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PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY __, 2023

NEW ISSUE – BOOK ENTRY ONLY

NOT RATED

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject however, to certain qualifications described in this Official Statement, under existing law, interest on the 2023 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. For tax years beginning after December 31, 2022, interest on the 2023 Bonds may affect the corporate alternative minimum tax for certain corporations. In the further opinion of Bond Counsel, interest on the 2023 Bonds is exempt from personal income taxation imposed by the State of California. See “TAX MATTERS.”

TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 16-01 (RORIPAUGH RANCH PHASE 2)

\$6,360,000*
**SPECIAL TAX BONDS,
SERIES 2023A**

\$2,459,275*
**SPECIAL TAX BONDS,
CAPITAL APPRECIATION SERIES 2023B**

Dated: Date of Issuance

Due: September 1, as shown on inside cover

The Temecula Public Financing Authority (the “Authority”), for and on behalf of the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) (the “District”), is issuing the above-captioned Special Tax Bonds, Series 2023A (the “Series 2023A Bonds”) and Special Tax Bonds, Capital Appreciation Series 2023B (the “Series 2023B Bonds” and collectively with the Series 2023A Bonds, the “2023 Bonds”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (constituting Section 53311 et seq. of the California Government Code) (the “Act”), and an Amended and Restated Fiscal Agent Agreement, dated as of March 1, 2023 (the “Fiscal Agent Agreement”), by and between the Authority, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”).

The 2023 Bonds are payable from the proceeds of an annual Special Tax (as defined in the Fiscal Agent Agreement) being levied on property located within the District and from certain funds pledged under the Fiscal Agent Agreement. The Special Tax is being levied according to a rate and method of apportionment of Special Taxes. See “SECURITY FOR THE 2023 BONDS—Special Taxes” and Appendix B – “Rate and Method.”

The 2023 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the 2023 Bonds. Individual purchases of the 2023 Bonds will be made in book-entry form only. See “THE 2023 BONDS—General Provisions” and Appendix G – “DTC and the Book-Entry Only System.”

Interest on the Series 2023A Bonds is payable on March 1 and September 1 of each year, commencing on September 1, 2023. The Series 2023B are being issued as capital appreciation bonds. The Series 2023B Bonds will not pay current interest, but will accrete interest at the Accretion Rate set forth on the inside cover from their date of issuance, such interest to be compounded semiannually on each March 1 and September 1, commencing September 1, 2023, with the Accreted Value of the Series 2023B Bonds payable solely at maturity or upon the earlier redemption thereof. See “THE 2023 BONDS—General Provisions.”

The 2023 Bonds are subject to redemption prior to maturity. See “THE 2023 BONDS—Redemption.”

The Authority has heretofore issued, for the District, its Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) 2017 Special Tax Bonds (the “2017 Bonds”), which 2017 Bonds are secured on a parity with the 2023 Bonds under the Fiscal Agent Agreement. The Authority may issue additional bonds for the District that would be secured by a lien on the Special Tax Revenues (as defined in the Fiscal Agent Agreement) and by funds pledged under the Fiscal Agent Agreement for the payment of the 2023 Bonds on a parity with the 2023 Bonds and the 2017 Bonds, but any such parity bonds must be Refunding Bonds (as defined in the Fiscal Agent Agreement). See “SECURITY FOR THE 2023 BONDS—Issuance of Additional Bonds.”

NONE OF THE FAITH AND CREDIT OF THE DISTRICT, THE AUTHORITY OR THE STATE OF CALIFORNIA OR OF ANY OF ITS POLITICAL SUBDIVISIONS IS PLEDGED TO THE PAYMENT OF THE 2023 BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE 2023 BONDS. THE 2023 BONDS ARE NEITHER GENERAL NOR SPECIAL OBLIGATIONS OF THE AUTHORITY, NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE AUTHORITY FOR THE DISTRICT, PAYABLE SOLELY FROM CERTAIN AMOUNTS PLEDGED THEREFOR UNDER THE FISCAL AGENT AGREEMENT, AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

This cover page contains certain information for quick reference only. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the 2023 Bonds. 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 discussed herein, in considering the investment quality of the 2023 Bonds.

MATURITY SCHEDULE (see inside cover)

The 2023 Bonds are offered when, as and if issued by the Authority for the District, subject to approval as to their legality by Quint & Thimmig LLP, Larkspur, California, Bond Counsel, and certain other conditions. Certain legal matters with respect to the 2023 Bonds will be passed upon for the Authority by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, in its capacity as general counsel to the Authority, and by Quint & Thimmig LLP, Larkspur, California, acting as Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the 2023 Bonds in definitive form will be available for delivery to DTC on or about March __, 2023.

STIFEL

The date of this Official Statement is February __, 2023.

* Preliminary, subject to change.

**TEMECULA PUBLIC FINANCING AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 16-01
(RORIPAUGH RANCH PHASE 2)**

\$6,360,000*
**SPECIAL TAX BONDS,
SERIES 2023A**

\$2,459,275*
**SPECIAL TAX BONDS,
CAPITAL APPRECIATION SERIES 2023B**

MATURITY SCHEDULE FOR THE SERIES 2023A BONDS

\$ _____ Serial Bonds; CUSIP Prefix: 87972⁽¹⁾

<u>Maturity Date</u> (September 1)	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> <u>Suffix</u> ⁽¹⁾
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\$ _____ % Term Bonds due September 1, _____ Price _____ to Yield _____ % CUSIP⁽¹⁾: 87972 _____
 \$ _____ % Term Bonds due September 1, _____ Price _____ to Yield _____ % CUSIP⁽¹⁾: 87972 _____

MATURITY SCHEDULE FOR THE SERIES 2023B BONDS

\$ _____ % Accretion Rate Term Bonds due September 1, 2053 Price _____ to Yield _____ % CUSIP⁽¹⁾: 87972 _____

* Preliminary, subject to change.

(1) Copyright American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the owners of the 2023 Bonds. Neither the Authority nor the Underwriter is responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2023 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2023 Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

The information contained in this Official Statement has been obtained from sources that are believed to be reliable. No representation, warranty or guarantee, however, is made by the Underwriter as to the accuracy or completeness of any information in this Official Statement, including, without limitation, the information contained in the Appendices, and nothing contained in this Official Statement should be relied upon as a promise or representation by the Underwriter.

Neither the Authority nor the Underwriter has authorized any dealer, broker, salesperson or other person to give any information or make any representations with respect to the offer or sale of the 2023 Bonds other than as contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by the Authority or the Underwriter. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2023 Bonds shall under any circumstances create any implication that there has been no change in the affairs of any party described in this Official Statement, or in the status of any property described in this Official Statement, subsequent to the date as of which such information is presented.

This Official Statement and the information contained in this Official Statement are subject to amendment without notice. The 2023 Bonds may not be sold, and no offer to buy the 2023 Bonds may be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the 2023 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

This Official Statement is not to be construed as a contract with the purchasers or owners of the 2023 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. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with a nationally recognized municipal securities depository.

When used in this Official Statement, in any continuing disclosure by the Authority, in any press release, or in any oral statement made with the approval of an authorized officer of the Authority or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

All summaries of the documents referred to in this Official Statement are qualified by the provisions of the respective documents summarized and do not purport to be complete statements of any or all of such provisions.

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 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 the completeness of such information."

In connection with the offering of the 2023 Bonds, the Underwriter may overallocate or effect transactions that stabilize or maintain the market prices of the 2023 Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the 2023 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

The 2023 Bonds have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption from the registration requirements contained in the Securities Act. The 2023 Bonds have not been registered or qualified under the securities laws of any state.

The City of Temecula maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

TEMECULA PUBLIC FINANCING AUTHORITY

Board of Directors

Zak Schwank, *Chair*
James Stewart, *Member*
Jessica Alexander, *Member*
Curtis Brown, *Member*
Brenden Kalfus, *Member*

Authority/City of Temecula Officials

Aaron Adams, *Executive Director and City Manager*
Luke Watson, *Deputy City Manager*
Jennifer Hennessy, *Authority Treasurer and City Director of Finance*
Patrick Thomas, *Director of Public Works and City Engineer*
Randi Johl, *Authority Secretary and City Clerk*

PROFESSIONAL SERVICES

Authority General Counsel and City Attorney

Richards, Watson & Gershon,
A Professional Corporation
Los Angeles, California

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Bond Counsel and Disclosure Counsel

Quint & Thimmig LLP
Larkspur, California

Special Tax Consultant and Dissemination Agent

Webb Municipal Finance, LLC
Riverside, California

Appraiser

Integra Realty Resources
Sacramento, California

Fiscal Agent

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

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CITY OF TEMECULA (Riverside County, California)

Regional Location Map



OFFICIAL STATEMENT

TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 16-01 (RORIPAUGH RANCH PHASE 2)

\$6,360,000*
SPECIAL TAX BONDS,
SERIES 2023A

\$2,459,275*
SPECIAL TAX BONDS,
CAPITAL APPRECIATION SERIES 2023B

INTRODUCTION

This introduction is not a summary of this Official Statement and 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 in this Official Statement. A full review should be made of the entire Official Statement by those interested in purchasing the 2023 Bonds. The sale and delivery of 2023 Bonds to potential investors is made only by means of the entire Official Statement. Certain capitalized terms used in this Official Statement and not defined herein have the meanings set forth in Appendix C – “Summary of the Fiscal Agent Agreement—Definitions” or in Appendix B – “Rate and Method.”

General

The purpose of this Official Statement, which includes the cover page, the inside cover page, the table of contents and the attached appendices (the “**Official Statement**”), is to provide certain information concerning the issuance of the above-captioned Special Tax Bonds, Series 2023A (the “**Series 2023A Bonds**”) and Special Tax Bonds, Capital Appreciation Series 2023B (the “**Series 2023B Bonds**” and collectively with the Series 2023A Bonds, the “**2023 Bonds**”). The 2023 Bonds are being issued by the Temecula Public Financing Authority (the “**Authority**”), for and on behalf of the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) (the “**District**”), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the “**Act**”) and an Amended and Restated Fiscal Agent Agreement, dated as of March 1, 2023 (the “**Fiscal Agent Agreement**”), by and between the Authority, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent (the “**Fiscal Agent**”). The net proceeds of the 2023 Bonds will be used to finance certain public infrastructure improvements authorized to be funded by the District. See “PLAN OF FINANCING.”

Authority for Issuance

General. The District was formed on April 26, 2016 under the authority of the Act, which 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. The Act authorizes local governmental entities to establish community facilities districts as legally constituted governmental entities within defined boundaries, with the legislative body of the local applicable governmental entity acting on behalf of the district. Subject to approval by at least a two-thirds vote of the votes cast by the qualified electors within a district and compliance with the provisions of the Act, the legislative body may authorize the issuance of bonds for the community facilities district established by it and may authorize the levy and collection of a special tax within the district to repay the bonds.

Bond Authority. The 2023 Bonds are authorized to be issued pursuant to the Act, a Resolution adopted on February 14, 2023 by the Board of Directors of the Authority (the “**Board of Directors**”) acting as the legislative body of the District, and the Fiscal Agent Agreement. For more detailed information about the formation of the District and the authority for issuance of the 2023 Bonds, see “THE DISTRICT—History of the District.”

The 2023 Bonds

General. The 2023 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), which will act as securities depository for the 2023 Bonds. See “THE 2023 BONDS—General Provisions – 2023 Bonds.”

Series 2023A Bonds. The Series 2023A Bonds will be issued only as fully registered bonds, in integral multiples of \$5,000, and will bear interest at the rates per annum and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. The Series 2023A Bonds will be dated the date of their issuance and interest on the 2023 Bonds will be payable on March 1 and September 1 of each year (individually an “**Interest Payment Date**”), commencing September 1, 2023. See “THE 2023 BONDS—General Provisions – The Series 2023A Bonds.”

