete within Sienna by July 2025.

Goldenrod at Aurora Park. The Goldenrod residential units are detached condominiums arranged in motor courts, and include three floorplans ranging from 2,006 to 2,743 square feet. Each of the floorplans feature two stories with three to five bedrooms and two to three-car garages. As of July 17, 2023, the base sales prices for the Sienna units ranged from \$660,000 to \$749,000. Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives, and any selling concessions, mortgage rate buydowns or price reductions currently being offered. Tri Pointe is offering varying concessions, including rate buy downs, on a case-by-case basis.

As of July 17, 2023, within Goldenrod, 37 completed units had been conveyed to individual homeowners, Tri Pointe owned three completed model units (none of which were in escrow), one completed residential unit (which is being used as a sales gallery), six residential units under construction (five of which were in escrow) and ten finished lots (none of which were in escrow) and the Land Bank owned 54 finished lots (none of which were in escrow). Between July 17, 2023 and September 1, 2023, an additional seven residential units had been completed and conveyed to individual homeowners, for a total of 44 residential units owned by individual homeowners as of September 1, 2023. Sales of residential units within Goldenrod began in June 2022 and Tri Pointe expects that construction will be complete within Goldenrod by July 2025.

Option Agreement. On December 4, 2020, Tri Pointe entered into a Purchase and Sale Agreement and Escrow Instructions (the “Original PSA”) to acquire the property in the District intended to be subdivided into 193 lots (the “Property”) from SC Victoria, LLC, a California limited liability company (previously defined as “SC Victoria” or the “Original Owner”). On December 23, 2020, concurrent with the execution of the Option Agreement (described below), Tri Pointe nominated the Land Bank as the buyer under the Original PSA and the Land Bank acquired all of the Property from SC Victoria pursuant to the Original PSA.

On December 23, 2020, the Land Bank and Tri Pointe entered into an Option Agreement regarding the Property, as amended (herein, the “Option Agreement”), whereby Tri Pointe has the option but not the obligation to purchase finished lots in the District from the Land Bank pursuant to a takedown schedule. To Tri Pointe’s actual knowledge, it is not in default under the Option Agreement.

As of September 1, 2023, Tri Pointe has acquired 115 of the 193 lots from the Land Bank. The remaining 78 lots are expected to be acquired by Tri Pointe on a monthly basis in blocks of 0-18 lots through October 2024, although Tri Pointe may acquire more lots than scheduled and at earlier times so long as the cumulative number lots are acquired by the applicable takedown date. The failure to acquire the cumulative number of lots by the date required will result in the payment of a premium in addition to the purchase price. There is no guaranty that Tri Pointe will acquire the remaining 78 lots from the Land Bank as planned. The following is the takedown option schedule:

TABLE 8
CITY OF FONTANA
COMMUNITY FACILITIES DISTRICT NO. 100 (VICTORIA)
TAKEDOWN SCHEDULE

Goldenrod		Sienna		Date
Phase	# of Units	Phase	# of Units	
M	3	M	3	6/7/2021*
1/SC	7	1	9	10/5/2021*
2	9	--	--	11/5/2021*
--	--	2	8	12/3/2021*
3	6	3	9	2/4/2022*
4	10		--	3/5/2022*
--	0	4	9	4/5/2022*
5	6		--	5/5/2022*
6	6	5	9	6/3/2022*
--		6	5	4/5/2023*
7	10		--	7/10/2023*
--	0	7	6	7/10/2023*
8	10	8	6	9/6/23*
--	0	9	6	11/5/23
9	10	10	8	1/1/24
10	10	11	4	4/5/24
11	10	--	--	6/5/24
12	6	--	--	8/5/24
13	8	--	--	10/5/24
TOTAL:	111		82	

* Represents that actual takedown date.
Source: Tri Pointe.

In addition to and concurrent with the Option Agreement, Tri Pointe and Land Bank entered into a Construction Agreement regarding the Property (the “Construction Agreement”), whereby the Land Bank engaged Tri Pointe as contractor (the “Contractor”) to, among other things, construct improvements on and for the benefit of the property in the District necessary to bring the lots into finished lot condition and reimburse the Contractor for such development costs up to a guaranteed maximum aggregate contract amount.

Under the terms of the Option Agreement, the Land Bank agreed to provide Tri Pointe the exclusive right and option to purchase all 193 lots comprising the Property in consideration for (a) an initial option payment, which payment has been made to the Land Bank; (b) the covenants of Tri Pointe to timely pay the option payments under the Option Agreement on a monthly basis in arrears; and (c) upon exercise of the option, the payment of the purchase price for each set of lots acquired.

In addition, pursuant to the Option Agreement and with some limitations, the Land Bank has granted Tri Pointe a license to enter upon the property to construct homes before it acquires the lots from the Land Bank. To date, Tri Pointe has obtained building permits for and commenced construction of homes on lots owned by the Land Bank and Tri Pointe’s plan is to continue to obtain building permits for and commence home

construction on some or all of the remaining lots prior to acquiring them from the Land Bank. As of September 1, 2023, Tri Pointe had obtained building permits for 16 lots owned by the Land Bank as of such date.

The option under the Option Agreement expires on the earlier of (i) the last date permitted for the final takedown specified on the takedown schedule (October 2024) and the expiration of any applicable cure period, or (ii) the date Tri Pointe has acquired all of the Lots in accordance with the Option Agreement. The failure to timely acquire lots could result in the termination of the option and Tri Pointe will no longer have a right to purchase any of the remaining units under the Option Agreement. The Option Agreement does provide Tri Pointe a one-time option to acquire all of the lots at once. In the event that Tri Pointe does not exercise its option, the Land Bank being an investor only and not a homebuilder, would likely attempt to sell such lots to another merchant builder.

Under the Construction Agreement, the Contractor has agreed to use commercially reasonable efforts to construct all of the on-site and off-site improvements and obtain the requisite governmental permits and approvals necessary to create finished lots on the Property pursuant to a construction schedule and the Land Bank has agreed to reimburse the Contractor for such development costs up to a guaranteed maximum aggregate contract amount. As of September 1, 2023, other than bond exoneration work and final paving, which is to be completed at build out of the Property, all of the work required by the Construction Agreement is substantially complete.

During the term of the Option Agreement and the Construction Agreement, Tri Pointe is obligated to pay all property taxes and carry-costs related to the Property owned by the Land Bank.

No assurance can be given that Tri Pointe will acquire the property within the District from The Land Bank or that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation. See “SPECIAL RISK FACTORS — Failure to Develop Properties.” Moreover, rising interest rates may affect prospective buyers’ willingness or ability to close escrow or enter into future sales contracts. See “SPECIAL RISK FACTORS — Increasing Mortgage Interest Rates.”

Increasing Mortgage Interest Rates. Most of the purchasers of Tri Pointe’s homes finance their acquisitions with mortgage financing. As such, rising interest rates, decreased availability of mortgage financing or of certain mortgage programs, higher down payment requirements or increased monthly mortgage costs could have a negative impact on the estimated absorption rates of Tri Pointe’s planned for-sale homes in the District. Further, a combination of higher mortgage rates, delays in construction stemming from delays in the supply chain, homebuyers’ inability to sell their existing homes and adverse changes in local, regional or national economic conditions, among other factors, could contribute to an increase in Tri Pointe’s rate of home order cancellations. An increase in the level of such cancellations could similarly have a negative impact on the estimated absorption rates of Tri Pointe’s planned for-sale homes in the District.

See the caption “SPECIAL RISK FACTORS – Impact of Economic Conditions on the Development in the District” for certain risks associated with the outbreak of the COVID-19 Pandemic.

Required Infrastructure. All backbone infrastructure required to build-out all 193 residential units has been completed.

Entitlement Status. Other than certain permits required in the normal course of home construction, all discretionary entitlements required to complete the development and sales of homes in the District have been received. All environmental approvals have been secured in order to complete the development in the District.

Conditions of Approval. None of the remaining infrastructure improvements are required to be completed as a condition of receiving building or occupancy permits.

Except as described in this Official Statement and except for those consents, permits, authorizations, certifications and approvals of governmental entities required in the ordinary course of development, Tri Pointe has no actual knowledge of any impediment to construction or obtaining land use entitlements which could be reasonably expected to have a material adverse effect on its ability to complete the planned development of its property within the District as described in the Official Statement.

Financing Plan

To date, Tri Pointe has financed its land acquisition and various site development and home construction costs related to its property in the District through internally generated funds (which may include home sales revenues and funding from its parent company Tri Pointe Homes), as well as payments for improvements from The Land Bank pursuant to the Option Agreement. As of September 1, 2023, Tri Pointe had expended approximately \$54,320,980 on land acquisition, land development, homebuilding, marketing and sales costs. As of such date, Tri Pointe expected to incur approximately \$879,587 on remaining land acquisition and development costs and approximately \$22,633,300 on remaining homebuilding, marketing, and sales costs for its property in the District.

Tri Pointe expects to use internally generated (which may include home sales revenues and funding from its parent company Tri Pointe Homes) to complete its land acquisition and development in the District. Tri Pointe believes that it will have sufficient funds available to complete its planned land acquisition and development in the District in accordance with the development schedule described in this Official Statement.

Notwithstanding the belief of Tri Pointe that it will have sufficient funds to complete its planned land acquisition and development in the District, no assurance can be given that sources of financing available to Tri Pointe will be sufficient to complete the land acquisition, development and home construction as currently anticipated. While Tri Pointe has made such internal financing available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither Tri Pointe nor any of its affiliates has any legal obligation of any kind to make any such funds available or to obtain loans. Other than pointing out the willingness of Tri Pointe to provide internal financing in the past, Tri Pointe has not represented in any way that it will do so in the future. If and to the extent that internal financing and home sales revenues are inadequate to pay the costs to complete Tri Pointe's planned land acquisition and development in the District and other financing by Tri Pointe is not put into place, there could be a shortfall in the funds required to complete the proposed land acquisition and development by Tri Pointe and portions of the project may not be developed.

SPECIAL RISK FACTORS

The principal source of payment of debt service on the Bonds will be payments of the Special Tax made with respect to the Taxable Property. As discussed under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Tax," the Special Tax is to be levied annually against all such Taxable Property either at the maximum rate authorized by the Rate and Method or at such lower rates as are determined by the District Administrator to raise sufficient funds to comply with the agreements, conditions, covenants and terms contained in the Indenture, and in accordance with the Act. The Special Tax is to be collected on the tax roll of the District at the same time and in the same manner as general *ad valorem* real property taxes are collected. The Special Tax cannot be levied at a tax rate higher than the maximum tax rate even if the maximum tax rate will not produce sufficient Net Special Tax Revenues to pay the principal and interest then payable with respect to the Bonds. See discussions below under "— Levy of the Special Tax" and "— Collection of the Special Tax."

Payment of the Special Tax levied on a parcel is secured by a continuing lien against such parcel. In the event an installment of the Special Tax included in the tax bill for a parcel of Taxable Property is not paid when due, the District has covenanted to institute foreclosure proceedings in court to cause the parcel to be sold in order to attempt to recover the delinquent amount from the sale proceeds. Foreclosure and sale may not always result in the recovery of the full amount of delinquent installments of the Special Tax. See "—

Collection of the Special Tax.” The sufficiency of the foreclosure sale proceeds to cover the delinquent amount depends in part upon the market for and the value of the parcel at the time of the sale. Sufficiency of the foreclosure sale proceeds to cover a delinquency may also depend upon the value of prior or parity liens and similar claims. Further, other governmental claims, such as hazardous substance claims, may affect the realizable value even though such claims may not rise to the status of liens. See “— Hazardous Substances.”

Timely foreclosure and sale proceedings with respect to a parcel of Taxable Property may be forestalled or delayed by a stay in the event the owner of the parcel becomes the subject of bankruptcy proceedings. Not only may foreclosure and sale proceedings be forestalled or delayed, but the sale of a parcel may also be similarly affected by a bankruptcy stay. Further, should the stay not be lifted, payment of the Special Tax may be subordinated to bankruptcy law priorities. See “— Bankruptcy and Legal Delays.”

Although bankruptcy proceedings may forestall or delay a foreclosure and sale or a tax sale of a delinquent parcel of Taxable Property, the Special Tax is secured by a lien which, assuming proper procedures are followed, may be enforced against the parcel. There may not be any recourse against a bankrupt property owner since the owner is not personally obligated to pay the Special Tax. Further, if proper disclosure of the authorization of the Special Tax is not made to the owner, the willingness or ability of an owner to pay the Special Tax may be adversely affected. See “— Payment of the Special Tax is Not a Personal Obligation of the Owners.”