Series 2023B Bonds. The Series 2023B Bonds will be issued only as fully registered bonds, in integral multiples of \$5,000 Maturity Value. The Series 2023B Bonds are being issued as capital appreciation bonds in the principal amount set forth on the inside cover page of this Official Statement, and will be dated the date of their issuance. The Series 2023B Bonds will not pay current interest, but will accrete interest from their date of issuance at the Accretion Rate also set forth on the inside cover page, such interest to be compounded semiannually on each March 1 and September 1, commencing September 1, 2023, with the Accreted Value of the Series 2023B Bonds payable solely at maturity or upon the earlier redemption thereof. See “THE 2023 BONDS—General Provisions – The Series 2023B Bonds.”

Redemption Prior to Maturity. The 2023 Bonds are subject to optional redemption, mandatory sinking payment redemption and mandatory redemption from Special Tax prepayments prior to their respective maturities. See “THE 2023 BONDS—Redemption.”

Application of 2023 Bond Proceeds

Proceeds of the 2023 Bonds will be used (a) to make a deposit to the Improvement Fund, (b) to make a deposit to the Reserve Fund for the Bonds (as defined below) to increase the amount therein to the amount of the Reserve Requirement as of the date of issuance of the 2023 Bonds, (c) to make a deposit to a Capitalized Interest Account to be used to pay interest on the Series 2023A Bonds due on September 1, 2023, and (d) to pay the costs of issuance of the 2023 Bonds. See “PLAN OF FINANCING—Estimated Sources and Uses of Funds.” The proceeds of the 2023 Bonds deposited to the Improvement Fund will be used to pay the costs of certain public infrastructure improvements (the “**Improvements**”) authorized to be funded by the District. See “THE DISTRICT—The Improvements.”

Parity Bonds

The Authority has heretofore issued its Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) 2017 Special Tax Bonds (the “**2017 Bonds**”), of which \$42,815,000 principal amount was issued and \$39,260,000 principal amount is outstanding. The 2017 Bonds were issued to finance public improvements

authorized to be funded by the District. See “THE DISTRICT—History of the District.” Except for the amount in the Capitalized Interest Account (which is to be used solely to pay interest on the 2023A Bonds due September 1, 2023), the 2017 Bonds are secured by a pledge of the Special Tax Revenues and amounts held in certain funds and accounts under the Fiscal Agent Agreement on a parity with the 2023 Bonds.

The Authority may in the future issue additional bonded indebtedness (future “**Parity Bonds**”) that is secured by a lien on the Special Tax Revenues and on the funds pledged under the Fiscal Agent Agreement on a parity with the 2017 Bonds and the 2023 Bonds, but any such Parity Bonds must be “**Refunding Bonds**,” as defined in the Fiscal Agent Agreement. See “SECURITY FOR THE 2023 BONDS—Issuance of Additional Bonds.” When used in this Official Statement, the term “**Bonds**” means, collectively, the 2017 Bonds, the 2023 Bonds and any future Parity Bonds that may be issued for the District.

Security for the 2023 Bonds

Pledge Under the Fiscal Agent Agreement. Pursuant to the Fiscal Agent Agreement, the Bonds are secured by a first pledge of all of the Special Tax Revenues (other than, in each Fiscal Year, up to the first \$50,000 of Special Tax Revenues that may be deposited into the Administrative Expense Fund) and all moneys deposited in the Bond Fund, the Reserve Fund and, until disbursed in accordance with the Fiscal Agent Agreement, in the Special Tax Fund. See “SECURITY FOR THE 2023 BONDS—General.” “**Special Tax Revenues**,” as defined in the Fiscal Agent Agreement, means the proceeds of the Special Taxes (as described under the subheading “Special Taxes; Rate and Method” below) received by the Authority, including any scheduled payments and any prepayments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but does not include penalties, if any, collected in connection with delinquent Special Taxes. The Special Tax Revenues and all moneys deposited into the Bond Fund, the Reserve Fund and the Special Tax Fund are dedicated to the payment of the principal of, and interest and any premium on, the Bonds in accordance with the Fiscal Agent Agreement until all of the Bonds have been paid or defeased. See “SECURITY FOR THE 2023 BONDS—Special Taxes” and Appendix B – “Rate and Method.”

Special Taxes; Rate and Method. The Special Taxes to be used to pay debt service on the Bonds will be levied on Taxable Property in the District in accordance with the Rate and Method of Apportionment of Special Tax, as described under the heading “SECURITY FOR THE 2023 BONDS—Summary of Rate and Method” (the “**Rate and Method**”). The term “**Special Taxes**”, when used in this Official Statement, means the **Special Tax A** levied on the Taxable Property within the District pursuant to the Rate and Method and the Fiscal Agent Agreement to fund the “**Special Tax A Requirement**,” which includes amounts needed to pay the debt service on the 2023 Bonds. The Rate and Method also allows for the levy of a **Special Tax B** to pay for certain municipal services authorized to be funded by the District, but the Special Tax B is not in any way pledged, and will not be used, to pay debt service on the Bonds. See “SECURITY FOR THE 2023 BONDS—Special Taxes,” and “—Summary of Rate and Method.”

With respect to the annual Special Tax levy on property in the District, the Special Tax levy on any parcel may not exceed the Maximum Special Tax rate applicable to such parcel. See “SECURITY FOR THE 2023 BONDS—Summary of Rate and Method – Maximum Special Taxes.” Also, under no circumstances may the Special Tax on a parcel in residential use be increased in any Fiscal Year as a consequence of the delinquency or default in payment of the Special Tax levied on another parcel or parcels by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such

delinquencies or defaults. See “SECURITY FOR THE 2023 BONDS—Summary of Rate and Method – Method of Apportionment.”

Limitations. Amounts in the Administrative Expense Fund, the Improvement Fund and the Costs of Issuance Fund, each of which is established under the Fiscal Agent Agreement, are not pledged to the repayment of the Bonds. A portion of the Special Taxes collected annually and to be deposited on a priority basis to the Administrative Expense Fund (see clause (i) of the second paragraph under “SECURITY FOR THE 2023 BONDS—Special Tax Fund”) is not pledged to the repayment of the Bonds. The Improvements are not pledged as collateral for the Bonds. The Special Tax B and the proceeds of condemnation or destruction of any of the Improvements are not pledged to pay the debt service on the Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to repay the Bonds are amounts held by the Fiscal Agent under the Fiscal Agent Agreement in the Bond Fund, the Reserve Fund, and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund, as well as certain proceeds, if any, from foreclosure sales of parcels with delinquent Special Taxes. See “SECURITY FOR THE 2023 BONDS-General.”

Reserve Fund

The Fiscal Agent Agreement established a Reserve Fund to be held by the Fiscal Agent as a reserve for the payment of principal of and interest on the Bonds. The Reserve Fund is required to be funded in an amount equal to the least of (i) Maximum Annual Debt Service on the Outstanding Bonds, (ii) 125% of average Annual Debt Service on the Outstanding Bonds, or (iii) 10% of the sum of the principal amount of the then Outstanding 2017 Bonds, the principal amount of the then Outstanding Series 2023A Bonds, and of the initial principal amount of the then Outstanding Series 2023B Bonds (the “**Reserve Requirement**”). The Reserve Fund will be available to pay debt service on the Bonds in the event that there is a shortfall in the amount in the Bond Fund to pay such debt service. The Reserve Requirement as of the date of issuance of the 2023 Bonds will be \$_____. A portion of the proceeds of the 2023 Bonds in the amount of \$_____ will be deposited to the Reserve Fund which amount, together with funds already on deposit in the Reserve Fund, will increase the amount on deposit therein to the amount of the Reserve Requirement as of the date of issuance of the 2023 Bonds. See “SECURITY FOR THE 2023 BONDS—Reserve Fund” and Appendix C – “Summary of Certain Provisions of the Fiscal Agent Agreement – Funds and Accounts – Reserve Fund.”

The Authority

The Authority was formed on April 10, 2001, pursuant to a Joint Exercise of Powers Agreement (the “**JPA Agreement**”) between the City and the former Redevelopment Agency of the City of Temecula (the “**Agency**”), in accordance with Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The JPA Agreement was amended in May of 2016 to provide for the withdrawal of the Successor Agency to the Agency as a member of the Authority, and to add the Temecula Community Services District and the Temecula Housing Authority as members of the Authority. See “THE AUTHORITY.”

The District

The District was formed by the Board of Directors pursuant to proceedings conducted under the Act on April 26, 2016 and an election held on that date wherein the two then owners of the property in the District voted in favor of the formation of the District, the levy of the Special Tax A and the Special Tax B on the property in the District and the issuance of up to \$60,000,000 principal amount of special tax bonds payable from the Special Tax A. See “THE

DISTRICT—History of the District.” The proceeds of the Special Tax B, which will not be available to pay the debt service on the 2023 Bonds, are being used to pay costs of services eligible to be funded by the District, which include various municipal services ranging from public safety services, to maintenance of landscaping in public areas, maintenance of sidewalks and roadways, signage, storm drains, and street lighting and traffic signals, all related to the property in the District.

The District is located in the far northern portion of the City, and includes approximately 281.54 acres of residential land and one commercial parcel in an area of the City currently identified as “Sommers Bend” (formerly known as Phase Two of the Roripaugh Ranch development). Sommers Bend, with 612.6 gross acres, is expected to include at buildout 1,445 homes and one commercial development on the 281.54 acres in the District, as well as a 21.3 acre sports park and 7.1 acres of private recreation areas that include clubhouses, fitness centers, pools and childrens play areas, along with 226.8 acres of open space including equestrian, biking and nature trails. The construction of the sports park and the neighborhood and recreational parks have been completed, and home construction is ongoing. See “THE DISTRICT—Sommers Bend.”

The Taxable Property in the District includes property for 861 single family homes being developed by Woodside 05S, LP, a California limited partnership (referred to in this Official Statement as the “**Primary Developer**”), property for 259 single family homes being developed by Taylor Morrison of California, LLC, a California limited liability company (referred to in this Official Statement as “**Taylor Morrison**”), property for 193 single family homes being developed by Richmond American Homes of Maryland, Inc., a Maryland corporation (referred to in this Official Statement as “**Richmond American**,” and together with Taylor Morrison referred to in this Official Statement as the “**Merchant Builders**”), property for 132 single family homes being developed by Wingsweep Corporation, and property for commercial development owned by Wingsweep Corporation. Of the property for the 861 lots being developed by the Primary Developer, property for 57 homes are owned by SHAWOOD COMMUNITIES, LLC, a California limited liability company (referred to in this Official Statement as “**SHAWOOD**”), an affiliate of the Primary Developer. For additional information regarding the Primary Developer, SHAWOOD, the Merchant Builders and Wingsweep Corporation, see “THE DISTRICT—The Primary Developer, the Merchant Builders and Wingsweep Corporation.”

The following table shows the status of development of the property in the District as of the September 12, 2022 date of value of the Appraisal Report (see “INTRODUCTION—Land Valuation” and “THE DISTRICT—Property Values”), and as of December 1, 2022, with the information as provided by the Primary Developer, the Merchant Builders and Wingsweep Corporation.

Summary of Status of Development in the District

	At September 12, 2022	At December 1, 2022
Primary Developer:		
lots with homes sold and conveyed to homebuyers	206	206
lots with completed homes	0	7
lots with model homes	11	11
lots with homes under construction	96	89
lots with construction not yet started ⁽¹⁾	<u>548</u>	<u>548</u>
Total Lots	861	861
Taylor Morrison:		
lots with homes sold and conveyed to homebuyers	134	160
lots with model homes	8	8
lots with homes under construction	43	21
lots with construction not yet started	<u>74</u>	<u>70</u>
Total Lots	259	259
Richmond American:		
lots with homes sold and conveyed to homebuyers	161	184
lots with model homes	3	3
lots with homes under construction	<u>29</u>	<u>6</u>
Total Lots	193	193
Wingsweep Corporation:		
lots with construction of homes not yet started	132	132
lots for commercial development	<u>1</u>	<u>1</u>
Total Lots	133	133

(1) Includes 57 lots owned by SHAWOOD and to be developed by the Primary Developer.

Note that, at present, two of the County Assessor’s parcels of property in the District owned by the Primary Developer are expected to be subdivided into 14 parcels for development with 374 units, and 5 of the County Assessor’s parcels of property in the District owned by Wingsweep Corporation are expected to be subdivided into 132 parcels for development with 132 units, so that as of each date in the Table above, there were a total of 939 subdivided parcels for home construction and 1 parcel for commercial development in the District.

For additional information on the status of development of the property in the District, see “THE DISTRICT—Sommers Bend” and for additional information regarding the Primary Developer, the Merchant Builders and Wingsweep Corporation, see “THE DISTRICT—The Primary Developer, the Merchant Builders and Wingsweep Corporation.” See also “SPECIAL RISK FACTORS—Concentration of Ownership.”

Land Valuation

As of September 12, 2022, the District included a total of 939 subdivided lots for single family homes, and an additional possible future 507 lots; 506 for single family homes and 1 for commercial development, if 6 of the 7 unsubdivided lots are subsequently subdivided, as currently planned all of which are and are expected to be, as applicable, subject to the Special Tax securing the repayment of the Bonds (the “**Taxable Property**”). As of that date, there were 303 homes that had been sold to homebuyers and had County assessed values. Integra Realty Resources, Sacramento, California (the “**Appraiser**”) has prepared an Appraisal Report dated October 11, 2022 (the “**Appraisal Report**”) with a valuation date of September 12, 2022, estimating the market value of the other 636 subdivided lots and planned additional 507 lots within the District that are to be subject to the Special Tax securing the 2023 Bonds (the “**Appraised Property**”). The Appraiser concluded in the Appraisal Report that the market value

of the Appraised Property as of September 12, 2022 was \$293,931,000, subject to a specific extraordinary assumption and a specific hypothetical assumption, among other assumptions, in the Appraisal Report. See “THE DISTRICT—Property Values.” The appraised value of the Appraised Property in the District, as reflected in the Appraisal Report, when combined with the County Assessor’s aggregate \$207,046,283 assessed value of the 303 parcels with homes sold to homebuyers and that had County assessed values as of September 12, 2022 (for a total valuation of \$500,977,283), is approximately 10.42* times the aggregate of the \$8,819,275* initial principal amount of the 2023 Bonds and the \$39,260,000 outstanding principal amount of the 2017 Bonds.

On January 6, 2023, the Appraiser provided a letter to the Authority (the “**Update Letter**”) to the effect that the value of the Appraised Property in the District as of December 1, 2022 was not less than the value of the Appraised Property as of the September 12, 2022 date of value in the Appraisal. The Update Letter attributed the December 1, 2022 consideration of value to increased expenditures for infrastructure improvements and additional home construction in the District as a whole that occurred after September 12, 2022; however, certain parcels of the Appraised Property in the District that did not have additional development may have decreased in value since September 12, 2022. The Appraisal Report and the Update Letter, complete copies of which are set forth in Appendix H to this Official Statement, are subject to various assumptions and limiting conditions, and the Appraisal Report and the Update Letter should be read in their entirety by prospective purchasers of the 2023 Bonds. See also “THE DISTRICT—Property Values” and “SPECIAL RISK FACTORS—Property Value.”

The value of individual parcels of the Taxable Property varies significantly, and no assurance can be given that should Special Taxes levied on one or more of the parcels become delinquent, and should the delinquent parcels be offered for sale at a judicial foreclosure sale, that any bid would be received for the property or, if a bid is received, that such bid would be sufficient to pay such parcel’s delinquent Special Taxes. See “THE DISTRICT—Value-to-District Lien Ratios,” “SPECIAL RISK FACTORS—Property Value” and “SPECIAL RISK FACTORS—Insufficiency of Special Taxes.”

Limited Obligation

Although the unpaid Special Taxes constitute liens on parcels within the District on which they are levied, they do not constitute a personal indebtedness of the property owners. There is no assurance that the current or subsequent owners of Taxable Property in the District will be financially able to pay the Special Taxes levied on their property in the District, or that they will pay the Special Taxes even though financially able to do so.

NONE OF THE FAITH AND CREDIT OF THE DISTRICT, THE AUTHORITY OR THE STATE OF CALIFORNIA OR OF ANY OF ITS POLITICAL SUBDIVISIONS IS PLEDGED TO THE PAYMENT OF THE 2023 BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE 2023 BONDS. THE 2023 BONDS ARE NEITHER GENERAL NOR SPECIAL OBLIGATIONS OF THE AUTHORITY, NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE AUTHORITY FOR THE DISTRICT PAYABLE SOLELY FROM CERTAIN AMOUNTS PLEDGED THEREFOR UNDER THE FISCAL AGENT AGREEMENT, AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

* Preliminary, subject to change.

Bondowners' Risks

Certain events could affect the ability of the Authority to pay the principal of and interest on, and Accreted Value of, as applicable, the 2023 Bonds when due. Except for the Special Taxes, no other taxes are pledged to the payment of the 2023 Bonds. See "SPECIAL RISK FACTORS" for a discussion of certain factors that should be considered in evaluating an investment in the 2023 Bonds. The purchase of the 2023 Bonds involves significant risks, and the 2023 Bonds are not appropriate investments for all types of investors. See "SPECIAL RISK FACTORS."

Continuing Disclosure

For purposes of complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), the Authority and the Primary Developer have agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board (the "MSRB") certain annual financial information and other information. The Authority and the Primary Developer each have further agreed to provide notice of certain enumerated events, and the Primary Developer has agreed to provide mid-year reports with certain limited information. The Primary Developer's annual, mid-year and enumerated event reporting obligations will terminate if and when the Primary Developer and any affiliate thereof, or successor thereto, owns parcels in the District that are subject to less than twenty percent (20%) of the annual Special Tax levy. These covenants have been made in order to assist the Underwriter in complying with the Rule. See "CONTINUING DISCLOSURE," and Appendices E and F for a description of the specific nature of the reports and notices of significant events, as well as the terms of the Continuing Disclosure Agreements of the Authority and the Primary Developer, respectively, pursuant to which such reports and notices are to be made.

Other Information

This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change without notice. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Authority on behalf of the District.

Copies of the Fiscal Agent Agreement and certain other documents referenced in this Official Statement are available for inspection at the office of, and (upon written request and payment to the Authority of a charge for copying, mailing and handling) are available for delivery from, the Director of Finance, City of Temecula, 41000 Main Street, Temecula, California 92590.

PLAN OF FINANCING

Overview

General. The primary purpose of the 2023 Bonds is to provide funds to pay costs of certain of the Improvements authorized to be funded by the District. Proceeds of the 2023 Bonds will also be used to make a deposit to a Capitalized Interest Account, to make a deposit to a Reserve Fund for the 2023 Bonds and the 2017 Bonds, and to pay costs of issuance of the 2023 Bonds.

Funding for Improvements. The Authority, for and on behalf of the District, entered into an Acquisition Agreement with Roripaugh Valley Restoration, LLC ("RVR"), dated as of March

1, 2017 (the “**Acquisition Agreement**”), pursuant to which the Authority has agreed to use amounts in an improvement fund for a community facilities district formed over the Roripaugh Ranch development in the City that is not in the District, as well as proceeds of the 2017 Bonds and of the 2023 Bonds to pay the costs of specified public infrastructure improvements, including specified improvements the construction of which was necessitated by development occurring in the District (referred to in this Official Statement as the “**Improvements**”). The Primary Developer assumed the obligations of RVR under the Acquisition Agreement in 2018, and the Acquisition Agreement was amended on March 9, 2022 and on September 27, 2022 in connection with priorities for the construction of certain of the Improvements. See “THE DISTRICT—The Improvements.”

The Authority estimates that the total projected costs of the Improvements eligible to be funded by the District is \$16,946,000. As of December 15, 2022, there was approximately \$6,801,542 on deposit in the Improvement Fund from proceeds of the 2017 Bonds and investment earnings thereon available to pay costs of the Improvements, which funds, together with proceeds of the 2023 Bonds, will be available to pay costs of the Improvements. To date, there have been no funds drawn from the Improvement Fund to pay costs of Improvements. For more information on the Improvements, see “THE DISTRICT—The Improvements.”

Proceeds of the 2023 Bonds to be deposited to the Improvement Fund and the amount on deposit therein from the proceeds of the 2017 Bonds are not expected to be sufficient to pay costs of all of the Improvements. Under the Acquisition Agreement, costs of Improvements in excess of the proceeds of the 2023 Bonds and proceeds of the 2017 Bonds in the Improvement Fund are the responsibility of the Primary Developer; however the Primary Developer has an agreement with Wingsweep Corporation to share cost of development of the property in the District with 90% of such costs to be paid by the Primary Developer and 10% of such costs to be paid by Wingsweep Corporation. See “THE DISTRICT—The Improvements.” The amounts in the Improvement Fund are not available to make payments on the 2023 Bonds.

Estimated Sources and Uses of Funds

The sources and uses of funds in connection with the 2023 Bonds are expected to be as follows:

Principal amount of 2023 Bonds	\$
Less (Plus): Original Issue Discount (Premium)	
Less: Underwriter’s Discount	_____
Total Sources	\$
Deposit to Improvement Fund ⁽¹⁾	
Deposit to Reserve Fund ⁽²⁾	
Deposit to Costs of Issuance Fund ⁽³⁾	
Deposit to the Capitalized Interest Account ⁽⁴⁾	_____
Total Uses	\$

-
- (1) To be used to pay costs of the Improvements. See “PLAN OF FINANCING—Overview – Funding for Improvements” and “THE DISTRICT—The Improvements.”
- (2) An amount, when added to the amount already on deposit in the Reserve Fund, will result in the amount in the Reserve Fund being equal to the Reserve Requirement as of the date of issuance of the 2023 Bonds. See “SECURITY FOR THE 2023 BONDS—Reserve Fund.”
- (3) Costs of issuance include, without limitation, Fiscal Agent fees and expenses, Municipal Advisor fees and expenses, the fees and expenses of Bond Counsel, Disclosure Counsel and Counsel to the Authority, printing costs and other costs related to the issuance of the 2023 Bonds.
- (4) To be used to pay interest on the 2023A Bonds due on September 1, 2023.

THE 2023 BONDS

Authority for Issuance

The 2023 Bonds are authorized to be issued pursuant to the Act, a Resolution adopted on February 14, 2023, by the Board of Directors, acting as the legislative body of the District, and the Fiscal Agent Agreement. The Special Taxes to be used to pay debt service on the 2023 Bonds are being levied in accordance with the Rate and Method.

General Provisions

2023 Bonds. The 2023 Bonds will be payable both as to principal and interest, or Accreted Value, as applicable, and as to any premium upon the redemption thereof, in lawful money of the United States of America. The principal and Accreted Value, as applicable, of the 2023 Bonds and any premium due upon the redemption thereof will be payable upon presentation and surrender at the principal corporate trust office of the Fiscal Agent. Interest on each 2023 Bond will be computed using a year of 360 days comprised of twelve 30-day months. The Fiscal Agent Agreement provides that, in any case where the date of the payment of debt service on the 2023 Bonds or the date fixed for redemption of any 2023 Bonds is other than a Business Day, the payment of debt service or the redemption need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue or accrete, as applicable, on the 2023 Bonds for the period from and after such date.

The 2023 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the 2023 Bonds. Individual purchases of the 2023 Bonds will be made in Authorized Denominations in book-entry form only. Purchasers of the 2023 Bonds will not receive physical certificates representing their ownership interests in the 2023 Bonds purchased. Principal and interest payments represented by the 2023 Bonds are payable directly to DTC by the Fiscal Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the 2023 Bonds. See Appendix G – “DTC and the Book-Entry Only System.” **So long as the 2023 Bonds are registered in the name of Cede & Co., as nominee of DTC, references in this Official Statement to the owners of the 2023 Bonds shall mean Cede & Co., and shall not mean the purchasers or Beneficial Owners of the 2023 Bonds.**

The Series 2023A Bonds. The Series 2023A Bonds will be issued only as fully registered bonds, in denominations of \$5,000 and integral multiples thereof, and will bear interest at the rates per annum and will mature on the dates set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Series 2023A Bonds will be dated the date of their issuance and interest will be payable on each Interest Payment Date, commencing September 1, 2023.