The District is not obligated to advance funds to pay such debt service except from moneys on deposit in the Reserve Fund. See “— Bonds Are Limited Obligations.”

Even if debt service is timely paid, interest on the Bonds may have to be included in the gross income of the owner of the Bonds by reason of some circumstance occurring subsequent to issuance of the Bonds, thereby reducing the after-tax yield. See “— Loss of Tax Exemption.”

Risks of Real Estate Secured Investments Generally – Declines in Value

Purchasers of the Bonds 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 property in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses. See the caption “— Increasing Mortgage Interest Rates” below.

No assurance can be given that the individual property owners within the District will pay the Special Tax in the future or that they will be able to pay the Special Tax on a timely basis. See the caption “— Bankruptcy and Legal Delays” for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels within the District.

Levy of the Special Tax

The principal source of money with which to pay debt service on the Bonds is the proceeds derived from the annual levy and collection of the Special Tax applicable to the Taxable Property in the District. The amount of the Special Tax that can be levied is limited to the maximum tax rates authorized pursuant to the Rate and Method. Additionally, 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 ten percent 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 tax levy to the Assigned Special Tax on residential parcels in all years. The levies cannot be made

at higher rates even if the failure to do so would result in insufficient Net Special Tax Revenues to pay the principal of and interest on the Bonds as the same become due and payable.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of a particular parcel and the amount of the levy of the Special Tax against such parcel. Thus, there will rarely, if ever, be a uniform relationship between the value of a parcel and its proportionate share of the debt service on the Bonds. The Special Tax levied in any particular Fiscal Year on a parcel is based upon the revenue needs of the District and the application of the Rate and Method. The application of the Rate and Method will, in turn, be dependent upon certain development factors with respect to each parcel by comparison with similar development factors with respect to the other parcels in the District. Thus, in addition to annual variations in the revenue needs of the District that must be met from the Special Tax, the following are some of the factors which might cause the levy of the Special Tax on any particular parcel to vary from the Special Tax that might otherwise be expected:

Reduction in the number of parcels of Taxable Property, for reasons such as acquisition of such parcels by a governmental entity and failure of the governmental entity to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining parcels of Taxable Property; and

Failure of the owners of certain parcels of Taxable Property to pay the applicable Special Tax and delays in the collection of or inability to collect such Special Tax by tax sale or foreclosure and sale of the delinquent parcels, thereby resulting in an increased tax burden on the remaining parcels of Taxable Property.

Collection of the Special Tax

The timely payment of the principal of and interest on the Bonds is ultimately dependent upon the timely payment of all of the Special Tax. Any money on deposit in the Reserve Fund can be used to make such payment in the event of delinquencies, but the replenishment of the Reserve Fund will be dependent on the recovery of such delinquencies. The Indenture provides that the Special Tax is to be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable (or in such other manner as the City Council shall determine, including direct billing of the affected property owners) and, except as provided in the special covenant for foreclosure described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Covenant for Superior Court Foreclosure” and in the Act, is to be subject to the same proportionate penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* taxes on real property.

Pursuant to the Act, in the event of any delinquency in the payment of the Special Tax, the District may order the institution of a superior court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the District has covenanted for the benefit of the owners of the Bonds that it will institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installments of the Special Tax under certain circumstances. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Covenant for Superior Court Foreclosure.” In the event that foreclosure proceedings are commenced, such foreclosure proceedings could be stayed by the commencement of bankruptcy proceedings by or against the owner of the property being foreclosed. In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the District of the proceeds of sale if the Reserve Fund is depleted.

The District may be unable to make full or timely payment of debt service on the Bonds if property owners in the District fail to pay installments of the Special Tax when due, if the Reserve Fund is depleted, or if the District is unable to sell foreclosed parcels for amounts sufficient to cover the delinquent installments of the Special Tax.

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 Tri Pointe, or any other property owner to pay the Special Tax prior to delinquency. 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.

As of July 17, 2023, within the District, 72 residential units had been completed and conveyed to individual homeowners, Tri Pointe owned six completed model units (none of which were in escrow), 10 homes over 95% complete (nine of which were in escrow), 11 residential units under construction and less than 95% complete (10 of which were in escrow), and 10 finished lots and The Land Bank owned 78 finished lots (none of which were in escrow). As of September 1, 2023, within the District, 88 residential units had been completed and conveyed to individual homeowners, Tri Pointe owned six completed model units (none of which were in escrow), 10 homes over 95% complete all of which were in escrow), 11 residential units under construction and less than 95% complete (none of which were in escrow), and the Land Bank owned 78 finished lots (none of which were in escrow). Sales contracts are subject to cancelation and, therefore, homes currently in escrow may not result in closed escrows with the prospective homebuyers. Within the District, 131 building permits had been obtained as of July 17, 2023. Accordingly, assuming no additional building permits are obtained prior to May 1, 2024, 131 parcels will be classified as Developed Property for the projected Fiscal Year 2024-25 Special Tax levy. . See “THE COMMUNITY FACILITIES DISTRICT” and “PROPERTY OWNERSHIP AND THE DEVELOPMENT.” However, no assurance can be given that the remaining proposed residential 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 vacant and unimproved.

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the Bond Owners should it be necessary for the District to foreclose on the property due to the nonpayment of the Special Tax. The failure to complete development in the District as planned, or substantial delays in the completion of the development may reduce the value of the property within the District and increase the length of time during which the Special Tax 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 Tax prior to delinquency.

There can be no assurance that land development operations within the District will not be adversely affected by a 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 Tax. In that event, there could be a default in the payment of principal of, and interest on, the Bonds when due.

Bond Owners 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 Tax prior to delinquency.

Concentration of Property Ownership

Based on the development and ownership status as of July 17, 2023, Tri Pointe and The Land Bank are expected to be responsible for approximately 24.55% and 34.44%, respectively, of the projected Fiscal Year

2024-25 Special Tax levied within the District. Tri Pointe reports that since such date, additional development and certain sales contracts for residential units have closed escrow to individual homeowners. Based on the development and ownership status as of September 1, 2023, Tri Pointe and The Land Bank are expected to be responsible for approximately 15.40% and 34.44%, respectively, of the projected Fiscal Year 2024-25 Special Tax levied within the District.

As described under “PROPERTY OWNERSHIP AND THE DEVELOPMENT,” Tri Pointe has entered into an Option Agreement with Remark to acquire lots within the District in phased takedowns. As of September 1, 2023, The Land Bank owned 78 lots within the District. During the term of the Option Agreement, Tri Pointe is contractually obligated to pay the Special Tax levied on the property subject to such agreement. However, in the event the Option Agreement is terminated prior to Tri Pointe having acquired all of the lots thereunder, the Special Tax would continue to be levied on the property in the District owned by The Land Bank. No assurances can be made of the willingness and the ability of the Land Bank, or its affiliates, to pay such Special Tax.

While the District includes 72 completed residential units owned by individual homeowners as of July 17, 2023, the inability or refusal of Tri Pointe or Remark to pay the Special Tax applicable to its property when due could result in the depletion of the Reserve Fund prior to reimbursement thereof from sale or foreclosure proceedings, and/or insufficient money with which to pay the principal of and interest on the Bonds as the same became due. Additionally, pursuant to the Act, the Special Tax levied in any fiscal year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels 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 default. As a result, while the Maximum Special Tax pursuant to the Rate and Method may be higher, the Maximum Special Tax on parcels of residential parcels cannot be greater than 110% of the projected actual Special Tax levy on such parcels.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method. In addition, the Act provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property in the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. 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. The constitutionality and operation of these provisions of the Act have not been tested.

In particular, insofar as the Act requires payment of the Special Tax by a federal entity acquiring property in the District, it may be unconstitutional. If for any reason property in the District becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government or another public agency, subject to the limitation of the maximum authorized rates, the Special Tax will be reallocated to the remaining Taxable Properties in 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 timely payment of the Special Tax. Moreover, if a substantial portion of property in the District becomes exempt from the Special Tax because of public ownership, or otherwise, the Maximum Annual Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Bonds when due and a default would occur with respect to the payment of such principal and interest.

Constitutional Limitations on Taxation and Appropriations

Articles XIII A and XIII B of the California Constitution. On June 6, 1978, California voters approved an amendment to the California Constitution, commonly known as Proposition 13 (the Jarvis/Gann Initiative), which added Article XIII A to the California Constitution. The effect of Article XIII A is to significantly limit

the imposition of new *ad valorem* taxes, special taxes, transaction taxes, and sales taxes. On November 7, 1978, California voters approved Proposition 8, which made certain clarifications to Article XIII A.

Article XIII A of the California Constitution limits the amount of *ad valorem* taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% per year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and allows local governments to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. Article XIII A requires a vote of two-thirds of the qualified electorate to impose special taxes on real property, while otherwise generally precluding the imposition of any additional *ad valorem* taxes, special taxes, transaction taxes, and sales taxes. In addition, Article XIII A requires the approval of two-thirds of all members of the California Legislature to change any State laws resulting in increased tax revenues.

Enactment of Article XIII A has reduced the amount of general property tax revenues received by the City. This reduction in such revenues makes it less likely that the City or the District will have surplus funds, other than the Reserve Fund for the Bonds, with which to advance funds to make any payments or to cure any deficiency in the Interest Account or Principal Account of the Special Tax Fund, should the City or the District, as applicable, in the exercise of its discretion, choose to do so. If there are additional delinquencies after exhaustion of funds in the Reserve Fund for the Bonds, none of the City or the District has any obligation to transfer into the Interest Account or Principal Account of the Special Tax Fund the amount of any such delinquencies out of any surplus moneys of the City.

On July 2, 1979, the Fifth District Court of Appeal rendered a 3-0 decision in the case of *County of Fresno v. Malmstrom* (94 Cal.App.3d 974), that determined that special assessments are not subject to the limitations of Article XIII A (Proposition 13). The Court held the one percent tax limitation imposed by California Constitution Article XIII A on *ad valorem* taxes does not apply to special assessments levied pursuant to the Improvement Act of 1911 (Streets and Highways Code, Section 5000 *et seq.*, the relevant portions of which are incorporated in the 1915 Act) and the 1913 Act. The Court further held that because special assessments pursuant to such acts are not within the definition of “special taxes” in Article XIII A, the Constitution does not require the levy of assessments and the issuance of bonds to be approved by a two-thirds vote of the qualified electors in an assessment district. On September 12, 1979, the California Supreme Court refused to hear an appeal of the lower court’s decision.

At the November 6, 1979, general election, Proposition 4 (the Gann Initiative) was approved by the voters of California. Such proposition added Article XIII B to the California Constitution.

Article XIII B of the California Constitution limits the annual appropriations of the State and of any city, county, school district, authority, or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is the fiscal year 1978-79 and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance, and disability insurance funds. “Proceeds of taxes” include, but are not

limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be allocated to fund schools or be returned by revising tax rates or fee schedules over the subsequent two years.

On December 17, 1980, the Third District Court of Appeal rendered a 3-0 decision in the case *County of Placer v. Corin* (113 Cal. App. 3d 443) that determined that special assessments are not subject to the limitation of Article XIII B (Proposition 4). The Court held that the definition of "proceeds of taxes" imposed by California Constitution Article XIII B does not apply to special assessments and improvement bonds issued pursuant to the 1915 Act and the 1913 Act. The decision of the Court was not appealed.

The enactment of Article XIII A of the California Constitution (Proposition 13) and subsequent legislative enactments effectively repeal the otherwise mandatory duty on the part of the City, under the 1915 Act, to levy and collect a special tax (in an amount necessary to meet delinquencies, but not to exceed ten cents on each \$100 of assessable property within the City in any one year) if other funds are not available to cover delinquencies.

In early 1990, the U.S. Supreme Court struck down as a violation of equal protection certain property tax assessment practices in West Virginia, which had resulted in vastly different assessments of similar properties. Since Article XIII A provides that property may only be assessed up to 2%, per year, except upon change of ownership or new construction, recent purchasers may pay substantially higher property taxes than long-time owners of comparable property in a community. The Supreme Court in the West Virginia case expressly declined to comment in any way on the constitutionality of Article XIII A.

Based on this decision, however, property owners in California brought three suits challenging the acquisition value assessment provisions of Article XIII A. Two cases involve residential property and one case involves commercial property. In all three cases, State trial and appellate courts have upheld the constitutionality of Article XIII A's assessment rules and concluded that the West Virginia case did not apply to California's laws. On June 3, 1991, the U.S. Supreme Court agreed to hear the appeal in the challenge relating to commercial property, but the plaintiff subsequently decided to drop the case.

On October 7, 1991, the U.S. Supreme Court granted the plaintiff's petition for a writ of certiorari and agreed to hear the *Nordlinger v. Lynch* case. On June 18, 1992, the U.S. Supreme Court affirmed the Nordlinger decision (112 U.S. 2326) of the California Court of Appeal, Second Appellate District, which previously held that Article XIII A does not violate the U.S. Constitution.

The City cannot predict whether any other pending or future challenges to the State's present system of property tax assessment will be successful, when the ultimate resolution of any challenge will occur, or the ultimate effect any decision regarding the State's present system of property tax assessment will have on the City's revenues or on the State's financial obligations to local governments.

Articles XIII C and XIII D of the California Constitution. Proposition 218, a state ballot initiative known as the "Right to Vote on Taxes Act," was approved by California voters on November 6, 1996. Proposition 218 added Articles XIII C and XIII D to the State Constitution, and, with the exception of certain provisions, Articles XIII C and XIII D became effective on November 6, 1996.

Among other things, Proposition 218 imposed certain voting requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges. Under Proposition 218 (i) all taxes imposed by local governments are deemed to be either general taxes, or special taxes, (ii) no local government may impose, extend, or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote, and (iii) no local government may impose, extend, or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote. Special

purpose districts, including community facilities districts and assessment districts, have no power to levy general taxes. The City believes that the issuance of the Bonds does not require the conduct of further proceedings under the Refunding Act, the 1915 Act, the 1913 Act, the Mello-Roos Act, or Proposition 218, as applicable, other than as described herein.

Proposition 218 provides that the initiative power shall “not be prohibited or otherwise limited in matters reducing or repealing any local tax, assessment, fee or charge...” Thus, Proposition 218 removes limitations on the initiative power in matters of, among other things, the Special Tax. Consequently, it is conceivable that the voters of the City or the District could, by future initiative, repeal, reduce, or prohibit the future imposition or increase of any Special Tax, subject to overriding federal constitutional principles relating to impairment of contracts.

Although the provisions of Article XIIC have not been interpreted by the courts, the City believes that the initiative power cannot be used to reduce or repeal the unpaid Special Tax that are pledged as security for payment of the Bonds or to otherwise interfere with the mandatory, statutory duty of the City and the County Auditor with respect to the unpaid Special Tax that are pledged as security for payment of the Bonds.

The Appellate District, Division One, issued its opinion in 2014 in *City of San Diego v. Melvin Shapiro, et al.* (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. 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 the entire City of San Diego. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

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

The facts of the San Diego Decision show that there were hundreds of thousands of registered voters within the CCFD (viz., all of the registered voters in the City of San Diego). There were no registered voters in the District at the time of formation. 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 does not apply to the Special Tax elections 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. Voters in the District approved the Special Tax and the issuance of bonds on December 8, 2020. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the City believes the Special Tax is being levied in accordance with the Rate and Method and the Act.

The interpretation and application of Proposition 218 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.

Maximum Special Tax

Within the limits of the Special Tax, the District may adjust the Special Tax levied on all property in the District to provide an amount required to pay interest on and principal of the Bonds, and the amount, if any, necessary to cure delinquencies and replenish the Reserve Fund to an amount equal to the Reserve Requirement for the respective Bonds and to pay Administrative Expenses. However, the amount of the Special Tax that may be levied against any property in the District is subject to the Maximum Special Tax applicable to it. There is no assurance that the Maximum Special Tax on the property in the District will be sufficient to pay the amounts required to be paid by the Indenture at all times. Additionally, pursuant to the Act, the Special Tax levied in any fiscal year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels 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. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Tax.”

Payment of the Special Tax is Not a Personal Obligation of the Owners

An owner of a parcel of Taxable Property is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation only against the parcel of Taxable Property. If the value of a parcel is not sufficient, taking into account other obligations also payable thereby, to fully secure the Special Tax, the District has no recourse against the owner.

Disclosures to Future Purchasers

The District has recorded a notice of the Special Tax Lien in the Office of the County Recorder. 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 parcel of land, a home or a commercial or industrial facility in the District or the 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 Mello–Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Parity Taxes and Special Assessments

The ability or willingness of a property owner in the District to pay the Special Tax could be affected by the existence of other taxes and assessments imposed upon the property. The Special Tax 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 tax and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes, other special taxes, and certain special assessments regardless of when they are imposed upon the same property. The Special Tax has priority over all existing and future private liens imposed on the property. In addition, other public agencies whose boundaries overlap those of the District could, with or in some circumstances without the consent of the owners of the land in the District, impose additional taxes or assessment liens on the property in the District in order to finance public improvements to be located inside or outside of the District.

The District has no control over the ability of other entities and districts to issue indebtedness secured by special tax or assessments payable from all or a portion of the property in the District. In addition, the City is not prohibited itself from establishing assessment districts, community facilities districts or other districts which might impose assessments or taxes against property in the District. In the event any additional

improvements are financed pursuant to the establishment of an assessment district, community facilities district or other district, any taxes or assessments levied to finance such improvements will have a lien on a parity with the lien of the Special Tax. The imposition of additional liens on a parity with the Special Tax could reduce the ability or willingness of the property owners to pay the Special Tax and increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Tax or the principal of and interest on the Bonds when due.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement. Money in said fund may be used to pay debt service on the Bonds in the event the proceeds of the levy and collection of the Special Tax against property in the District are insufficient. If funds in the Reserve Fund are used to pay debt service on the Bonds, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay all amounts to be paid pursuant to the Indenture. However, no replenishment from the proceeds of a levy of the Special Tax can occur as long as the proceeds that are collected from the levy of the Special Tax at the maximum tax rates, together with other available funds, remain insufficient to pay all such amounts. Thus, it is possible that the Reserve Fund will be depleted by its use to pay such amounts and will not be replenished by the levy of the Special Tax. There is no assurance that the amount in the Reserve Fund will, at any particular time, be sufficient to pay all such amounts or that any amounts of the Reserve Requirement used for debt service on the Bonds will be fully replenished from the proceeds of the levy and collection of the Special Tax.

Bankruptcy and Legal Delays

The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax, as discussed in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State of California relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. 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 bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the obligation to pay the Special Tax to become extinguished, the bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Any such delays could increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent tax installments not being paid in full. Moreover, if the value of the subject property is less than the lien of the Special Tax, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws against Taxable Property, payment of the Special Tax may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over the Special Tax in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

FDIC/Federal Government Interests In Properties

The ability of the District to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Tax may be limited in certain respects with regard to parcels in which the Federal Deposit Insurance Corporation (the “FDIC”), or other federal government entities such as Fannie Mae or Freddie Mac, has or obtains an interest.

In the case of the FDIC, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Special Tax is not paid, the remedies available to the District may be constrained. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non-payment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County, California, in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the case of Fannie Mae and Freddie Mac, in the event a parcel of Taxable Property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or in the event a private deed of trust secured by a parcel of Taxable Property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Tax may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of Taxable Property but does not pay taxes and assessments levied on the parcel (including the Special Tax), 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 Tax, 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 Tax and preserve the federal government's mortgage interest.

The District's remedies may also be limited in the case of delinquent Special Tax with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

Geologic, Topographic and Climatic Conditions

The District, like all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event.

Like all of Southern California, the land within the District is subject to seismic activity. The District is not located in a County Designated Fault Zone or an Earthquake Fault Zone Boundary. However, faults that have the potential to generate the strongest ground shaking in the Fontana area include the Cucamonga (thrust fault), the San Jacinto (strike-slip fault), and the San Andreas (strike-slip) fault. The Cucamonga fault is an active fault that crosses the northern portion of the City, trending northwest along the foot of the San Gabriel Mountains. The Lytle Creek Branch of the San Jacinto Fault is an active fault that crosses the extreme northeast portion of the City in a southeastern direction. There are several other faults that border the Lytle Creek alluvial basin, including the Chino, San Andreas and San Jacinto faults.

The Federal Emergency Management Agency has determined that the District is located in a Zone “AE, X500” flood area (an area with a one percent chance of flood discharge contained in a structure), and flood insurance will not be required.

In recent years, wildfires have caused extensive damage throughout the State. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. The last major wildfire in the vicinity of the City was the Grand Prix Fire in October 2003. There have been smaller fires, such as the 147-acre Sierra Fire that burned in November 2018 and the 277-acre Karen Fire in July 2020. The property within the District is located in an area which the Department of Forestry and Fire Protection of the State of California has designated as a very high fire hazard severity zone. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. Property damage due to wildfire could result in a significant decrease in the market value of property in the District and in the ability or willingness of property owners to pay the Special Tax.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the District. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Tax when due. In addition, the value of land in the District could be diminished in the aftermath of one or more of such events, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Tax.

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of a parcel of Taxable Property, other less common claims may be relevant. One example is a claim with regard to a hazardous substance.

In general, the owners and operators of a parcel of Taxable Property 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 Taxable Property 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 owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of the property that is realizable upon a delinquency and foreclosure.

While the District is not aware that the owner (or operator) of any of Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the District is not aware of them. Tri Pointe has also represented to the District that it is not aware of any

substances currently classified as hazardous by the federal government or the State located on its property within the District.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property 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 it. All of these possibilities could significantly affect the value of a parcel of Taxable Property that is realizable upon a delinquency.

No Acceleration Provision

The Indenture does 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.

Bonds Are Limited Obligations

Neither the faith and credit nor the taxing power of the District (except to the limited extent set forth in the Indenture), the City, the State or any political subdivision thereof is pledged to the payment of the Bonds or any Additional Bonds. The Bonds are limited obligations of the District; and, except as provided in the Indenture, they are payable solely from Net Special Tax Revenues and the other assets pledged therefore under the Indenture. Net Special Tax Revenues could be insufficient to pay debt service on the Bonds as a result of delinquencies in the payment of the Special Tax or the insufficiency of proceeds derived from the sale of land within the District following a delinquency in the payment of the applicable Special Tax. The District has no obligation to pay debt service on the Bonds in the event of insufficient Net Special Tax Revenues, except to the extent that money is available for such purpose in the Reserve Fund. The District's only obligation with respect to delinquent Special Tax is to pursue judicial foreclosure proceedings under the circumstances described in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Covenant for Superior Court Foreclosure."

Loss of Tax Exemption

As discussed under "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the District subsequent to the issuance of the Bonds in violation of the District's covenants with respect to the Bonds. Should interest become includable in gross income, the Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Tax.

Potential Early Redemption of Bonds from Special Tax Prepayments

Property owners within the District are permitted to prepay their Special Tax at any time. Such payments will result in a mandatory redemption of Bonds from Special Tax prepayments on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of such Special Tax prepayment. The resulting redemption of Bonds purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See "THE BONDS — Redemption — *Mandatory Redemption from Special Tax Prepayments.*"

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information,

the City is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, the City has not experienced an attack on its computer operating systems which resulted in a breach of its cybersecurity systems that are in place. However, no assurances can be given that the City's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City.

In May 2021, a public facing web server of the City that was responsible for building permit and inspection scheduling was compromised. The system contained vendor and database account credentials that were promptly changed. An investigation revealed that the credentials had not been used since the compromise and that changing the credentials prevented any further unauthorized access. All traces of the compromise were removed. Mitigation measures, including a web application firewall and Secure Sockets Layer (SSL) decryption, were put into place to prevent future compromises and additional prevention measures have been implemented. No data was lost and no damage to any systems, financial or otherwise, occurred. There were no costs associated with remediation.

Impact of Economic Conditions on the Development in the District

Certain events and factors which negatively affect the regional, State and national economies could have an adverse effect on the pace at which Tri Pointe is able to complete and sell homes and demand by and the ability of individuals to purchase homes within the District. Such events and factors could include rising inflation and interest rates, persistent supply chain issues, further impacts of the COVID-19 pandemic and global market instability caused by the war in Ukraine. Any adverse impact of the foregoing and other economic factors on the projects in the District and the real estate market in general cannot be predicted.