Each Series 2023A Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or (b) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (c) it is authenticated on or before August 15, 2023, in which event it will bear interest from the date of issuance of the Series 2023A Bonds; provided, however, that if, as of the date of authentication of any Series 2023A Bond interest thereon is in default, such

Series 2023A Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. “**Record Date**” is defined in the Fiscal Agent Agreement as the fifteenth day of the month next preceding the month of the applicable Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

The Series 2023B Bonds. The Series 2023B Bonds will be issued only as fully registered capital appreciation bonds, in the denomination of \$5,000 Maturity Value or any integral multiple of \$5,000 in excess thereof (except that one Series 2023B Bond may be in a denomination equal to the Maturity Value of all of the outstanding Series 2023B Bonds). Interest on the Series 2023B Bonds will compound on each Interest Payment Date at the Accretion Rate set forth on the inside cover of this Official Statement, with interest payable solely at maturity or upon earlier redemption. The Series 2023B Bonds will be dated the date of their issuance.

The term “**Maturity Value**” is defined in the Fiscal Agent Agreement as the Accreted Value of the Series 2023B Bonds as of the maturity date thereof. The term “**Accreted Value**” is defined in the Fiscal Agent Agreement with respect to any Series 2023B Bond, as of the date of calculation, the Denominational Amount thereof, plus Accreted Interest thereon at the applicable Accretion Rate to such date of calculation, compounded semiannually on each Interest Payment Date following their issuance, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months. The term “**Denominational Amount**” is defined in the Fiscal Agent Agreement as the initial principal amount of the respective Series 2023B Bond. The Accreted Values of the Series 2023B Bonds per \$5,000 Maturity Value as of each March 1 and September 1 are set forth in Appendix I.

Redemption

Optional Redemption. The Series 2023A Bonds maturing on or after September 1, ____, are subject to optional redemption prior to their stated maturities on any Interest Payment Date occurring on or after September 1, ____, as a whole or in part in an amount equal to \$5,000 or any integral multiple thereof, upon payment from any source of funds available for that purpose, at a redemption price equal to the principal amount of the 2023 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Series 2023B Bonds are subject to optional redemption prior to their stated maturity on any Interest Payment Date occurring on or after September 1, ____, as a whole, or in part in amounts of \$5,000 Maturity Value or any integral multiple thereof among maturities so as to maintain substantially level Debt Service on the Bonds, and by lot within a maturity, at a redemption price equal to the then Accreted Value of the 2023B Bonds to be redeemed, without premium.

Mandatory Sinking Payment Redemption. The Series 2023A Bonds maturing on September 1, ____, are subject to mandatory sinking payment redemption in part on September 1, ____, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Redemption Date
(September 1)

Sinking Payments

The Series 2023A Bonds maturing on September 1, ____, are subject to mandatory sinking payment redemption in part on September 1, ____, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

Redemption Date
(September 1)

Sinking Payments

The Series 2023B Bonds maturing on September 1, 2053, are subject to mandatory sinking payment redemption in part on September 1, ____, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to the then Accreted Value thereof to be redeemed, without premium, from sinking payments as follows:

Redemption Date
(September 1)

Accreted Value of
Sinking Payments

The amounts in the foregoing tables will be reduced as a result of any prior partial redemption of the 2023 Bonds pursuant to the optional redemption or redemption from Special Tax prepayments provisions of the Fiscal Agent Agreement, as specified in writing by the Authority's Treasurer to the Fiscal Agent.

Mandatory Redemption From Special Tax Prepayments. The 2023 Bonds are subject to mandatory redemption prior to their stated maturity on any March 1 or September 1, from the proceeds of Special Tax Prepayments and corresponding transfers of funds from the Reserve Fund (as described below under “SECURITY FOR THE 2023 BONDS—Reserve Fund”), as a whole or in part in an amount equal to \$5,000 or any integral multiple thereof with respect to the Series 2023A Bonds, or \$5,000 Maturity Value or any integral multiple thereof with respect to the Series 2023B Bonds, at a redemption price (expressed as a percentage of the principal amount of the Series 2023A Bonds to be redeemed or the Accreted Value as of the redemption date of the Series 2023B Bonds to be redeemed, as applicable), as set forth below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
any March 1 or September 1 from September 1, 2023 to and including March 1, 2025	103%
September 1, 2025 and March 1, 2026	102
September 1, 2026 and March 1, 2027	101
September 1, 2027 and any March 1 or September 1 thereafter	100

In 2022, there were partial prepayments by the Primary Developer of Special Taxes for 29 parcels in one of the Planning Areas located in the District in order for those parcels to have an overall projected annual tax rate, including ad valorem taxes and other taxes and public agency assessments, of 1.60%, which prepayments resulted in a redemption of \$400,000 of the 2017 Bonds on September 1, 2022. To date, no other prepayment of Special Taxes have been made by the owners of the Taxable Parcels in the District, and the Primary Developer and the Merchant Builders have advised that they have no current plans to make any partial or full prepayments of Special Taxes. No assurance can be given, however, that additional prepayments of Special Taxes levied on the Taxable Property will not occur in the future, which would result in a redemption to 2023 Bonds prior to their maturity. See “SECURITY FOR THE 2023 BONDS—Summary of Rate and Method – Prepayment in Full,” and “—Prepayment in Part” and “SPECIAL RISK FACTORS—Potential Early Redemption of 2023 Bonds from Special Tax Prepayments.”

Purchase of 2023 Bonds In Lieu of Redemption. In lieu of redemption as described above, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2023 Bonds, upon the filing with the Fiscal Agent of an Officer’s Certificate requesting such purchase prior to the selection of 2023 Bonds for redemption, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer’s Certificate may provide, but (i) in no event may Series 2023A Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Series 2023A Bonds were redeemed in accordance with the Fiscal Agent Agreement, and (ii) in no event may Series 2023B Bonds be purchased at a price in excess of the Accreted Value thereof as of the date of purchase.

Selection of 2023 Bonds for Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2023 Bonds (other than pursuant to the mandatory sinking payment redemption provisions of the Fiscal Agent Agreement), the Fiscal Agent will select the 2023 Bonds to be redeemed from among the maturities of the 2023 Bonds or such given portion thereof not previously redeemed as directed by the Treasurer (who shall specify 2023 Bonds to be redeemed so as to maintain substantially level debt service on the Bonds) and within a maturity by lot in any manner which the Fiscal Agent deems appropriate.

Notice of Redemption. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, or by such other means as is acceptable to the recipient thereof, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and to the respective registered Owners of any 2023 Bonds designated for redemption, at their addresses appearing on the Bond registration books maintained by the Fiscal Agent; but such mailing is not a condition precedent to redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2023 Bonds. The redemption notice will state the redemption date and the redemption price and, if less than all of the then Outstanding 2023 Bonds are to be called for redemption, will designate the CUSIP numbers and, if applicable, Bond numbers of the 2023 Bonds to be redeemed by giving the individual CUSIP number and, if applicable, Bond number of each Bond to be redeemed or if Bond numbers have been assigned by the Fiscal Agent to the 2023 Bonds will state that all 2023 Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the 2023 Bonds of one or more maturities have been called for redemption, will state as to any Bond called in part the principal amount thereof to be redeemed, and will require that such 2023 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and will state that further interest on such 2023 Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any redemption of the 2023 Bonds pursuant to the redemption provisions described above under “– Optional Redemption” the notice of redemption may state that the redemption is conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the 2023 Bonds on the anticipated redemption date, and that the redemption will not occur if by no later than the scheduled redemption date sufficient moneys to redeem the 2023 Bonds have not been deposited with the Fiscal Agent. In the event that the Fiscal Agent does not receive sufficient funds by the scheduled redemption date to so redeem the 2023 Bonds to be redeemed, the Fiscal Agent will send written notice to the owners of the 2023 Bonds, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the 2023 Bonds for which notice of redemption was given will remain Outstanding for all purposes of the Fiscal Agent Agreement.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, or Accreted Value of, as applicable, the 2023 Bonds so called for redemption have been deposited in the Bond Fund, such 2023 Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

Tender of 2023 Bonds in Payment of Special Taxes. The Authority has covenanted in the Fiscal Agent Agreement not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the Authority having insufficient Special Tax Revenues to pay the principal of and interest on the Bonds that will remain Outstanding following such tender.

Transfer or Exchange of 2023 Bonds

General. So long as the 2023 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2023 Bonds shall be made in accordance with DTC procedures. See Appendix G – “DTC and the Book-Entry Only System.” If the book-entry only system for the 2023 Bonds is ever discontinued, 2023 Bonds may, in accordance with its terms, be transferred or exchanged in Authorized Denominations by the person in whose name it is

registered, in person or by his duly authorized attorney, upon surrender of such 2023 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent. Whenever any 2023 Bond or 2023 Bonds are surrendered for transfer or exchange, the Authority will execute and the Fiscal Agent will authenticate and deliver a new 2023 Bond or 2023 Bonds, for a like aggregate Maturity Value of 2023 Bonds of Authorized Denominations and of the same maturity. The Fiscal Agent will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of 2023 Bonds will be required to be made (i) within the 15 days prior to the date designated by the Fiscal Agent as the date for selecting 2023 Bonds for redemption, (ii) with respect to any 2023 Bond after such 2023 Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

Discontinuance of DTC Services

DTC may determine to discontinue providing its services with respect to the 2023 Bonds by giving written notice to the Fiscal Agent during any time that the 2023 Bonds are Outstanding, and discharging its responsibilities with respect to the 2023 Bonds under applicable law. The Authority may terminate the services of DTC with respect to the 2023 Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the 2023 Bonds or that continuation of the system of book-entry transfers through DTC is not in the best interest of the Beneficial Owners. The Authority will mail any such notice of termination to the Fiscal Agent.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions can be found which is willing and able to undertake such functions upon reasonable or customary terms, or if the Authority determines that it is in the best interest of the Beneficial Owners of the 2023 Bonds that they obtain certificated Bonds, the 2023 Bonds will no longer be restricted to being registered in the Registration Books of the Fiscal Agent in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Owners designate at that time, in accordance with the Fiscal Agent Agreement. To the extent that the Beneficial Owners are designated as the transferees by the Owners, the 2023 Bonds will be delivered to such Beneficial Owners as soon as practicable in accordance with the Fiscal Agent Agreement.

Scheduled Debt Service

The following table shows the annual scheduled debt service on the 2017 Bonds and the 2023 Bonds, assuming no optional redemption of the 2017 Bonds or the 2023 Bonds and no redemption of the 2017 Bonds or the 2023 Bonds from Special Tax Prepayments:

Bond Year ending September 1	2017 Bonds		Series 2023A Bonds		Accreted Value of Series 2023B Bonds	Total Annual Debt Service
	Principal	Interest	Principal	Interest		
2023				(2)		
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						
Totals						

(1) Indicates a mandatory sinking fund payment.

(2) To be paid from amounts in the Capitalized Interest Account. See "PLAN OF FINANCING—Estimated Sources and Uses of Funds."

SECURITY FOR THE 2023 BONDS

General

Pursuant to the Fiscal Agent Agreement, the 2023 Bonds are secured by a first pledge of all of the Special Tax Revenues (other than, each Fiscal Year, a maximum of \$50,000 of Special Tax Revenues that may be deposited to the Administrative Expense Fund on a priority basis), and all moneys deposited in the Bond Fund (including the Capitalized Interest Account and the Special Tax Prepayments Account therein), the Reserve Fund and, until disbursed in accordance with the Fiscal Agent Agreement, the Special Tax Fund. Special Tax Revenues do not include penalties, if any, collected in respect of delinquent Special Taxes. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on,

the 2023 Bonds in accordance with the Fiscal Agent Agreement until all of the 2023 Bonds have been paid or defeased.