Amid an unexpected run on deposits, the Federal Deposit Insurance Corporation (the "FDIC") announced on March 10, 2023 that it had been appointed as receiver for Silicon Valley Bank ("SVB"), a large California bank and the 16th largest bank in the United States, and was liquidating SVB as a going concern. Additionally, on March 12, 2023, the FDIC announced that it had been appointed as receiver for Signature Bank, another large regional bank. However, the United States Treasury Department, the Federal Reserve and the FDIC issued a joint statement that all deposits at both institutions would be honored, regardless of dollar amount. On March 26, 2023, First Citizens BancShares announced that it would acquire SVB. On May 1, 2023, the FDIC announced that it had been appointed as receiver for First Republic Bank and reached a purchase and assumption agreement with JPMorgan Chase Bank, National Association, to assume all of the deposits and substantially all of the assets of First Republic Bank. Due to the failures of SVB, Signature Bank, and First Republic Bank, there has been uncertainty and concern in the financial markets that there may be additional bank liquidity issues.

Tri Pointe expects to use internally generated funds (which may include home sales proceeds and funding from its parent company, Tri Pointe Homes) to complete its development in the District. However, the uncertainty in the financial markets may affect homebuyers' willingness or ability to obtain financing for the purchase of new homes within the District, which, in turn, could impact Tri Pointe's ability or determination to complete its development in the District in the budget and timeframe described herein. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

Increasing Mortgage Interest Rates

30-year fixed mortgage interest rates have increased substantially within the past year. 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, the new home would likely have a higher interest rate on a new mortgage loan as well as higher purchase price and property taxes. Such considerations may decrease the desire for move-up households to purchase a new home.

CONTINUING DISCLOSURE

Community Facilities District

Pursuant to a Continuing Disclosure Agreement (the “District Continuing Disclosure Agreement”) with U.S. Bank Trust Company, National Association, in its capacity as Trustee and in its capacity as dissemination agent, the District has agreed to provide, or cause to be provided, to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found on the Internet at www.emma.msrb.org (“EMMA”), on an annual basis certain financial information and operating data concerning the District. The District has further agreed to provide notice to EMMA of certain listed events. The District’s covenants have been made in order to assist the Underwriter in complying with the Rule.

The District has not previously entered into any undertaking with respect to the Rule. However, the City, as well as the Fontana Public Financing Authority (the “Authority”), the Fontana Public Facilities Financing Authority (the “Facilities Authority”), the Successor Agency to the Fontana Redevelopment Agency (the “Successor Agency”) and various community facilities districts within the City (each, a “CFD”), all of which are entities with the City Council as the legislative body, have entered into numerous continuing disclosure undertakings.

Except as described below, within the last five years, the City and its related entities have complied in all material respects with its undertakings under the Rule: (i) the Authority with respect to two bond issues and 12 CFDs with respect to each such CFD’s bond issue(s) filed the City’s Fiscal Year 2019-20 audited financial statements late and failed to file unaudited financial statements on or before the deadlines therefore; (ii) twelve CFDs with respect to each such CFDs’ bond issue(s) and the Facilities Authority with respect to its bond issues filed unaudited financial statements for Fiscal Year 2020-21 but did so after the deadline for meeting those continuing disclosure obligations; the audited financial statement was subsequently filed to EMMA when it became available; (iii) the Successor Agency with respect to its bonds filed unaudited financial statements for Fiscal Year 2020-21 prior to the deadline therefore and posted audited financial statements when such document became available; (iv) the Successor Agency with respect to its bonds filed its Fiscal Year 2022 audited financial statements late and failed to file unaudited financial statements on or before the deadline therefore; (v) with respect to Fiscal Year 2021-22, 14 CFDs and the Facilities Authority filed unaudited financial statements prior to such CFDs’ and the Facilities Authority’s deadline to file but in the case of the Facilities Authority, such filing excluded certain required information typically included in audited financial statements; the Fiscal Year 2021-22 audited financial statements were subsequently posted to EMMA when they became available.; (vi) a CFD failed to file one annual report for one issue of bonds for which the official statement relating to such bonds contained all of the information required to be contained in such report; (vii) the District is aware that not all of the required information was included with respect to a number of annual report filings by the City, the Authority, the Successor Agency and several CFDs, including required tabular information; and (viii) the City, the Authority, the Successor Agency and certain CFDs failed to timely file certain notices of ratings changes.

The City has since made filings on behalf of itself and its related entities to correct material omissions with respect to the filings that were required to have been made within the past five years and has adopted written procedures to ensure future compliance with the City’s disclosure undertakings and those of its related entities.

Except as disclosed in this Official Statement, within the last five years, the City, the Successor Agency and the Authority have not failed to timely comply with their respective prior continuing disclosure obligations

under the Rule in all material respects. The full text of the form of the District Continuing Disclosure Agreement is set forth in Appendix G.

The Developer

General. Although the Underwriter has concluded that Tri Pointe is not an obligated person under Rule 15c2-12, pursuant to the Developer Continuing Disclosure Certificate, Tri Pointe has agreed to provide, or cause to be provided, to EMMA, on a semi-annual basis certain information concerning Tri Pointe and the property it owns or has under option with The Land Bank within the District. Tri Pointe has further agreed to provide notice to EMMA of certain listed events, including certain events relating to The Land Bank that are known to Tri Pointe. Tri Pointe's obligation to provide semi-annual reports and notices of certain listed events will terminate upon the earlier to occur of certain events, including at such time as Tri Pointe owns or has under option no more than [38] of the residential lots in the District subject to the Special Tax levy. A default under the Developer Continuing Disclosure Certificate will not, in itself, constitute an Event of Default under the Indenture, and the sole remedy under the Developer Continuing Disclosure Certificate in the event of any failure of Tri Pointe or the dissemination agent, as applicable, to comply with the Developer Continuing Disclosure Certificate will be an action to compel performance. See APPENDIX H — "FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE" for a description of the specific nature of the semi-annual reports to be filed by Tri Pointe and notices of listed events to be provided by Tri Pointe.

Neither the District nor the City has considered, or reached any conclusion as to, whether or not Tri Pointe is an obligated person under Rule 15c2-12 and takes no responsibility for any such conclusion. Additionally, neither the District nor the City has participated in the preparation, negotiation or implementation of the Developer Continuing Disclosure Certificate or in discussions regarding the form or content thereof. The District and the City take no responsibility for such form or content or for the adequacy of the Developer Continuing Disclosure Certificate for its intended purpose.

None of the District, the City or the Trustee is a party to the Developer Continuing Disclosure Certificate, and none of the District, the City or the Trustee has any obligation or responsibility to monitor, nor any right or obligation to enforce, compliance by Tri Pointe with its undertaking pursuant to the Developer Continuing Disclosure Certificate, and none of the District, the City or the Trustee will be so monitoring or enforcing such compliance.

Tri Pointe Continuing Disclosure Compliance. To the actual knowledge of Tri Pointe, Tri Pointe has not failed to comply in any material respect with its previous undertakings by it to provide periodic continuing disclosure reports or notices of listed events with respect to community facilities district or assessment district bond issues in southern California within the past five years.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

ABSENCE OF LITIGATION

In connection with the issuance of the Bonds, the City Attorney of the City will deliver a certificate to the effect that, to the best of the City Attorney's knowledge, after due inquiry and investigation, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, or any unfavorable decision, ruling or finding, against or affecting the City or the District, which would adversely impact the ability of the City or the District to complete the transactions described in, or contemplated by, the Indenture or this Official Statement, restrain or enjoin the collection of the Special Tax, or in any way contest or affect the validity of the Bonds, the Indenture, the Special Tax, or the transactions described herein.

ABSENCE OF RATINGS

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

CERTAIN LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, will render an opinion with respect to the validity and enforceability of the Indenture and as to the validity of the Bonds. A copy of the form of such

approving opinion is attached hereto as Appendix D. Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and expresses no opinion relating thereto. Certain legal matters will be passed upon for the City by the City Attorney and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California.

Although it is serving as Bond Counsel to the District in connection with the issuance and sale of the Bonds, Bond Counsel represents the Underwriter in connection with other financings and matters unrelated to the Bonds. Disclosure Counsel and the City Attorney also represent the Underwriter in connection with other financings and matters unrelated to the Bonds.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a price of \$_____ (\$_____ principal amount, [plus/less] [net] original issue [premium/discount] of \$_____ and less an Underwriter’s discount of \$_____). The Bond Purchase Agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriter’s compensation is contingent upon the successful issuance of the Bonds.

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

FINANCIAL INTERESTS

The fees being paid to the Municipal Advisor, Bond Counsel, Disclosure Counsel, Underwriter, and Underwriter’s Counsel are contingent upon the issuance and delivery of the Bonds.

MUNICIPAL ADVISOR

The District has retained CSG Advisors Incorporated, San Francisco, California, as municipal advisor (the “Municipal Advisor”) for the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CSG Advisors Incorporated is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

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.

The execution and delivery of this Official Statement by the City Manager of the City has been duly authorized by the City Council of the City of Fontana acting in its capacity as the legislative body of the District.

CITY OF FONTANA COMMUNITY FACILITIES
DISTRICT NO. 100 (VICTORIA)

By: _____
City Manager

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

RATE AND METHOD OF APPORTIONMENT FOR CITY OF FONTANA COMMUNITY FACILITIES DISTRICT NO. 100 (VICTORIA)

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels of Taxable Property in City of Fontana Community Facilities District No. 100 (Victoria) ("CFD No. 100") and collected each Fiscal Year, in an amount determined by the City Council of the City of Fontana, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 100, 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 expressed in acres 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 map or the land area calculated to the reasonable satisfaction of the CFD Administrator using the boundaries set forth on such map or plan. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 (commencing with Section 53311) of the California Government Code.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 100, including but not limited to: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City 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 City, CFD No. 100 or any designee thereof of complying with arbitrage rebate requirements with respect to the Special Tax and CFD No. 100 Bonds; the costs to the City, CFD No. 100 or any designee thereof of complying with disclosure requirements of the City, CFD No. 100 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 City, CFD No. 100, or any designee thereof related to the reduction of the Assigned Facilities Special Tax and Backup Facilities Special Tax in accordance with Section C.1 herein; the costs of the City, CFD No. 100 or any designee thereof related to an appeal of the Special Tax; and the City's annual administration fees and third party expenses related to CFD No. 100 Bonds. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 100 for any other administrative purposes of CFD No. 100, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Alley Load Product" means all Residential Property for which residential dwelling units have their garage entrance on one side of the unit, off of an alley or drive that runs behind such unit, with main house entrance from the opposite side of the unit.

"Assessor" means the Assessor of the County.

“Assessor’s Parcel” means a lot or parcel to which an Assessor’s parcel number is assigned as determined from an Assessor’s Parcel Map or the applicable assessment roll.

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

“Assigned Facilities Special Tax” means the Facilities Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.a.(2) below.

“Assigned Services Special Tax” means the Services Special Tax, determined in accordance with Section C.2.b herein, that can be levied in any Fiscal Year on any Assessor’s Parcel of Developed Property.

“Authorized Facilities” means those facilities eligible to be funded by CFD No. 100.

“Authorized Services” means those services eligible to be funded by CFD No. 100 in accordance with the Act, including, but not limited to, fire protection and suppression services, maintenance and lighting of parks, parkways, streets, roads and open space, flood and storm protection services and maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the City.

“Backup Facilities Special Tax” means the Facilities Special Tax applicable to each Assessor’s Parcel of Developed Property, as determined in accordance with Section C.1.a.(3) below.

“Buildout” means, for CFD No. 100, that all expected building permits for residential dwelling units and/or non-residential development to be constructed within CFD No. 100 have been issued, as determined by the CFD Administrator.

“CFD Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement for Facilities and the Special Tax Requirement for Services, providing for the levy and collection of the Special Taxes, and performing other duties as set forth herein.

“CFD No. 100” means City of Fontana Community Facilities District No. 100 (Victoria).

“CFD No. 100 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. 100 and secured by the Facilities Special Tax levy on property within the boundaries of CFD No. 100 under the Act.

“City” means the City of Fontana, California.

“Cluster Product” means all Residential Property located within CFD No. 100 that is not an Alley Load Product.

“Contractual Impositions” means (a) a voluntary contractual assessment established and levied on an Assessor’s Parcel pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10 *et seq.*), as amended from time to time, (b) a special tax established and levied on an Assessor’s Parcel pursuant to Section 53328.1 of the California Government Code and related provisions of the Act, as amended from time to time, and (c) any other fee, charge, tax or assessment established and levied on an individual Assessor’s Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof.

“Council” means the City Council of the City acting as the legislative body of CFD No. 100.

“County” means the County of San Bernardino.

“Developed Property” means, for each Fiscal Year, (i) with respect to the Facilities Special Tax, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, for which a building permit for new construction, other than the construction of a garage, parking lot, or parking structure, was issued after January 1, 2020 and on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Facilities Special Taxes are being levied, and (ii) with respect to the Services Special Tax, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, (a) for which the Final Residential Subdivision was recorded prior to the Fiscal Year for which the Services Special Taxes are being levied, or (b) for which a building permit has been issued with respect to Non-Residential Property on or before May 1 of the Fiscal Year preceding the Fiscal Year for which the Services Special Taxes are being levied.

“Facilities Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within CFD No. 100 to fund the Special Tax Requirement for Facilities, as set forth in Section C.1 herein.

“Final Residential Subdivision” means a Final Subdivision that creates individual lots for which building permits may be issued for residential dwelling units without further subdivision of such property.

“Final Subdivision” means (i) a subdivision of property by recordation of a final map, parcel map, or lot line adjustment approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots or parcels for which building permits may be issued, or (ii) for condominiums, a final map approved by the City and a condominium plan recorded pursuant to California Civil Code Section 4285 that creates an individual lot(s) for which a building permit(s) may be issued without further subdivision. The term “Final Subdivision” shall not include any Assessor’s Parcel Map or subdivision map or portion thereof that does not create individual lots for which a building permit may be issued, including Assessor’s Parcels that are designated as remainder parcels. Notwithstanding the above, a condominium plan for which one or more building permits have been issued, but no individual lots have been created for such building permits, shall be considered a Final Subdivision, and the portion of the condominium plan for which building permits have been issued shall be defined as Developed Property

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

“Indenture” means the indenture, fiscal agent agreement, trust agreement, resolution or other instrument pursuant to which CFD No. 100 Bonds are issued, as modified, amended and/or supplemented from time to time.

“Land Use Class” means any of the classes listed in Table 1, Table 2, or Table 3 herein.

“Lower Income Households Welfare Exemption Property” means, for each Fiscal Year, an Assessor’s Parcel within the boundaries of CFD No. 100 that is entitled to a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County’s assessment roll finalized as of the last preceding January 1.

“Maximum Facilities Special Tax” means the maximum Facilities Special Tax, determined in accordance with Section C.1 herein, that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property.

“Maximum Services Special Tax” means the maximum Services Special Tax, determined in accordance with Section C.2 herein, that can be levied in any Fiscal Year on any Assessor’s Parcel of Developed Property.

“Minimum Sale Price” means the minimum price at which parcels of a given Land Use Class have sold or are expected to be sold in a normal marketing environment and shall not include prices for such parcels that are sold at a discount to expected sales prices for the purpose of stimulating the initial sales activity with respect to such Land Use Class.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) has been issued by the City permitting the construction of one or more non-residential structures or facilities.

“Outstanding Bonds” means all CFD No. 100 Bonds which are outstanding under the Indenture.

“Price Point Consultant” means any consultant or firm of such consultants selected by CFD No. 100 that (a) has substantial experience in performing price point studies for residential dwelling units within community facilities districts or otherwise estimating or confirming pricing for residential dwelling units in community facilities districts, (b) has recognized expertise in analyzing economic and real estate data that relates to the pricing of residential dwelling units in community facilities districts, (c) is in fact independent and not under the control of CFD No. 100 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 100, (ii) the City, (iii) any owner of real property in CFD No. 100, or (iv) any real property in CFD No. 100, and (e) is not connected with CFD No. 100 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 100 or the City.

“Price Point Study” means a price point study or a letter updating a previous price point study prepared by the Price Point Consultant pursuant to Section C herein.

“Product Type” means Cluster Product or Alley Load Product, as defined in this Section A.

“Property Owner Association Property” means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 100 for which the owner of record, as determined from the County’s assessment roll for the Fiscal Year in which the Special Tax is being levied, is a property owner’s association, including any master or sub-association, or (ii) any property located in a Final Subdivision that was recorded as of the January 1 preceding the Fiscal Year in which the Special Tax is being levied and which, as determined from such Final Subdivision, is or will be open space, a common area recreation facility, or a private street. 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 that the ratio of the actual Facilities Special Tax levy to the Assigned Facilities Special Tax is equal for all Assessor’s Parcels of Developed Property, and that the ratio of the actual Services Special Tax levy to the Assigned Services Special Tax is equal for all Assessor’s Parcels of Developed Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Facilities Special Tax levy per Acre to the Maximum Facilities Special Tax per Acre is equal for all Assessor’s Parcels of Undeveloped Property. The term “Proportionately” shall similarly be applied to other categories of Taxable Property as listed in Section D herein.

“Public Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 100 that is (i) owned by, irrevocably offered or dedicated to the federal government, the State, the County, the City, or any local government or other public agency, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use; or (ii) encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement.

“Rate and Method of Apportionment” means this Rate and Method of Apportionment for CFD No. 100.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit(s) has been issued by the City permitting the construction thereon of one or more residential dwelling units.

“Services Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Developed Property within CFD No. 100 to fund the Special Tax Requirement for Services, as set forth in Section C.2 herein.

“Special Tax” means the Facilities Special Tax and/or Services Special Tax, as applicable.

“Special Tax Requirement for Facilities” means, for any Fiscal Year, that amount required, after taking into account available amounts held in the funds and accounts under the Indenture, for the following items: (i) debt service on all Outstanding Bonds due in the calendar year commencing in such Fiscal Year; (ii) periodic costs with respect to the CFD No. 100 Bonds, including but not limited to, costs of credit enhancement and federal rebate payments due in the calendar year commencing in such Fiscal Year; (iii) pay all or a portion of Administrative Expenses; (iv) any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) without duplicating any amounts described in clause (iv), above, reasonably anticipated Facilities Special Tax delinquencies based on the delinquency rate for the Facilities Special Tax in the previous Fiscal Year, as said levy for delinquencies shall be limited by the Act; and (vi) pay directly for the acquisition or construction of Authorized Facilities, provided that the inclusion of such amount does not increase the Facilities Special Tax levy beyond the first step in Section D.1 herein.

“Special Tax Requirement for Services” means that amount required in any Fiscal Year for CFD No. 100 to (i) pay directly for the Authorized Services; (ii) pay Administrative Expenses not funded through the Special Tax Requirement for Facilities as determined by the CFD Administrator; (iii) pay for reasonably anticipated Services Special Tax delinquencies based on the delinquency rate for the Services Special Tax levy in the previous Fiscal Year; less (iv) a credit for funds available to reduce the annual Services Special Tax levy, as determined by the CFD Administrator, so long as the amount required is not less than zero.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 100 which are not exempt from the Special Tax pursuant to applicable law or Section E herein.

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

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

“Total Tax Burden” means, for a parcel of residential property within a Land Use Class, for the Fiscal Year in which Total Tax Burden is being calculated, the sum of (a) the Assigned Facilities Special Tax for such Fiscal Year, plus (b) the Assigned Services Special Tax for such Fiscal Year, plus (c) the *ad valorem* property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental fees, charges (other than fees or charges for services such as sewer and trash), taxes and assessments (which, for purposes of clarity, do not include Contractual Impositions) collected by the County on *ad valorem* tax bills and that the CFD Administrator estimates would be levied or imposed on such residential property in such Fiscal Year if the residential dwelling unit thereon or therein had been completed and sold, and was subject to such fees, charges, taxes and assessments in such Fiscal Year.

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

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

Please refer to additional definitions in Section H herein relating to the Prepayment of Facilities Special Tax.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, commencing with Fiscal Year 2021-2022, all Taxable Property within CFD No. 100 shall be classified as Developed Property, Undeveloped Property, Taxable Public Property or Taxable Property Owner

Association Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D herein.

C. MAXIMUM SPECIAL TAX RATE

1. Facilities Special Tax

At least 30 days prior to the issuance of the first series of CFD No. 100 Bonds, the Assigned Facilities Special Tax on Developed Property (set forth in Table 1) shall be analyzed in accordance with and subject to the conditions set forth in this Section C. At such time, the CFD Administrator shall request the Price Point Consultant to prepare a Price Point Study setting forth the Minimum Sale Price of residential property within each Land Use Class. If based upon such Price Point Study the CFD Administrator calculates that the Total Tax Burden applicable to one or more Land Use Classes of residential property constructed or to be constructed within CFD No. 100 shall exceed 1.95% of the Minimum Sale Price of such residential property constructed or to be constructed within CFD No. 100, the CFD Administrator shall reduce the Assigned Facilities Special Tax to the extent necessary to cause the Total Tax Burden that shall apply to residential property within such Land Use Class(es) to not exceed 1.95% of the Minimum Sale Price of such residential property. Each Assigned Facilities Special Tax reduction for a Land Use Class shall be calculated separately, and it shall not be required that such reduction be proportionate among Land Use Classes. In connection with any reduction in the Assigned Facilities Special Tax, the CFD Administrator shall also reduce the Backup Facilities Special Tax in accordance with Section C.1.a.(3) herein. Upon determining the reductions, if any, in the Assigned Facilities Special Tax and Backup Facilities Special Tax required pursuant to this Section C, the CFD Administrator shall complete the Certificate to Amend Facilities Special Tax substantially in the form attached hereto as Exhibit A (the "Certificate to Amend") and shall execute such completed Certificate to Amend and shall deliver such Certificate to Amend to CFD No. 100. Upon receipt thereof, if in satisfactory form, CFD No. 100 shall execute such Certificate to Amend. The reduced Assigned Facilities Special Tax and Backup Facilities Special Tax specified in such Certificate to Amend shall become effective upon the execution of such Certificate to Amend by CFD No. 100. The Assigned Facilities Special Tax and Backup Facilities Special Tax reductions permitted pursuant to this Section C shall be reflected in an amended notice of Special Tax lien which CFD No. 100 shall cause to be recorded with the San Bernardino County Recorder as soon as practicable after execution of the Certificate to Amend by CFD No. 100. If based upon such Price Point Study the CFD Administrator calculates that the Total Tax Burden applicable to each Land Use Class of residential property constructed or to be constructed within CFD No. 100 does not exceed 1.95% of the Minimum Sale Price of each such Land Use Class of residential property constructed or to be constructed within CFD No. 100, then there shall be no reduction in the Assigned Facilities Special Tax, nor shall there be a reduction in the Backup Facilities Special Tax.

a. Developed Property

(1). Maximum Facilities Special Tax

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

(2). Assigned Facilities Special Tax

Residential Property shall be assigned to either Land Use Class 1 or Land Use Class 2, as identified in Table 1 below, based on the Product Type associated with such Assessor's Parcel. Non-Residential Property shall be assigned to Land Use Class 3. The Assigned Facilities Special Tax that shall be levied in any Fiscal Year for each Land Use Class is shown below in Table 1.

Table 1

**Assigned Facilities Special Tax for Developed Property
City of Fontana CFD No. 100 (Victoria)**

Land Use Class	Description	Product Type	Assigned Facilities Special Tax
1	Residential Property	Alley Load Product	\$2,348 per unit
2	Residential Property	Cluster Product	\$2,229 per unit
3	Non-Residential Property	NA	\$31,660 per Acre

(3). **Backup Facilities Special Tax**

The Backup Facilities Special Tax for an Assessor's Parcel of Developed Property shall equal the lesser of (a) \$37,240 per Acre, or (b) in connection with any reduction in the Assigned Facilities Special Tax as set forth in Section C.1 herein, the amount per Acre calculated pursuant to the formula below:

$$\text{BFST} = \text{AFST} \div \text{ATP}$$

These terms have the following meaning:

BFST = the reduced Backup Facilities Special Tax

AFST = The total estimated Assigned Facilities Special Tax levy for CFD No. 100 based on the reduced Assigned Facilities Special Taxes for Developed Property permitted pursuant to Section C.1 herein which could be levied on all expected development assuming Buildout of CFD No. 100.

ATP = The sum of the Acreage of all Taxable Property within a Final Subdivision (assuming Buildout) within CFD No. 100 (after excluding Public Property and Property Owner Association Property as set forth in Section E.1 herein) multiplied by 90%.