Amounts in the Administrative Expense Fund, the Improvement Fund and the Costs of Issuance Fund, and up to \$50,000 of the first Special Tax Revenues collected in any Fiscal Year that may be deposited to the Administrative Expense Fund on a priority basis, are not pledged to the repayment of the 2023 Bonds. The Improvements are not pledged as collateral for the 2023 Bonds. The proceeds of condemnation or destruction of any of the Improvements are not pledged to pay the Debt Service on the 2023 Bonds.

Limited Obligation

The 2023 Bonds are limited obligations of the Authority on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Bond Fund (including the Capitalized Interest Account and the Special Tax Prepayments Account therein), the Reserve Fund and the Special Tax Fund created pursuant to the Fiscal Agent Agreement. In the event that the Special Taxes are not paid when due, the only sources of funds available to repay the 2023 Bonds are amounts held by the Fiscal Agent under the Fiscal Agent Agreement in the Bond Fund, the Reserve Fund and the Special Tax Fund, and the proceeds, if any, from foreclosure sales of parcels with delinquent Special Tax levies.

Special Taxes

In accordance with the provisions of the Act, the Rate and Method was approved in 2016 by the two then owners of the property in the District. The Rate and Method is set forth in its entirety in Appendix B. The Rate and Method provides for the levy of a “**Special Tax A**” in order to fund the annual “**Special Tax A Requirement**,” which includes amounts needed to pay the debt service on the Bonds, to pay costs of administering the Bonds and the District, to replenish any draws on the Reserve Fund and to pay directly for costs of the Improvements; and the levy of a “**Special Tax B**” in order to fund the annual “**Special Tax B Requirement**,” which includes amounts needed to pay costs of services authorized to be funded by the District, and to pay related administrative expenses. See “INTRODUCTION—The District” and “SECURITY FOR THE 2023 BONDS – Summary of Rate and Method.” Proceeds of the Special Tax B levied on Taxable Property in the District to satisfy the annual Special Tax B Requirement are not pledged, and will not be used, to pay debt service on the 2023 Bonds; and the term “**Special Taxes**” when used in this Official Statement includes only the Special Tax A levied to satisfy the annual Special Tax A Requirement.

Under the Fiscal Agent Agreement, the Authority is obligated to fix and levy the amount of Special Taxes within the District required for the timely payment of principal of and interest on the outstanding Bonds becoming due and payable, including any necessary replenishment of the Reserve Fund and an amount estimated to be sufficient to pay the Administrative Expenses, taking into account any prepayments of Special Taxes previously received by the Authority. The Special Taxes levied on any parcel of Taxable Property may not in any event exceed the maximum amount as provided in the Rate and Method and the Act.

The Special Taxes are payable and are to be collected in the same manner, at the same time and in the same installment as County ad valorem taxes on property levied on the secured tax roll are payable, and pursuant to the Act have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the taxes levied on the County secured tax roll. Notwithstanding the foregoing, the Special Taxes may be collected by means of direct billing of

the property owners within the District, in which event the Special Taxes will become delinquent if not paid pursuant to such billing.

Although the Special Taxes will constitute a lien on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of the property within the District. Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of the Special Tax on a parcel of Taxable Property, the Authority may order the institution of a superior court action to foreclose the lien on the parcel of Taxable Property within specified time limits. In such an action, the real property subject to the unpaid amount of the Special Tax lien may be sold at judicial foreclosure sale. The Act provides that the Special Taxes are secured by a continuing lien that is subject to the same lien priority in the case of delinquency as *ad valorem* property taxes. See “SECURITY FOR THE 2023 BONDS—Summary of Rate and Method,” and “—Covenant for Superior Court Foreclosure” and “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments.”

The property located within the District is subject to other liens for taxes and assessments, and other such liens could come into existence in the future. See “THE DISTRICT—Direct and Overlapping Government Obligations” and “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments.” There is no assurance that any owner of a parcel subject to the Special Tax levy will be financially able to pay the annual Special Taxes or that it will pay such taxes even if financially able to do so. See “SPECIAL RISK FACTORS—Payment of Special Taxes is not a Personal Obligation.”

Special Tax Fund

Deposit of Special Tax Revenues. The Fiscal Agent Agreement establishes a Special Tax Fund to be held by the Fiscal Agent. Under the Fiscal Agent Agreement, the Authority is obligated to transfer or cause to be transferred to the Fiscal Agent, for deposit by the Fiscal Agent in the Special Tax Fund, as soon as practicable following receipt, all Special Tax Revenues received by the Authority, which amounts are to be deposited by the Fiscal Agent to the Special Tax Fund.

Notwithstanding the foregoing,

(i) the first Special Tax Revenues collected by the Authority in any Fiscal Year, in an amount equal to the portion of such Fiscal Year’s Special Tax levy for Administrative Expenses (but not to exceed, in any Fiscal Year, \$50,000) will be deposited by the Treasurer in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes will be separately identified by the Treasurer and will be disposed of by the Fiscal Agent first, by transfer to the Bond Fund to pay any past due debt service on the Bonds; second, by transfer to the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund to the then Reserve Requirement; third, by transfer to the Administrative Expense Fund to the extent that amounts in such fund were used to pay costs related to the collection of such delinquencies; and fourth, to be held in the Special Tax Fund and used for its purposes;

(iii) any proceeds of Special Tax Prepayments will be remitted by the Treasurer to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Prepayments Account and used to redeem Bonds; and

(iv) any Special Tax Revenues constituting the portion, if any, of the Special Tax A Requirement that is to pay directly for the acquisition or construction of any portion of the Improvements shall be separately identified by the Authority and shall be deposited by the Fiscal Agent in the Improvement Fund established under the Fiscal Agent Agreement so long as the Improvement Fund has not theretofore been closed, and if the Improvement Fund has been closed, then such amount shall be retained by the Authority to be used to pay Improvement costs.

Moneys in the Special Tax Fund will be held by the Fiscal Agent for the benefit of the Authority and the Owners of the Bonds, will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Bonds and the Authority.

Disbursements. On each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

(i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers under the Fiscal Agent Agreement from the Capitalized Interest Account, the Improvement Fund, the Reserve Fund and the Special Tax Prepayments Account to the Bond Fund, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the 2017 Bonds and the Series 2023A Bonds and the Accreted Value and premium, if any, due on the Series 2023B Bonds, on such Interest Payment Date; and

(ii) to the Reserve Fund an amount, taking into account amounts then on deposit in the Reserve Fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement.

In addition to the foregoing, if in any Fiscal Year there are sufficient funds in the Special Tax Fund to make the foregoing transfers to the Bond Fund and the Reserve Fund in respect of the Interest Payment Dates occurring in the Bond Year that commences in such Fiscal Year, the Treasurer may transfer any amount in the Special Tax Fund in excess of the amount needed to make such transfers to the Bond Fund and the Reserve Fund (i) to the Administrative Expense Fund, from time to time, if monies are needed to pay Administrative Expenses in excess of the amount then on deposit in the Administrative Expense Fund; (ii) to such other fund or account established to pay debt service on or administrative expenses with respect to any bonds or other debt secured by a pledge of Special Tax Revenues subordinate to the pledge thereof under the Fiscal Agent Agreement; or (iii) to such other fund or account established by the Authority to be used for any lawful purpose under the Act and otherwise in accordance with the provisions of the Rate and Method.

Summary of Rate and Method

Special Tax Formula - Calculation of Annual Special Taxes. The Rate and Method is used to allocate the amount of the Special Tax A and the Special Tax B that is needed to be collected each fiscal year among the Taxable Properties within the District, based upon the development status of the Taxable Property and its size, subject to a maximum tax rate that may be levied against each class of Taxable Property, and depending upon the "Zone" in which the property is located. The Rate and Method is set forth in full in Appendix B, and the following is a summary of the Rate and Method. Capitalized terms used, but not otherwise defined, in this section have the meanings given to them in the Rate and Method.

The annual Special Tax A was first levied on property in the District in Fiscal Year 2017-18. See "THE DISTRICT—Special Tax Delinquencies" for a table showing the annual Special

Tax levies on the Taxable Property in the District and the delinquencies in payment of the Special Taxes.

The Rate and Method provides that the Annual Special Tax A may be levied only so long as any Bonds are outstanding, provided that levies may continue if there are any delinquent Special Taxes in order to collect those delinquent amounts but not in any event later than Fiscal Year 2061-62. The Annual Special Tax B may only be levied on Developed Property, as described below, and may be levied in perpetuity on Developed Property.

Special Tax Requirements. Annually, at the time of levying the Special Tax, the Authority, with the assistance of a special tax administrator (currently Webb Municipal Finance, LLC), determines the amount of money to be collected from Taxable Property in the District (the “**Special Tax A Requirement**”), which will be the amount required in any Fiscal Year to pay the following: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses (apportioned between Special Tax A and Special Tax B), (iii) any amount required to establish or replenish any reserve funds established in association with the Bonds, and (iv) the collection or accumulation of funds for the acquisition or construction of Improvements or payment of fees authorized by the District by the levy on Developed Property of the Assigned Annual Special Tax A provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Approved Property or Undeveloped Property as set forth in Step Two and Three described under the subheading “Method of Apportionment” below, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to the Fiscal Agent Agreement. The Authority, with the assistance of the special tax administrator, will also determine the amount of money to be collected from Taxable Property in the District (the “**Special Tax B Requirement**”), which will be the amount required in any Fiscal Year to pay for the municipal services the District is authorized to fund, as well as a share of the costs of administration of the District. See “INTRODUCTION—The District.”

Classification of Property. The Rate and Method provides that for each Fiscal Year, all Assessor’s Parcels of Taxable Property within the District be classified as either Taxable Property or Exempt Property. Taxable Property is further classified as Developed Property, Approved Property, Undeveloped Property, or Provisional Exempt Property. In addition, each Assessor’s Parcel of Developed Property, Approved Property, Undeveloped Property and Provisional Exempt Property is classified as being within Zone 1, Zone 2, Zone 3 or Zone 4 of the District, as such “Zones” are identified on the boundary map of the District, a copy of which is included on page 4 of the Appraisal Report in Appendix H. If an Assessor’s Parcel of Developed Property, Approved Property, Undeveloped Property or Provisional Exempt Property is located within more than one Zone, it is deemed to be entirely within the Zone in which the largest portion of its Acreage is located. In addition, each Assessor’s Parcel of Developed Property is further classified as Residential Property, Multifamily Residential Property or Non-Residential Property. Assessor’s Parcels of Residential Property are further categorized based on the Building Square Footage of each such Assessor’s Parcel.

Under the Rate and Method, “**Developed Property**” includes all Assessor’s Parcels of Taxable Property for which a Final Map was recorded as of the January 1 preceding the Fiscal Year for which the Special Tax levy is being made and a building permit for new construction was issued as of the April 1 preceding the Fiscal Year for which the Special Tax A and Special Tax B are being levied. “**Undeveloped Property**” includes all Taxable Property not classified as Developed Property, Approved Property or Provisional Exempt Property. “**Approved Property**” includes all Assessor’s Parcels of Taxable Property other than Provisional Exempt Property: (i) that are included in a Final Map that was recorded prior to the January 1st immediately preceding the Fiscal Year for which the Special Tax A is being levied, and (ii) that

have not been issued a building permit on or before the April 1st immediately preceding the Fiscal Year for which the Special Tax A is being levied. “**Provisional Exempt Property**” includes all Assessor’s Parcels of Taxable Property subject to Special Tax A that would otherwise be classified as Exempt Property pursuant to the provisions of the Rate and Method, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property within the applicable Zone below the required minimum Acreage for that Zone set forth in the Exempt Property section (Section M) of the Rate and Method.

Maximum Special Taxes. The Maximum Special Tax A for each Assessor’s Parcel that is Residential Property, Multifamily Residential Property or Non-Residential Property in any Fiscal Year is the greater of (i) the Assigned Annual Special Tax A, or (ii) the Backup Annual Special Tax A. The Maximum Special Tax A for the majority of Assessor’s Parcels of Developed Property is based upon the Backup Annual Special Tax A as the Backup Annual Special Tax A calculation, found in Section E of the Rate and Method of Apportionment, provides a greater annual amount than the Assigned Annual Special Tax A. The Maximum Special Tax A for each Assessor’s Parcel of Approved Property, Undeveloped Property or Provisional Exempt Property is the Assigned Annual Special Tax A. The Assigned Annual Special Tax A rates for the four Zones of the District and for the various categories of Taxable Property are set forth in Section D of the Rate and Method in Appendix B, and range from approximately \$2,110 annually per dwelling unit to approximately \$5,455 annually per dwelling unit depending upon the size of the home, and from \$7,783 annually per acre for Multifamily Residential Property to approximately \$32,894 annually per acre for Multifamily Residential Property depending upon the Zone in which such property is located. The projected Maximum Special Tax B for Fiscal Year 2023-24 for each Assessor’s Parcel of Residential Property is \$546.22 per Unit, and for each Assessor’s Parcel of Multifamily Residential Property and of Non-Residential Property is \$3,497.31 per Acre.

The Special Tax A is not subject to annual increases; however the Maximum Special Tax B is subject to annual increases, which commenced July 1, 2017, by an amount equal to increases in the Consumer Price Index or two percent (2%), whichever is greater, of the amount in effect for the previous Fiscal Year.

Method of Apportionment. The Rate and Method provides that for each Fiscal Year, the Board of Directors of the Authority will levy the Annual Special Tax A on all Taxable Property to fund the Special Tax A Requirement as follows:

First: The Annual Special Tax A shall be levied Proportionately on each Assessor’s Parcel of Developed Property, up to 100% of the applicable Assigned Annual Special Tax A rates in Tables 1, 2, 3 and 4 of Section D of the Rate and Method (which Section sets forth the Assigned Annual Special Tax rates for the four Zones within the District) to satisfy the Special Tax A Requirement;

Second: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step, the Annual Special Tax A shall be levied Proportionately on each Assessor’s Parcel of Approved Property at up to 100% of the applicable Assigned Annual Special Tax A to satisfy the Special Tax A Requirement;

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

Fourth: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, the Annual Special Tax A on each Assessor's Parcel of Developed Property for which the Maximum Special Tax A is the Backup Annual Special Tax A (the Backup Annual Special Tax A is computed pursuant to Section E of the Rate and Method) shall be increased Proportionately from the Assigned Annual Special Tax A up to 100% of the Backup Annual Special Tax A as needed to satisfy the Special Tax A Requirement; and

Fifth: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Annual Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Exempt Property up to 100% of the Assigned Annual Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

The Rate and Method provides that for each Fiscal Year, commencing with Fiscal Year 2016-17, the Authority shall levy the Special Tax B at up to 100% of the applicable Maximum Special Tax B Proportionately on each Assessor's Parcel of Developed Property until the amount of Special Tax B equals the Special Tax B Requirement.

Notwithstanding the above, the Act effectively provides that under no circumstances will the Special Tax A and the Special Tax B levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Assessor's Parcels within the District by more than ten percent (10%) per Fiscal Year.

Prepayment in Full. The Maximum Special A Tax obligation applicable to an Assessor's Parcel of Developed Property, Approved Property or Undeveloped Property for which a Building Permit has been issued, or Approved or Undeveloped Property for which a Building Permit has not been issued, and Assessor's Parcels of Provisional Exempt Property that are not Exempt Property may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax A permanently satisfied as described in Section G of the Rate and Method, provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to the Assessor's Parcel. The Prepayment Amount for Special Tax A for an applicable Assessor's Parcel is calculated based on Bond Redemption Amounts, the Future Facilities Amounts and other costs, all as specified in Section G of the Rate and Method. Any such prepayment will result in a redemption of Bonds prior to maturity. See "THE 2023 BONDS—Redemption – Mandatory Redemption From Special Tax Prepayments." In addition, the Act authorizes a public agency which acquires property subject to the Special Tax A to prepay the Special Tax A so long as the Authority determines the prepayment arrangement will fully protect the interests of the owners of the Bonds. The Special Tax B is not subject to prepayment.

Prepayment in Part. The Special A Tax on an Assessor's Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. The amount of any such partial prepayment will be calculated pursuant to Section H of the Rate and Method. See "THE 2023 BONDS—Redemption – Mandatory Redemption From Special Tax Prepayments" for a description of Special Tax Prepayments of Special Tax A that have been received by the Authority. The Maximum Special Tax B is not subject to partial prepayment.

Projected Fiscal Year 2023-24 Assigned Special Tax A Levy. Table 1 below sets forth the projected Assigned Special Tax A levy for Fiscal Year 2023-24 for the various Tax Zones within the District. Table 1 also shows the projected Fiscal Year 2023-24 Assigned Special Tax A levy as a percentage of the total projected Special Tax levy for each Tax Zone.

**Table 1
Temecula Public Financing Authority
Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2)
Fiscal Year 2023-24 Assigned Special Tax A**

Land Use	Residential Floor Area	No. of Parcels ⁽¹⁾	Projected Fiscal Year 2023-24 Special Tax per Unit ⁽²⁾	Projected Total Fiscal Year 2023-24 Special Tax Levy ⁽³⁾	Percent of Total Projected Fiscal Year 2023-24 Special Taxes ⁽³⁾
<u>Tax Zone 1</u>					
Residential Property	Less than 1,900 sq. ft.	99	\$2,110	\$208,890	6.02%
Residential Property	1,900 sq. ft. to 2,199 sq. ft.	112	2,320	259,840	7.49
Residential Property	2,200 sq. ft. to 2,499 sq. ft.	166	2,670	443,220	12.77
Residential Property	2,500 sq. ft. to 2,799 sq. ft.	91	2,860	260,260	7.50
Residential Property	2,800 sq. ft. to 3,099 sq. ft.	81	2,975	240,975	6.94
Residential Property	3,100 sq. ft. to 3,399 sq. ft.	41	3,115	127,715	3.68
Residential Property	Greater than 3,399 sq. ft.	35	3,235	113,225	3.26
Approved Property	N/A	200	22,941	714,612	20.59
Undeveloped Property	N/A	2	9,970	314,643	9.07
<u>Tax Zone 2</u>					
Residential Property	Less than 4,000 sq. ft.	3	4,920	14,760	0.43
Residential Property	4,000 sq. ft. to 4,299 sq. ft.	1	5,185	5,185	0.15
Residential Property (Partially Prepaid) ⁽⁴⁾	Less than 4,000 sq. ft.	24	3,294	79,055	2.28
Approved Property	N/A	81	7,783	322,187	9.28
Approved Property (Partially Prepaid) ⁽⁴⁾	N/A	5	5,182	4,404	0.13
<u>Tax Zone 3</u>					
Undeveloped Property	N/A	1	14,295	228,864	6.59
<u>Tax Zone 4</u>					
Undeveloped Property	N/A	4	3,964	133,065	3.83
Totals		946		\$3,470,900	100.00%

(1) Note that the number of parcels does not reflect the expected number of lots to be developed in the District. See “THE DISTRICT—Property Values.”

(2) Reflects per acre rate for parcels of Approved Property and Undeveloped Property.

(3) Based upon an estimated principal amount of 2023 Bonds of \$8,819,275 and the \$39,260,000 outstanding principal of the 2017 Bonds, and includes estimated Fiscal Year 2023-24 priority administration in the amount of \$30,000. Preliminary, subject to change.

(4) Indicates parcels within Zone 2 which have partially prepaid their special tax obligation. See “THE 2023 BONDS—Redemption – Mandatory Redemption From Special Tax Prepayments” for a description of Special Tax Prepayments that have been received by the Authority.

Source: Webb Municipal Finance, LLC

Reserve Fund

The Fiscal Agent Agreement establishes a debt service reserve fund (the “**Reserve Fund**”) as a separate fund to be held by the Fiscal Agent for the benefit of the Owners of the Bonds, as a reserve for the payment of principal of and interest on, or Accreted Value of, as applicable, and any premium on, the Bonds. Moneys in the Reserve Fund are subject to a lien in

favor of the Owners of the Bonds. The Reserve Fund is required by the Fiscal Agent Agreement to be maintained in an amount equal to the **Reserve Requirement**, which is defined in the Fiscal Agent Agreement, as of any date of calculation, as an amount equal to the least of (i) the then Maximum Annual Debt Service, (ii) 125% of the then average Annual Debt Service, or (iii) 10% of the sum of the principal amount of the then Outstanding 2017 Bonds, the principal amount of the then Outstanding Series 2023A Bonds, and the initial principal amount of the then Outstanding Series 2023B Bonds under the Fiscal Agent Agreement. The Reserve Requirement as of the date of issuance of the 2023 Bonds will be \$_____. A portion of the proceeds of the 2023 Bonds in the amount of \$_____ will be deposited to the Reserve Fund which amount, together with funds already on deposit in the Reserve Fund, will increase the amount on deposit therein to the amount of the Reserve Requirement as of the date of issuance of the 2023 Bonds. If Parity Bonds are issued, the Authority is required to make a deposit to the Reserve Fund in an amount necessary so that the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement in effect following such issuance. See “SECURITY FOR THE 2023 BONDS—Issuance of Additional Bonds.”

Except as otherwise provided in the Fiscal Agent Agreement (with respect to the use of moneys in the Reserve Fund in connection with prepayments of Special Taxes, for the payment of any rebate liability due to the federal government, and the use of moneys in excess of the Reserve Requirement to pay debt service on the Bonds), all amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of and interest on, or Accreted Value of, as applicable, and any premium on, the Bonds. See Appendix C – “Summary of Fiscal Agent Agreement – Reserve Fund.”

Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay all of the Outstanding Bonds, including interest accrued to, and Accreted Value as of, the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent will transfer the amount in the Reserve Fund to the Bond Fund to be used for the payment and redemption of all of the Outstanding Bonds. In the event that the amount transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund will be retained by the Authority, free of any encumbrance by the Fiscal Agent Agreement, to be used for any lawful purpose under the Act. Notwithstanding the foregoing, no amounts will be transferred from the Reserve Fund until after (i) amounts in the Reserve Fund are withdrawn for purposes of making a rebate payment to the federal government in accordance with the Fiscal Agent Agreement, and (ii) payment of any fees and expenses due to the Fiscal Agent. See Appendix C – “Summary of Fiscal Agent Agreement – Reserve Fund.”

Covenant for Superior Court Foreclosure

Foreclosure Under the Act. Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of the Special Tax on the taxed parcel, the Authority may order the institution of a superior court action to foreclose the lien on the taxed parcel within specified time limits. In such an action, the real property subject to the unpaid amount of the Special Tax lien may be sold at judicial foreclosure sale.

Authority Foreclosure Covenant. The Authority has covenanted for the benefit of the Bondowners that the Treasurer will determine on or about June 15 of each year whether or not all Special Taxes theretofore levied in the District have been received by the Authority and, consequently, whether any deficiencies in payment of Special Taxes exist. The Fiscal Agent Agreement provides that, following such determination: (A) if, as of any June 15, the Treasurer

determines that any single parcel subject to the Special Tax in the District is delinquent in the payment of Special Taxes in the aggregate amount of \$7,500 or more, the Treasurer will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner, and if the delinquency remains uncured foreclosure proceedings will be commenced by the Authority against the delinquent parcel within 90 days of the sending of such notice; and (B) if the Treasurer determines that, as of any June 15, the total amount of delinquent Special Tax for the then current Fiscal Year for the entire District (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the then current Fiscal Year, the Treasurer shall promptly notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency), and the Authority shall commence foreclosure proceedings within 90 days after the notices of delinquency have been sent.