Furthermore, all Assessors' Parcels within CFD No. 100 shall be relieved simultaneously and permanently from the obligation to pay and disclose the Backup Facilities Special Tax if the CFD Administrator calculates that (i) the annual debt service required for the Outstanding Bonds, when compared to the Assigned Facilities Special Tax that shall be levied against all Assessors' Parcels of Developed Property in CFD No. 100 results in 110% debt service coverage (i.e., the Assigned Facilities Special Tax that shall be levied against all Developed Property in CFD No. 100 in each remaining Fiscal Year based on the then existing development is at least equal to the sum of (a) 1.10 times the debt service necessary to support the remaining Outstanding Bonds in each corresponding Fiscal Year, and (b) Administrative Expenses), and (ii) all authorized CFD No. 100 Bonds have already been issued or the Council has covenanted that it shall not issue any additional CFD No. 100 Bonds (except refunding bonds) to be supported by the Facilities Special Tax in CFD No. 100.

(4). **Multiple Land Uses**

In some instances an Assessor's Parcel may contain both Developed Property and Undeveloped Property. 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 May 1 of the prior Fiscal Year and the portion of the Assessor's Parcel for which building permits had not been issued prior to May 1 of the prior Fiscal Year.

Furthermore, Developed Property may contain more than one Land Use Class. In such cases, the Acreage that is considered Developed Property shall be allocated between Residential Property and Non-Residential Property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The Maximum Facilities Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Facilities Special Tax that can be levied on each type of property located on that Assessor's Parcel.

The CFD Administrator's allocation to each type of property shall be final.

b. Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property

The Maximum Facilities Special Tax for each Assessor's Parcel of Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property shall be \$37,240 per Acre and shall not be subject to escalation and shall therefore remain the same in every Fiscal Year.

2. Services Special Tax

For purposes of the Services Special Tax, an Assessor's Parcel(s) of Developed Property within a Final Residential Subdivision shall be assigned to Land Use Class 1 as identified in Table 2 and Table 3 below. Non-Residential Property shall be assigned to Land Use Class 2. Furthermore, the Services Special Tax levied against each Assessor's Parcel within a Final Residential Subdivision shall be based on the number of residential dwelling units for which building permits have been issued or are expected to be issued for such Assessor's Parcel, as determined by the CFD Administrator based on such Final Residential Subdivision of other available documents.

a. Maximum Services Special Tax

The Fiscal Year 2020-2021 Maximum Services Special Tax for each Land Use Class of Developed Property is shown below in Table 2.

Table 2

**Maximum Services Special Tax for Developed Property
City of Fontana CFD No. 100 (Victoria)
Fiscal Year 2020-2021**

Land Use Class	Description	Maximum Services Special Tax
1	Final Residential Subdivision	\$600 per unit
2	Non-Residential Property	\$8,340 per Acre

b. Assigned Services Special Tax

The Fiscal Year 2020-2021 Assigned Services Special Tax for each Land Use Class of Developed Property is shown below in Table 3.

Table 3

**Assigned Services Special Tax for Developed Property
City of Fontana CFD No. 100 (Victoria)
Fiscal Year 2020-2021**

Land Use Class	Description	Assigned Services Special Tax
1	Final Residential Subdivision	\$430 per unit
2	Non-Residential Property	\$5,980 per Acre

c. Increase in the Maximum Services Special Tax

On each July 1, commencing on July 1, 2021, the Maximum Services Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

d. Increase in the Assigned Services Special Tax

The Assigned Services Special Tax above shall be applicable for Fiscal Year 2020-2021, and shall increase thereafter, commencing on July 1, 2021, and on each July 1 thereafter in an amount estimated to fund the Special Tax Requirement for Services for the Fiscal Year commencing on such July 1. However, in no case shall the Assigned Services Special Tax for an Assessor's Parcel of Developed Property exceed the applicable Maximum Services Special Tax for such Assessor's Parcel of Developed Property in any Fiscal Year.

e. Multiple Land Uses

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. In such cases, the Acreage of Developed Property shall be allocated between Residential Property and Non-Residential Property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The Maximum Services Special Tax that can be levied on such Assessor's Parcel shall be the sum of the Maximum Services Special Tax that can be levied on each type of property located on that Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

1. Facilities Special Tax

Commencing with Fiscal Year 2021-2022, and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement for Facilities and shall provide for the levy of the Facilities Special Tax each Fiscal Year as follows:

First: The Facilities Special Tax shall be levied on each Assessor's Parcel of Developed Property in an amount equal to 100% of the applicable Assigned Facilities Special Tax;

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

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

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

Notwithstanding the above, the CFD Administrator shall, in any Fiscal Year, calculate a levy Proportionately less than 100% of the Assigned Facilities Special Tax in step one (above), when (i) the CFD Administrator is no longer required to provide for the levy of the Facilities Special Tax pursuant to steps two through four above in order to meet the Special Tax Requirement for Facilities; and (ii) all authorized CFD No. 100 Bonds have already been issued or the Council has covenanted that it shall not issue any additional CFD No. 100 Bonds (except refunding bonds) to be supported by the Facilities Special Tax.

Further notwithstanding the above, under no circumstances shall the Facilities Special Tax levied in any Fiscal Year against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued (in accordance with Section 53321(d)(3) of the California Government Code), be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 100 by more than ten percent above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. To the extent that the levy of the Facilities Special Tax on Residential Property is limited by the provision in the previous sentence, the levy of the Facilities Special Tax on each Assessor's Parcel of Non-Residential Property shall continue in equal percentages up to 100% of the applicable Maximum Facilities Special Tax.

2. Services Special Tax

Commencing with Fiscal Year 2021-2022 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement for Services and shall provide for the levy of the Services Special Tax until the total Services Special Tax levy equals the Special Tax Requirement for Services. The Services Special Tax shall be levied each Fiscal Year as follows:

First: The Services Special Tax shall be levied Proportionately each Fiscal Year on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Services Special Tax as needed to satisfy the Special Tax Requirement for Services;

Second: If additional monies are needed to satisfy the Special Tax Requirement for Services after the first step has been completed, then the levy of the Services Special Tax on each Assessor's Parcel of Developed Property shall be increased in equal percentages from the Assigned Services Special Tax up to the Maximum Services Special Tax for each such Assessor's Parcel.

E. EXEMPTIONS

1. Facilities Special Tax

No Facilities Special Tax shall be levied on up to 7.7 Acres of Public Property and/or Property Owner Association Property in CFD No. 100. Tax-exempt status shall be assigned by the CFD Administrator in the chronological order in which property in CFD No. 100 becomes Public Property or Property Owner Association

Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, it shall, from that point forward, be subject to the Facilities Special Tax.

Notwithstanding the above, an Assessor's Parcel in CFD No. 100 that is transferred to a public agency or property owner's association prior to the issuance of the first series of CFD No. 100 Bonds that causes the Acreage of Public Property and Property Owner Association Property to exceed the 7.7 Acreage limit that can be designated by the CFD Administrator under this Section E.1 shall also be exempted from paying the Special Tax.

Public Property or Property Owner Association Property that is not exempt from the Facilities Special Tax under this Section E.1 shall be subject to the levy of the Facilities Special Tax and shall be taxed Proportionately as part of the fourth step in Section D herein, at up to 100% of the applicable Maximum Facilities Special Tax for Taxable Public Property and Property Owner Association Property.

In addition, no Facilities Special Tax shall be levied on Lower Income Households Welfare Exemption Property, provided that if, in any Fiscal Year, applicable law does not require that an Assessor's Parcel that is Lower Income Households Welfare Exemption Property be exempt from the Facilities Special Tax, then the Facilities Special Tax shall be levied on such Assessor's Parcel in accordance with this Rate and Method of Apportionment as if such Assessor's Parcel were not classified as Lower Income Households Welfare Exemption Property.

2. Services Special Tax

No Services Special Tax shall be levied on Undeveloped Property, Taxable Public Property, Taxable Property Owner Association Property, Public Property, or Property Owner Association Property.

In addition, no Services Special Tax shall be levied on Lower Income Households Welfare Exemption Property, provided that if, in any Fiscal Year, applicable law does not require that an Assessor's Parcel that is Lower Income Households Welfare Exemption Property be exempt from the Services Special Tax, then the Services Special Tax shall be levied on such Assessor's Parcel in accordance with this Rate and Method of Apportionment as if such Assessor's Parcel were not classified as Lower Income Households 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. 100 may directly bill the Special Tax, and/or may collect Special Taxes at a different time or in a different manner if necessary to meet financial obligations, and, to the extent of the Facilities Special Tax, may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels.

G. APPEALS AND INTERPRETATIONS

Any landowner or resident who feels that the amount of the Special Tax levied on his/her Assessor's Parcel is in error may submit a written appeal to the CFD Administrator, provided that the appellant is current in his/her payment of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, a cash refund shall not be made (except for the last year of levy), but the amount of the Special Tax levied shall be appropriately modified through an adjustment to the Special Tax levy in the following Fiscal Year. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payment of Special Taxes. This second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

The CFD Administrator shall interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the CFD Administrator shall be subject to appeal to the Council whose decision shall be final and binding as to all persons.

H. PREPAYMENT OF FACILITIES SPECIAL TAX

Under this Rate and Method of Apportionment, an Assessor's Parcel within CFD No. 100 is permitted to prepay the Facilities Special Tax. The obligation of the Assessor's Parcel to pay the Facilities Special Tax may be fully or partially prepaid and permanently satisfied as described herein, provided that a prepayment may be made only for Assessor's Parcels of Developed Property, or for an Assessor's Parcel of Undeveloped Property for which a building permit has been issued after January 1, 2020, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Facilities 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 such owner a reasonable fee for providing this service. If there are Outstanding Bonds, prepayment must be made not less than 30 days prior to a date that notice of redemption of CFD No. 100 Bonds from the proceeds of such prepayment may be given by the Trustee pursuant to the Indenture that is specified in the report of the Facilities Special Tax Prepayment Amount (defined below).

The following additional definitions apply to this Section H:

"CFD Public Facilities Costs" means either \$5,605,000 in 2020 dollars, which shall increase by the Construction Inflation Index on July 1, 2021, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide funding for the Authorized Facilities under the authorized bonding program for CFD No. 100, or (ii) shall be determined by the Council concurrently with a covenant that it shall not issue any more CFD No. 100 Bonds (except refunding bonds) to be supported by the Facilities Special Tax levy under this Rate and Method of Apportionment.

"Construction Inflation Index" means the annual percentage change in the Engineering News Record Building Cost Index for the City of Los Angeles, measured as of the month of December in 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 Costs minus (i) costs of Authorized Facilities previously paid from the Improvement Fund, (ii) moneys currently on deposit in the Improvement Fund available to pay costs of Authorized Facilities, and (iii) the amount the CFD Administrator reasonably expects to derive from the reinvestment of these funds.

"Improvement Fund" means a fund or account specifically identified in the Indenture (or prior to the issuance of the first series of CFD No. 100 Bonds a fund or account held by the City) to hold funds which are currently available for expenditure to acquire or construct Authorized Facilities.

"Previously Issued Bonds" means, for any Fiscal Year, all Outstanding Bonds that are outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

1. Prepayment in Full

The Facilities Special Tax 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
less	Capitalized Interest Credit
Total: equals	Facilities Special Tax Prepayment Amount

As of the proposed date of prepayment, the Facilities Special Tax Prepayment Amount shall be calculated according to the following paragraphs:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Facilities Special Tax and Backup Facilities Special Tax for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property for which a building permit has been issued after January 1, 2020, compute the Assigned Facilities Special Tax and Backup Facilities 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 such Assessor's Parcel.
3. (a) Divide the Assigned Facilities Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Facilities Special Tax levy for CFD No. 100 based on the Assigned Facilities Special Taxes for Developed Property which could be levied on all expected development assuming Buildout of CFD No. 100, excluding any Assessor's Parcels which have been prepaid, and

(b) Divide the Backup Facilities Special Tax computed pursuant to paragraph 2 by the total estimated Backup Facilities Special Taxes at Buildout for the entire CFD No. 100, excluding any Assessor's Parcels which have been prepaid.
4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Previously Issued Bonds to compute the amount of Previously Issued Bonds to be redeemed (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (e.g., the redemption price minus 100%), if any, on the Previously Issued Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. 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 redemption date for the Previously Issued Bonds specified in the report of the Facilities Special Tax Prepayment Amount.