Notwithstanding the foregoing, the Treasurer may defer any mailing of notices of delinquency or foreclosure action if (i) the amount in the Reserve Fund is at least equal to the Reserve Requirement, and (ii) the amounts then on deposit in the Special Tax Fund and the Bond Fund are sufficient to pay the scheduled debt service due on the Bonds on the succeeding September 1 and March 1 without the need for any draw on the Reserve Fund. See Appendix C – “Summary of the Fiscal Agent Agreement.”

No assurance can be given as to the time necessary to complete any foreclosure sale or that any foreclosure sale will be successful. The Authority is not required to be a bidder at any foreclosure sale and does not intend to be such a bidder.

Sufficiency of Foreclosure Sale Proceeds; Foreclosure Limitations and Delays. No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. Subject to the maximum rates, the Rate and Method is designed to generate from all non-exempt property within the District the current year’s debt service, administrative expenses, and replenishment of the Reserve Fund to the Reserve Requirement, including an amount reflecting the prior year’s delinquencies. However, if foreclosure proceedings are necessary, and the Reserve Fund has been depleted, there could be a delay in payments to owners of the 2023 Bonds pending prosecution of the foreclosure proceedings and receipt by the Authority of the proceeds of the foreclosure sale. See “SPECIAL RISK FACTORS—Bankruptcy Delays” and “—Proceeds of Foreclosure Sales.” No assurance can be given that a foreclosure action in respect of delinquent Special Taxes will result in the collection of the Special Taxes.

Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the Authority, as judgment creditor, is entitled to purchase any property sold at foreclosure using a “credit bid,” where the Authority could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the Authority becomes the purchaser under a credit bid, the Authority must pay the amount of its credit bid into the redemption fund established for the 2023 Bonds, but this payment may be made up to 24 months after the date of the foreclosure sale. Neither the Act nor the Fiscal Agent Agreement requires the Authority to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale, and the Authority has no intent to be such a purchaser.

No Teeter Plan

Collection of the Special Taxes is not subject to the “Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds,” as provided for in Section 4701 et seq. of the California Revenue and Taxation Code (known as the “Teeter Plan”). Accordingly, collections of Special Taxes will reflect actual delinquencies, if any.

Investment of Moneys

Except as otherwise provided in the Fiscal Agent Agreement, all moneys in any of the funds or accounts established pursuant to the Fiscal Agent Agreement will be invested by the Fiscal Agent solely in Permitted Investments, as directed by the Authority. See Appendix C – “Summary of the Fiscal Agent Agreement” for a definition of “**Permitted Investments**” and for additional provisions regarding the investment of funds held under the Fiscal Agent Agreement.

Issuance of Additional Bonds

General. The Fiscal Agent Agreement authorizes the Authority to issue one or more series of “**Parity Bonds**” secured and payable on a parity under the Fiscal Agent Agreement with the 2017 Bonds and the 2023 Bonds. Subject to meeting the conditions summarized below, the Parity Bonds will be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds under the Fiscal Agent Agreement on a parity with all other Bonds Outstanding under the Fiscal Agent Agreement (the Fiscal Agent Agreement defines “**Bonds**” as the 2017 Bonds, the 2023 Bonds and any future Parity Bonds).

The Authority may issue the Parity Bonds subject to the following specific conditions precedent, as set forth in the Fiscal Agent Agreement:

(A) *Current Compliance.* The Authority must be in compliance in all material respects on the date of issuance of the Parity Bonds with all covenants set forth in the Fiscal Agent Agreement and all Supplemental Agreements, and the principal amount of the Parity Bonds must not cause the Authority to exceed the maximum authorized indebtedness of the District under the provisions of the Act.

(B) *Payment Dates.* The interest on the Parity Bonds must be payable on March 1 and September 1, and principal of the Parity Bonds must be payable on September 1 in any year in which principal is payable (provided that there is no requirement that any Parity Bonds pay interest on a current basis).

(C) *Funds and Accounts; Reserve Fund Deposit.* The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts, and shall provide for a deposit to the Reserve Fund (or to a separate account created for such purpose) in an amount necessary so that the amount on deposit in the Reserve Fund (together with the amount in any such separate account), following the issuance of such Parity Bonds, is at least equal to the Reserve Requirement.

(D) *Refunding Bonds.* The Parity Bonds must be Refunding Bonds.

(E) *Officer’s Certificate.* The Authority shall deliver to the Fiscal Agent an Officer’s Certificate certifying that the conditions precedent to the issuance of such Parity Bonds set forth in paragraphs (A), (B), (C) and (D) above have been satisfied. In delivering such Officer’s Certificate, the Authorized Officer that executes the same may

conclusively rely upon such certificates of the Fiscal Agent, the Tax Consultant and others selected with due care, without the need for independent inquiry or certification.

The term “**Refunding Bonds**” is defined in the Fiscal Agent Agreement as bonds issued by the Authority for the District the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that the debt service on the Refunding Bonds in any Bond Year is not in excess of the debt service on the Bonds being refunded and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

Subordinate Bonds. Nothing in the provisions described above will prohibit the Authority from issuing bonds or otherwise incurring debt secured by a pledge of Special Tax Revenues subordinate to the pledge of the Special Tax Revenues under the Fiscal Agent Agreement.

THE DISTRICT

Location and General Description of the District

The District is located in the far northern portion of the City. The City of Murrieta is about one mile to the west, and unincorporated area of Riverside County is located to the north, east and southeast. The French Valley airport is located about a mile northwest of the District, and the Lake Skinner Recreation Area is located within two miles to the northeast.

The District includes approximately 281.54 acres of residential land and one commercial parcel in an area of the City currently identified as “Sommers Bend” (formerly known as Phase Two of the Roripaugh Ranch development). Sommers Bend, with 612.6 gross acres, is expected to include at buildout 1,445 homes and one commercial development on the 281.54 acres in the District, as well as a 21.3 acre sports park and 7.1 acres of private recreation areas that include clubhouses, fitness centers, pools and childrens play areas, along with 226.8 acres of open space including equestrian, biking and nature trails. The construction of the sports park and the neighborhood and recreational parks have been completed, and home construction is ongoing. See “THE DISTRICT—Sommers Bend.”

The following page contains an aerial photo which shows the location of the District.

TEMECULA PUBLIC FINANCING AUTHORITY
COMMUNITY FACILITIES DISTRICT NO. 16-01
(RORIPAUGH RANCH PHASE 2)



History of the District

In 2005, the Board of Directors of the Authority formed the Temecula Public Financing Authority Community Facilities District No. 03-02 (Roripaugh Ranch) (“**CFD 03-02**”), in order to provide financing for public improvements necessitated by the Roripaugh Ranch development. When it was formed, CFD 03-02 included all of the property in the Roripaugh Ranch development, including the District property comprising the land in the **Phase 2** of the development and approximately 160 acres in the **Phase 1** of the development. Phase 1 includes 509 Riverside County Assessor’s parcels on approximately 160 acres, which area is built-out with single family homes, and which property is not in the District. See “INTRODUCTION—The District.”.

On April 27, 2006, the Authority issued, for CFD 03-02, \$51,250,000 initial principal amount of special tax bonds (the “**2006 Bonds**”). In connection with the issuance of the 2006 Bonds, the Authority, for and on behalf of the District, entered into an Acquisition Agreement, dated as of March 1, 2006 (the “**Ashby Acquisition Agreement**”) with Ashby USA, LLC (“**Ashby**”), the then owner of the majority of the property in CFD 03-02, pursuant to which Ashby was to construct the improvements authorized to be funded by CFD 03-02.

In connection with its development activities in Roripaugh Ranch, in 2006 Ashby obtained a loan from Ohio Savings Bank, which was subsequently named AmTrust Bank. Shortly after the issuance of the 2006 Bonds, Ashby encountered financial difficulties. The Authority and Ashby subsequently entered into an Amended and Restated Acquisition Agreement, dated as of July 21, 2009, with respect to the use of the then remaining undistributed 2006 Bond proceeds, allowing for the City to construct and complete some of the infrastructure improvements with 2006 Bond proceeds that were previously to be constructed by Ashby. During the period from 2006 through 2011 all of Ashby’s interests in the property in CFD 03-02 it had not yet sold were transferred to various parties, some of which were subject to bank foreclosures and, ultimately, acquisition by the Federal Deposit Insurance Corporation following bank failures.

In December of 2009, the federal Office of Thrift Supervision closed AmTrust Bank and appointed the Federal Deposit Insurance Corporation (the “**FDIC**”) as receiver for the failed institution. In July of 2010, the FDIC, in its capacity as receiver for AmTrust Bank, formed AMT CADC Venture, LLC (“**AMT CADC**”), and assigned the Ashby loan to AMT CADC, which subsequently declared the loan to be in default and sought to foreclose on Ashby’s then remaining interest in the Roripaugh Ranch development, including the majority of the property in Phase 2 of the development, the balance of which had previously been sold to Wingsweep Corporation in 2008. In May of 2011, AMT CADC, Ashby and certain other parties entered into a Deed-in-Lieu Settlement Agreement whereby Ashby’s remaining interests in the Roripaugh Ranch property and related land use entitlements and agreements (including the Amended and Restated Acquisition Agreement) were conveyed to Roripaugh Valley Restoration, LLC (“**RVR**”), and the City subsequently consented to the assignment.

In order to raise additional funds to finance the Improvements needed for the development of Phase 2 of the development (comprising the property in the District), the then two owners of the land in the District, Wingsweep Corporation and RVR, petitioned the Authority in March of 2016 to form the District. Following the adoption by the Board of Directors of the Authority of resolutions of intention for the District on March 22, 2016, the Authority held a public hearing regarding the formation of, and the issuance of bonds for, the District on April 26, 2016. Following the public hearing, also on April 26, 2016, the Board of Directors of the Authority adopted Resolution No. TPFA 16-04 forming the District, Resolution No. TPFA 16-05 determining the necessity to issue up to \$60,000,000 of special tax bonds for the

District, and Resolution No. 16-06 calling a special election regarding the formation of the District and the issuance of the special tax bonds for the District.

The election was held on April 26, 2016 at which RVR and Wingsweep Corporation voted in favor of the formation of the District, the levy of Special Tax A and Special Tax B on property in the District, and the issuance by the Authority of special tax bonds for the District. On May 4, 2016, a Notice of Special Tax Lien was recorded in the Riverside County Recorder's Office against the property in the District, and on May 10, 2016 the Board of Directors of the Authority adopted Ordinance No. TPFA 16-01 levying Special Tax A and Special Tax B on the property in the District.

On January 24, 2017, the City Council held a public hearing regarding the issuance by the Authority of the 2017 Bonds. Following the public hearing, the City Council adopted Resolution No. 17-09 pursuant to which it found that significant public benefits will arise from the use of the proceeds of the 2017 Bonds to finance costs of the Improvements and it approved the issuance of the 2017 Bonds by the Authority. Also on January 24, 2017, the Board of Directors of the Authority adopted Resolution No. TPFA 17-01 authorizing the issuance of the 2017 Bonds and approving related documents.

On March 16, 2017, the Authority issued, for the District, the 2017 Bonds in the principal amount of \$42,815,000. A portion of the proceeds of the 2017 Bonds were used to prepay, on the closing date for the 2017 Bonds, the special taxes authorized to be levied by the Authority for CFD 03-02 on the land in the District. As a consequence of the prepayment, the property in the District no longer is subject to any special tax levies for CFD 03-02. However, the land in the District is subject to certain overlapping indebtedness and governmental levies. See "THE DISTRICT – Direct and Overlapping Government Obligations."

On March 3, 2018, the Primary Developer acquired from RVR 563 acres of property in the Sommers Bend development, including the 281.54 acres of property in the District. The 563 acres included all of the 612.6 acres of property in Sommers Bend, other than 49.6 acres already owned by Wingsweep Corporation. The Primary Developer also assumed RVR's rights and obligations related to the property, including under a Preannexation and Development Agreement, entered into as of December 17, 2002 (as amended by three amendments thereto, the "Development Agreement"), originally between Ashby and the City, that had been subsequently assigned to RVR, the Acquisition Agreement (see "PLAN OF FINANCING—Overview – Funding for Improvements" and "THE DISTRICT—The Improvements"), and a Continuing Disclosure Agreement related to the 2017 Bonds.