9. Determine the Facilities Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Facilities Special Tax Prepayment Amount, less any interest earnings attributed to the Future Facilities Amount, and less any interest earnings attributed to the Administrative Fees and Expenses (defined below) from the date of prepayment until the redemption date for the Previously Issued Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. The administrative fees and expenses of CFD No. 100 are as calculated by the CFD Administrator and include the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming CFD No. 100 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 Previously Issued 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 Previously Issued 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. No Reserve Fund Credit shall be granted if the amount then on deposit in the reserve fund for the Previously Issued Bonds is below 100% of the reserve requirement (as defined in the Indenture).
14. If any capitalized interest for the Previously Issued Bonds will not have been expended as of the date immediately following the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund or account under the Indenture after such first interest and/or principal payment date (the "Capitalized Interest Credit").
15. The Facilities Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Facilities Special Tax Prepayment Amount").

2. **Prepayment in Part**

The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = [(PE - A) \times F] + A$$

These terms have the following meaning:

PP = the partial prepayment.

PE = the Facilities Special Tax Prepayment Amount calculated according to Section H.1.

F = the percentage, expressed as a decimal, by which the owner of the Assessor's Parcel is partially prepaying the Facilities Special Tax.

A = the Administrative Fees and Expenses calculated according to Section H.1.

3. General Provisions Applicable to the Prepayment of Facilities Special Tax

(a). Use of the Facilities Special Tax Prepayment Amount

The Facilities Special Tax Prepayment Amount, less the Administrative Fees and Expenses calculated according to Section H.1 which shall be retained by CFD No. 100, and less the Future Facilities Amount calculated according to Section H.1 which shall be deposited into the Improvement Fund, shall be deposited into specific funds established under the Indenture, to fully or partially redeem as many Outstanding Bonds as possible, and, if amounts are less than \$5,000, to make debt service payments on the Outstanding Bonds.

(b). Full Prepayment of Facilities Special Tax

Upon confirmation of the payment of the current Fiscal Year's entire Facilities Special Tax obligation, the CFD Administrator shall remove the current Fiscal Year's Facilities Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid in accordance with Section H.1, the CFD Administrator shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Facilities Special Tax and the release of the Facilities Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Facilities Special Tax shall cease.

(c). Partial Prepayment of Facilities Special Tax

With respect to any Assessor's Parcel that is partially prepaid, the CFD Administrator shall (i) distribute or cause to be distributed the funds remitted to it according to Section H.3.(a) and (ii) indicate in the records of CFD No. 100 that there has been a partial prepayment of the Facilities Special Tax and that a portion of the Facilities Special Tax with respect to such Assessor's parcel, equal to the outstanding percentage $(1.00 - F)$ of the remaining Maximum Facilities Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D herein.

(d). Debt Service Coverage

Notwithstanding the foregoing, no prepayment of the Facilities Special Tax shall be allowed unless the amount of Facilities Special Tax that may be levied on Taxable Property (assuming Buildout) within CFD No. 100 in each future Fiscal Year (after excluding Public Property and Property Owner Association Property as set forth in Section E.1 herein), after the proposed prepayment, is at least equal to the sum of (i) 1.10 times the debt service necessary to support the remaining Outstanding Bonds in each corresponding Fiscal Year, and (ii) Administrative Expenses.

I. TERM OF SPECIAL TAX

The Facilities Special Tax shall be levied for a period not to exceed forty-five years commencing with Fiscal Year 2021-2022. The Services Special Tax shall be levied in perpetuity to fund the Special Tax Requirement for Services.

EXHIBIT A

CERTIFICATE TO AMEND FACILITIES SPECIAL TAX

CFD NO. 100 CERTIFICATE

1. Pursuant to Section C.1 of the Rate and Method of Apportionment (the “Rate and Method”) for City of Fontana Community Facilities District No. 100 (Victoria) (“CFD No. 100”), the Assigned Facilities Special Tax and the Backup Facilities Special Tax for Developed Property within CFD No. 100 has been reduced as described herein.

- (a) The information in Table 1 of the Rate and Method relating to the Assigned Facilities Special Tax for Developed Property within CFD No. 100 shall be modified as follows:

Land Use Class	Description	Product Type	Assigned Facilities Special Tax
1	Residential Property	Alley Load Product	\$[____] per unit
2	Residential Property	Cluster Product	\$[____] per unit
3	Non-Residential Property	NA	\$[____] per Acre

- (b) The Backup Facilities Special Tax for Developed Property, as stated in Section C.1.a.(3) of the Rate and Method, shall be reduced from \$37,240 per Acre to \$[____] per Acre:
2. The Assigned Facilities Special Tax and the Backup Facilities Special Tax for Developed Property may only be reduced prior to the first issuance of CFD No. 100 Bonds.
3. Upon execution of the certificate by CFD No. 100, CFD No. 100 shall cause an amended notice of Special Tax lien for CFD No. 100 to be recorded reflecting the reductions set forth herein.

All capitalized terms used herein shall have the meanings set forth in the Rate and Method.

By: _____ Date: _____
CFD Administrator

By execution hereof, the undersigned acknowledge, on behalf of CFD No. 100, receipt of this certificate and modification of the Rate and Method as set forth in this certificate.

CITY OF FONTANA COMMUNITY FACILITIES DISTRICT No. 100 (VICTORIA)

By: _____ Date: _____

APPENDIX B
APPRAISAL REPORT

APPENDIX C
UPDATED PRICE POINT STUDY

APPENDIX D
FORM OF OPINION OF BOND COUNSEL

APPENDIX E

GENERAL INFORMATION CONCERNING THE CITY OF FONTANA

This appendix sets forth general information about the City of Fontana (“Fontana”) including information with respect to its finances. The following information concerning Fontana, the County of San Bernardino (the “County”) and the State of California (the “State”) are included only for general background purposes. The Bonds are not obligations of the City, County or State or any political subdivision thereof and neither the faith and credit nor the taxing power of the City, County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds or any Additional Bonds

General

The City of Fontana encompasses approximately 42.4 square miles of land and has an estimated population in 2023 of approximately 213,851. The City is located 50 miles east of Los Angeles, and approximately 10 miles west of the cities of Riverside and San Bernardino. Founded in 1913, Fontana is the second largest city in San Bernardino County, and the 20th largest in the State. The Riverside-San Bernardino area is often referred to as Southern California’s “Inland Empire.” As one of the cities in the Inland Empire, Fontana is part of a region whose population base exceeds 4.4 million people.

The earliest recorded landowner in the Fontana area was Don Antonio Maria Lugo, who received a land grant in 1813. A second grant, in 1842, secured the land known as Rancho de San Bernardino for his sons. The Lugo sons sold a portion of their land, which included part of what is now Fontana, to a group of Mormon settlers in 1851. The Mormon settlers eventually returned to Salt Lake City, and the Semi-Tropical Land & Water Company gained control of the Rancho. Active development of the area, however, did not begin until the early 1900’s when the Fontana Development Company acquired the acreage and began a community called Rosena - a name that was changed to Fontana in 1913.

Fontana quickly became a diversified agricultural area, with citrus, grain, grapes, poultry, and swine being the leading agricultural commodities. The community faced a transition beginning in 1942 when the Fontana area was selected as the site for a steel mill. Fontana incorporated in 1952 and the area became Southern California’s leading producer of steel and steel related products.

The steel industry dominated the City’s economy from the time the mill was built until the mid-1980’s. In the late 1970’s, however, Kaiser Steel began to cut down on production and manpower, and the steel mill closed in 1984. The mill site, located outside of City limits, is in the process of being developed into an integrated community of transportation-related industrial, commercial and business park uses to take advantage of the site’s excellent highway and rail access. The plate steel and rolling mill plant was acquired by California Steel Industries, which continues to produce steel products. In addition, railroad and trucking operations and a number of industrial facilities and warehousing/distribution centers are located in Fontana because of its convenient geographical location and excellent transportation network.

Auto Club Speedway (formerly California Speedway) is a two-mile (3 km), low-banked, D-shaped oval superspeedway in unincorporated San Bernardino County which has hosted NASCAR racing annually since 1997. The track was also used for open wheel racing events until 2005. The racetrack is located near the former locations of Ontario Motor Speedway and Riverside International Raceway. The track is currently owned and operated by International Speedway Corporation and is the only track owned by ISC to have naming rights sold. The speedway is served by the nearby Interstate 10 and Interstate 15 freeways as well as a Metrolink station located behind the backstretch.

City Government

The City was incorporated as a general law city in 1952 and is governed by a Mayor and four council members elected by geographical district to serve four-year terms. The City operates under the Council - Manager form of government. Effective July 1, 2008, the Fontana City Council established the Fontana Fire Protection District, which is governed by the same members who comprise the City Council, and which provides fire and related services to the City and certain adjacent unincorporated areas by means of contract with the San Bernardino County Fire Department. The City Council appoints the City Manager who is responsible for the day-to-day administration of City business and the coordination of all departments of the City.

The City of Fontana provides police protection, street sweeping, park maintenance, building inspection, library, sewer, storm drain and sanitation services. Numerous hospitals and health care facilities are located near Fontana.

Population

Fontana has been one of the most rapidly growing cities in Southern California. The adopted 1990 General Plan calls for a careful balance of residential, commercial and industrial development to ensure a quality urban environment with a broad range of employment and housing opportunities.

The population in Fontana increased approximately 5.98% from 2014 to 2023. The population growth in the City, County and State is shown on the following chart.

POPULATION ESTIMATES City of Fontana, County of San Bernardino and State of California 2014-2023

<i>Year⁽¹⁾</i>	<i>City of Fontana</i>	<i>County of San Bernardino</i>	<i>State of California</i>
2014	201,790	2,094,951	38,556,731
2015	203,790	2,112,187	38,865,532
2016	205,180	2,122,579	39,103,587
2017	208,003	2,139,520	39,352,398
2018	209,113	2,150,017	39,519,535
2019	211,123	2,165,876	39,605,361
2020	211,519	2,175,424	39,648,938
2021	210,167	2,179,007	39,286,510
2022	212,616	2,180,777	39,078,674
2023	213,851	2,182,056	38,940,231

⁽¹⁾ January 1 estimate.

Source: State of California, Department of Finance.

Transportation

The City of Fontana is strategically located in the hub of surface, rail and air transportation facilities. Union Pacific and Burlington Northern/Santa Fe rail lines provide rail service to Fontana. Switch yards and multi-modal terminals are located nearby.

Major interstate freeways and state highways provide direct access to the City, making shipping and transportation to and from seaports, North American Free Trade Agreement ports of entry, and the rest of the nation highly dependable. Interstate 10 traverses the southern section of the City, Interstate 15 borders the western portion of the City, and Interstate 210, which is the extension of Route 30, opened in November 2002,

links the San Bernardino Valley with the San Fernando Valley and traverses the northern portion of the City. State freeways 57, 60 and 91 are minutes from Fontana.

The LA/Ontario International Airport is a medium-hub, full-service airport, which offers more than 70 daily flights to cities in the U.S., Mexico and Taiwan and is served by nine commercial carriers. The airport is owned and operated by Ontario International Airport Authority, a joint powers agency, and is served by AeroMexico, Alaska Airlines, American Airlines, Delta Air Lines, Southwest Airlines, United Airlines/United Express, US Airways and Volaris. Various airlines provide freight services at Ontario International Airport.

With approximately 570,000 square feet and 26 passenger gates within two terminals, Ontario International Airport is the Western States Regional Terminal for United Parcel Service. In 2022 approximately 5.7 million passengers used the airport and cargo shipments increased 9% from the pre-pandemic 2019. Over the first six months of 2022, total passenger volume was nearly 3 million, 12.4% greater than the first half of 2021. The passenger count included 2.8 million domestic travelers and 176,000 international passengers, increases of 9.5% and 94.4%, respectively. Ontario also ranks among the fastest recovering airports in the U.S. after the severe disruption in global air travel during the early months of the pandemic

Transit services are provided by Metrolink commuter rail service to Los Angeles with connections to the numerous surrounding cities provided by Omnitrans bus service, Dial-a-Ride, Yellow Cab Company and Bell Cab Company.

Education

Five school districts serve students in the City of Fontana. There are thirty public elementary schools, seven middle schools, five high schools, three alternative high schools, seven private elementary/middle schools, one School of Language Development and one adult school. Local colleges and universities include Universal Technical Institute of California Inc., Chaffey College, San Bernardino Valley College, California State University-San Bernardino, Riverside Community College, Westech College and the University of California-Riverside.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2017 through 2022 for the City, the County, the State and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE City of Fontana, San Bernardino County, State of California and United States 2017 through 2022⁽¹⁾

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment⁽²⁾</i>	<i>Unemployment⁽³⁾</i>	<i>Unemployment Rate (%)</i>
<u>2017</u>				
City of Fontana	96,800	92,200	4,600	4.8%
San Bernardino County	942,000	895,300	46,800	5.0
State of California	19,185,400	18,258,100	927,300	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
<u>2018</u>				
City of Fontana	98,400	94,600	3,800	3.9%
San Bernardino County	955,100	915,800	39,200	4.1
State of California	19,289,500	18,469,900	819,600	4.2
United States	162,075,000	155,761,000	6,314,000	3.9
<u>2019</u>				
City of Fontana	99,600	96,000	3,600	3.6%
San Bernardino County	967,100	929,800	37,400	3.9
State of California	19,413,200	18,617,900	795,300	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
<u>2020</u>				
City of Fontana	100,700	91,300	9,400	9.4%
San Bernardino County	974,700	880,900	93,800	9.6
State of California	18,971,600	17,047,600	1,924,000	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
<u>2021</u>				
City of Fontana	102,500	95,200	7,300	7.1%
San Bernardino County	992,200	918,600	73,600	7.4
State of California	18,973,420	17,586,300	1,387,100	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
<u>2022</u>				
City of Fontana	104,100	100,200	3,900	3.8%
San Bernardino County	1,008,500	967,200	41,300	4.1
State of California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

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

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

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2022 Benchmark.

Listed below are the major employers in the City.

CITY OF FONTANA - MAJOR EMPLOYERS – 2021

<i>Employer</i>	<i>Number of Employees</i>
Kaiser Permanente	7,642
Fontana Unified School District	6,665
Amazon.com Services LLC	3,145
Target Stores T 553	1,788
Kaiser Foundations Hospitals	1,783
St Bernardine Medical Center	1,775
Walmart #6060 DC Drop Yard	1,034
City of Fontana (includes part-time employees)	992
Walmart D C #6060	973
Saia Motor Freight Line LLC	402

Source: City of Fontana Fiscal Year Ending June 30, 2022 Annual Comprehensive Financial Report.

Listed below are the major employers in the County.

**PRINCIPAL EMPLOYERS
San Bernardino County
Fiscal Year 2021-22**

<i>Rank</i>	<i>Name of Business</i>	<i>Approximate No. of San Bernardino County Employees⁽¹⁾</i>	<i>Type of Business</i>
1	County of San Bernardino	5,000-9,999	Public Administration
2	Amazon	5,000-9,999	Electronic Commerce
3	Loma Linda University Medical Center	5,000-9,999	Medical Center
4	Stater Brothers	1,000-5,000	Grocery Store
5	Burlington Distribution Corp.	1,000-5,000	Retail
6	Environmental Systems Research	1,000-5,000	Software
7	FedEx Ground	1,000-5,000	Package Delivery
8	Inland Empire Health Plan	1,000-5,000	Insurance
9	San Antonio Community Hospital	1,000-5,000	Medical Center
10	San Manuel Resort & Casino	1,000-5,000	Casino

⁽¹⁾ Due to confidentiality of reporting number of employees, ranges have been provided.

Source: San Bernardino County Annual Comprehensive Financial Report for the year ending June 30, 2022.

Industries

Residents of the City find employment throughout the Riverside-San Bernardino-Ontario Labor Market Area. This labor market area, as defined for reporting purposes by the California Employment Development Department, has boundaries coterminous with those of Riverside and San Bernardino Counties. The following table sets forth certain employment data for the Riverside - San Bernardino-Ontario Metropolitan Statistical Area and the County for the period from 2018 through 2022.

RIVERSIDE-SAN BERNARDINO-ONTARIO METROPOLITAN STATISTICAL AREA INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Civilian Labor Force	2,045,200	2,075,200	2,095,800	2,125,300	2,160,600
Civilian Employment	1,957,500	1,991,200	1,888,900	1,968,700	2,071,200
Civilian Unemployment	87,700	84,000	206,900	156,600	89,400
Civilian Unemployment Rate	4.3%	4.0%	9.9%	7.4%	4.1%
 Total Farm	 1,521,100	 1,568,100	 1,509,900	 1,588,800	 1,674,200
Total Nonfarm	14,500	15,400	14,100	13,700	13,900
Total Private	1,506,600	1,552,700	1,495,800	1,575,100	1,660,300
Goods Producing	1,249,400	1,291,500	1,247,800	1,333,100	1,410,900
Mining & Logging	206,800	209,700	202,200	207,700	216,400
Construction	1,200	1,200	1,300	1,400	1,600
Manufacturing	105,200	107,200	104,900	110,100	115,200
Service Providing	100,400	101,300	96,000	96,100	99,600
Trade, Transportation & Utilities	1,299,800	1,343,100	1,293,700	1,367,400	1,443,900
Wholesale Trade	379,400	395,100	406,900	443,200	464,500
Retail Trade	66,100	67,700	65,600	67,400	69,700
Transportation, Warehousing & Utilities	181,200	180,700	168,800	177,000	180,600
Information	132,100	146,600	172,500	198,800	214,200
Financial Activities	11,400	11,500	9,600	9,700	10,200
Professional & Business Services	44,600	45,000	44,100	45,200	46,800
Educational & Health Services	151,400	157,900	154,800	169,400	179,100
Leisure & Hospitality	239,500	250,300	248,800	254,300	266,400
Other Services	170,600	175,900	141,300	160,200	179,600
Government	45,800	46,200	40,200	43,600	47,900
Total, All Industries	257,200	261,200	248,000	242,000	249,400

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

Source: State of California, Employment Development Department, March 2022 Benchmark.

Tax Levy and Tax Collection

Below is a chart which indicates the tax levy and collection records for the City for fiscal years 2013 through 2022.

<i>Fiscal Year</i>	<i>Percent of Levy Collected to Date</i>	<i>Total Tax Collections to Tax Levy to Date</i>
2013	98.37%	\$ 95,130,535
2014	101.55	100,966,890
2015	106.51	115,888,404
2016	101.77	116,422,050
2017	104.24	125,264,871
2018	106.48	135,757,922
2019	107.57	154,079,402
2020	103.19	160,025,650
2021	103.78	172,050,509
2022	106.23	188,891,255

Note: The amounts presented include City property taxes and the Former Redevelopment Agency of the City of Fontana (the "Redevelopment Agency") tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: City of Fontana Fiscal Year Ending June 30, 2022 Annual Comprehensive Financial Report.

Largest Taxpayers

The principal property taxpayers in the City for 2022 are as follows:

<i>Taxpayer</i>	<i>2022 Assessed Valuation</i>	<i>% of Total Assessed Valuation</i>
Duke Realty LP	\$ 190,372,678	0.79%
GLC Fontana LLC	168,685,357	0.70
San Gabriel Valley Water Company	144,589,954	0.60
Vintage Park East LLC	135,437,610	0.56
Target Corporation	129,474,525	0.54
Northwestern Mutual Life Insurance Co	110,338,280	0.46
Fairfield Potomac Club LLC	109,687,838	0.46
10824 Production Owner LLC	105,633,138	0.44
Citrus Avenue LLC	99,271,641	0.41
DCT Jurupa Ranch LLC	99,192,276	0.41
TOTAL:	\$1,292,683,297	5.38%

Source: City of Fontana Fiscal Year Ending June 30, 2022 Annual Comprehensive Financial Report.

Taxable Sales

The table below presents taxable sales for the years 2018 through 2022 for the City.

TAXABLE SALES
City of Fontana
2018 through 2022
(Dollars in Thousands)

<i>Year</i>	<i>Retail and Food Permits</i>	<i>Retail and Food Taxable Transactions</i>	<i>Total Permits</i>	<i>Total Outlets Taxable Transactions</i>
2018	3,944	\$2,650,007	5,597	\$3,596,721
2019	4,101	2,688,599	5,870	3,713,487
2020	4,467	2,768,279	6,543	3,637,153
2021	3,997	3,393,088	5,969	4,374,359
2022	4,209	3,538,573	6,197	4,783,415

Source: Taxable Sales in California, California Department of Tax and Fee Administration.

The table below presents taxable sales for the years 2018 through 2022 for the County.

TAXABLE SALES
San Bernardino County
2018 through 2022
(Dollars in Thousands)

<i>Year</i>	<i>Retail and Food Permits</i>	<i>Retail and Food Taxable Transactions</i>	<i>Total Permits</i>	<i>Total Outlets Taxable Transactions</i>
2018	39,837	26,905,784	61,838	40,554,024
2019	40,964	27,585,905	64,771	41,768,748
2020	44,330	28,745,277	71,145	43,265,512
2021	40,801	38,345,912	66,585	55,378,097
2022	41,690	40,003,128	68,480	59,745,218

Source: Taxable Sales in California, California Department of Tax and Fee Administration.

Personal Income

The following tables show the personal income and per capita personal income for the City, County, State of California and United States from 2015 through 2022.

PERSONAL INCOME⁽¹⁾ **City of Fontana, County of San Bernardino, State of California, and United States** **2015-2022**

<i>Year</i>	<i>City of Fontana</i>	<i>County of San Bernardino</i>	<i>California</i>	<i>United States</i>
2015	\$3,963,623	\$74,773,589	\$2,125,430,300	\$15,681,233,000
2016	4,013,591	77,868,801	2,218,457,800	16,092,713,000
2017	4,159,001	80,514,585	2,318,280,900	16,837,337,000
2018	4,444,518	83,915,091	2,431,773,900	17,687,054,000
2019	4,775,796	89,559,909	2,567,425,600	18,575,467,000
2020	5,061,439	99,313,293	2,790,523,500	19,812,171,000
2021		108,623,799	3,006,183,900	21,288,709,000
2022		n/a	3,018,471,100	21,804,787,500

Note: Dollars in Thousands.

Source: U.S. Department of Commerce, Bureau of Economic Analysis and City of Fontana Annual Comprehensive Financial Report for the year ending June 30, 2021.

PER CAPITA PERSONAL INCOME⁽¹⁾⁽²⁾ **City of Fontana, County of San Bernardino, State of California, and United States** **2015-2022**

<i>Year</i>	<i>City of Fontana</i>	<i>County of San Bernardino</i>	<i>California</i>	<i>United States</i>
2015	\$19,400	\$35,423	\$54,546	\$48,875
2016	19,122	36,618	56,560	49,613
2017	19,545	37,537	58,804	51,550
2018	20,965	38,849	61,508	53,786
2019	22,519	41,253	64,919	56,250
2020	23,763	45,499	70,643	59,763
2021		49,493	76,800	64,117
2022		n/a	77,339	65,423

⁽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: City of Fontana Comprehensive Annual Financial Report for the year ending June 30, 2022, Bureau of Economic Analysis for County, State and U.S.

Construction Trends

Below is a table indicating residential and non-residential building permits valuations for the City.

CITY OF FONTANA BUILDING PERMIT VALUATION (in thousands of dollars)

<i>Type</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
<u>Valuation (\$000's)</u>					
Residential:	\$ 145,610	\$ 241,481	\$ 311,547	\$ 216,978	\$ 211,710
Non-Residential:	<u>197,379</u>	<u>290,767</u>	<u>149,761</u>	<u>126,814</u>	<u>363,353</u>
Total Valuation:	\$ 342,989	\$ 532,248	\$ 461,308	\$ 343,792	\$ 575,063
 <u>New Housing Units:</u>					
Single Family	413	642	848	670	509
Multi Family	<u>85</u>	<u>202</u>	<u>234</u>	<u>382</u>	<u>562</u>
Total Units:	498	844	1,082	1,052	1,071

Note: Totals may not add to sums because of independent rounding.

Source: Construction Industry Research Board.

Recreation

The City of Fontana maintains over 40 parks, tot lots, sports facilities and other facilities in the community. The City of Fontana operates eight centers throughout the community. The Center Stage Theatre was originally built in 1937 as a single screen movie theatre and was remodeled in 2008 and re-opened as the premiere performing arts venue in the City of Fontana.

APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX G

FORM OF DISTRICT CONTINUING DISCLOSURE AGREEMENT

APPENDIX H

FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE

APPENDIX I

**INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY
AND ITS BOOK-ENTRY SYSTEM**

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as prepayments, 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 prepaid, 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 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.