The Primary Developer, after acquiring the property from RVR, engaged in obtaining approvals of land development plans with the various agencies to be able to satisfy the requirements outlined with the Development Agreement. Land improvements were then constructed starting with mass and rough grading, underground utilities, and street improvements, which allowed a portion of the property with lots for home construction to be sold to Richmond American and Taylor Morrison in either a rough graded or finished lot condition. Also concurrently with obtaining plan approvals, the Primary Developer engaged in product development and marketing efforts to prepare to offer different single family home product offerings to potential homebuyers and possible other developers/single lot builders within the Sommers Bend community. Included within these activities were the recordation of final parcel maps, creation of a homeowners' association, obtaining California Department of Real Estate approvals and land development activities related to homebuilding.

On May 4, 2020, the Primary Developer sold property in Sommers Bend expected to include 192 lots to Taylor Morrison with an option to acquire additional property expected to

include 67 lots. On June 18, 2020, the Primary Developer sold property in Sommers Bend expected to include 131 lots to Richmond American. By November 1, 2021 Taylor Morrison had acquired from the Primary Developer the property with the 67 lots and Richmond American had acquired from the Primary Developer property for an additional 57 lots. Following the foregoing conveyances, Taylor Morrison owned 75 gross acres of property in Sommers Bend, with 46.2 net acres for 259 lots for residential development in the District, and Richmond American owned 38.6 gross acres of property in Sommers Bend, with 26.1 net acres for 193 lots for residential development in the District.

On August 23, 2022, the Board of Directors of the Authority adopted Resolution No. TPFA 2022-12 stating its intention to annex two parcels owned by the Primary Developer to Zone 1 of the District. The two parcels had been reserved for conveyance to a school district, which subsequently determined not to acquire the parcels. On September 27, 2022, following a public hearing regarding the proposed annexation, the Board of Directors adopted Resolution No. TPFA 2022-13 calling for a special election regarding the proposed annexation. Also on September 27, 2022, the Primary Developer, as the sole owner of the property to be annexed, voted in favor of the annexation of the property to Zone 1 of the District, and the Board of Directors of the Authority subsequently adopted Resolution No. TPFA 2022-14 declaring the results of the election and directing the recording of an amendment to the Notice of Special Tax lien previously recorded against the property originally included in the District and approving the Second Amendment to the Acquisition Agreement. On October 7, 2022, an Amendment to Notice of Special Tax lien was recorded in the Riverside County Recorder's Office against the property annexed to the District.

On February 14, 2023, the City Council held a public hearing regarding the issuance by the Authority of the 2023 Bonds. Following the public hearing, the City Council adopted a Resolution pursuant to which it found that significant public benefits will arise from the use of the proceeds of the 2023 Bonds to finance costs of the Improvements and it approved the issuance of the 2023 Bonds by the Authority. Also on February 14, 2023, the Board of Directors of the Authority adopted a Resolution authorizing the issuance of the 2023 Bonds, and approved the execution and delivery of the Fiscal Agent Agreement. The Fiscal Agent Agreement amends and restates, and succeeds in its entirety, the fiscal agent agreement entered into at the time of issuance of the 2017 Bonds, and the provisions of the Fiscal Agent Agreement now provide the terms of the 2017 Bonds as well as those of the 2023 Bonds.

The Improvements

As previously mentioned under the heading "PLAN OF FINANCING – Overview – Funding for Improvements," the Authority entered into the Acquisition Agreement with RVR, subsequently assumed by the Primary Developer, pursuant to which the Authority agreed to use proceeds of the 2017 Bonds and proceeds of the 2023 Bonds to finance costs of Improvements some of which are to be constructed by the Primary Developer and some of which are to be constructed by the City. The City and the Authority are parties to joint community facilities agreements for the District, such that the Authority is authorized to expend the available funds for Improvements that will ultimately be owned by the City.

The District is authorized to finance all or a portion of the costs of the following facilities:

Butterfield Stage Road

Butterfield Stage Road ("BSR") from La Serena to Rancho California Road. Improvements include grading, paving, curb and gutter, sidewalk, street lights, traffic

signals, signing and striping, landscaping, irrigation, storm drain, sewer and water pipelines, and other improvements necessary to complete BSR.

Nicolas Road

Nicolas Road from BSR to the easterly Metropolitan Water District (“MWD”) Right of Way. Improvements include grading, paving, asphalt berms, curb and gutter, sidewalk, asphalt path, split rail fence, street lights, landscaping, irrigation, storm drain, underground sewer and water pipelines, and other improvements necessary to complete the subject portion of Nicolas Road.

Nicolas Road from the easterly MWD Right of Way to Liefer Road, including construction of Calle Garisol realignment to Nicolas Road. Improvements include grading, paving, asphalt berms, curb and gutter, sidewalk, asphalt path, utility relocations, fencing, street lights, signing and striping, landscaping, irrigation, sewer, storm drain, bridge over Santa Gertrudis Creek, access road, exit structure and other improvements necessary to complete the subject portion of Nicolas Road.

Long Valley Channel

Long Valley Channel from BSR to the Easterly Project Boundary. Improvements include grading of channel, flow-by detention basin, construction of drop structures, trapezoidal channel lining, transition structures to BSR bridge, rip-rap, grading and paving of access roads, fencing, and other improvements necessary to complete Long Valley Channel.

Santa Gertrudis Creek

Santa Gertrudis Creek from the Habitat Area to the exit channel at MWD Right of Way. Improvements include a flow-by detention basin, headwalls, trapezoidal channel lining and transition structures; grading, fencing and paving for access roads; desilting and detention basins, rip-rap protection, rip-rap dissipaters, berms, grading of exit structure and other improvements necessary to complete the improvement to Santa Gertrudis Creek.

Environmental Mitigation

Mitigation for the Long Valley Channel and Santa Gertrudis Creek improvements, including creation of 8.2 acres of habitat within open space to include grading, access road, electrical service, irrigation, plant and seed installation and other improvements necessary to complete resource agency conditioned environmental mitigation for the Long Valley Channel and Santa Gertrudis Creek improvements.

Sports Park

Sports Park at the Southeast corner of the intersection of Loop Road and BSR. Construction of a 21.3-acre sports park including grading, parking, building, lighting landscaping, irrigation, playing fields, basketball courts, children’s play area, equipment and other improvements necessary to complete the sports park.

Loop Road

Loop Road from North BSR intersection to South BSR intersection. Improvements include grading, paving, curb and gutter, median curb, sidewalk, street lights, signing

and striping, landscaping, irrigation, storm drain, sewer and water pipelines, and other improvements necessary to complete the public segment of the Loop Road East of BSR.

The construction of Butterfield Stage Road, the Community Sports Park, and a portion of Nicolas Road have been completed. The Santa Gertrudis Creek improvements are under construction and are expected to be completed in the second quarter of 2024.

As described under the heading “PLAN OF FINANCING—Funding for Improvements, the Primary Developer and the Authority, on behalf of the District, are parties to an Acquisition Agreement that provides for the use of funds in the Improvement Fund to pay costs of the Improvements eligible to be funded by the District and specifies the priority in which funds are to be used to finance costs of the Improvements. Pursuant to the amendments to the Acquisition Agreement, the Authority acknowledged that the Primary Developer had completed some of the authorized Improvements, and allowed the release of funds in the Improvement Fund to the Primary Developer for certain Improvements before other specified Improvements have been completed if the Primary Developer posted bonds to secure their completion. The Primary Developer has posted the required bonds and expects to commence construction of a portion of Nicolas Road and certain culvert and channel improvements in the second quarter of 2023. It is expected that all of the Improvements to be funded by the District will be completed by the second quarter of 2025, but no assurance can be given that the Improvements will be completed by such date.

The Authority estimates that the total projected costs of the Improvements eligible to be funded by the District is \$16,946,000, and there currently is approximately \$6,801,542 in the Improvement Fund from the proceeds of the 2017 Bonds and investment earnings thereon available to pay such costs, in addition to proceeds of the 2023 Bonds to be deposited to the Improvement Fund. See “PLAN OF FINANCING—Estimated Sources and Uses of Funds.” Under the Acquisition Agreement, costs of Improvements in excess of available amounts in the Improvement Fund and proceeds of the 2023 Bonds to be deposited therein (see “PLAN OF FINANCING—Overview – Funding for Improvements” are the responsibility of the Primary Developer.

RVR and Wingsweep Corporation entered into a Joint Development Agreement (Roripaugh Ranch Specific Plan) (the “**Joint Development Agreement**”), subsequently assigned by RVR to the Primary Developer, whereby the Primary Developer is responsible for ninety percent (90%) of the costs of the construction of the improvements required by the Development Agreement for development of the property in the District, and Wingsweep Corporation will be responsible for ten percent (10%) of such costs, including costs of the Improvements in excess of available funds in the Improvement Fund. See “THE DISTRICT—The Primary Developer, the Merchant Builders and Wingsweep Corporation.”

No assurance can be given that construction of the Improvements will commence and be completed as currently expected, or that the costs of the Improvements will be as currently estimated.

Sommers Bend

The property in the District includes a development known as Sommers Bend, previously identified as Phase Two of the Roripaugh Ranch development. Sommers Bend, with 612.6 gross acres, is expected to include at buildout 1,445 homes and one commercial development on the 281.54 acres in the District, as well as a 21.3 acre sports park and 7.1 acres of private recreation areas that include clubhouses, fitness centers, pools and childrens play areas, along with 226.8 acres of open space including equestrian, biking and nature trails. The

construction of the sports park and the neighborhood and recreational parks have been completed, and home construction is ongoing.

There are three active merchant builders in Sommers Bend, the Primary Developer (Woodside), Richmond American and Taylor Morrison. The nine active projects in the District, as of December 1, 2022, are summarized below:

- Arborly and Arborly East by Richmond American: 107 one- and two-story homes; 1,943 to 2,949 square feet; 3 to 5 bedrooms, 3 to 3.5 baths; current base prices from \$757,990 to \$803,990.
- Esplanade by Taylor Morrison: 259 one- and two-story homes; 55+/- age qualified with private clubhouse; approximately 1,787 to 3,058 square feet; 2 to 4 bedrooms, 2 to 3.5 baths; current base prices from \$640,990 to \$769,000.
- Acacia by Woodside: 74 one- and two-story homes; approximately 3,058 to 4,289 square feet; 3 to 5 bedrooms, 3 to 4.5 baths; current base prices from \$869,000 to \$929,500.
- Upton by Woodside: 115 one- and two-story homes; approximately 2,241 to 3,795 square feet; 3 to 6 bedrooms, 3 to 4.5 baths; current base prices from \$748,500 to \$854,500.
- Medley by Woodside: 81 two-story homes; approximately 1,837 to 2,442 square feet; 3 to 4 bedrooms, 2.5 to 3 baths; current base prices from \$640,990 to \$677,990.
- SHAWOOD by Woodside: 57 one- and two story homes; approximately 3,203 to 4,974 square feet, 4-5 bedrooms, 3.5 to 5.5 baths, with base prices yet to be determined.
- Blossom by Woodside: 102 one- and two story bungalows ranging from approximately 1,497 to 1,845 square feet, 3 to 4 bedrooms and 2 to 3.5 bathrooms, with preliminary base prices from \$516,000 to \$541,000.
- Discovery by Woodside: 178 two story townhomes ranging from approximately 1,225 to 1,778 square feet, 2 to 4 bedrooms and 2.5 bathrooms, preliminary base prices from \$487,000 to \$540,000.
- Revel by Woodside: 94 two story duplexes ranging from approximately 1,738 to 2,165 square feet, 3-4 bedrooms and 2 to 3.5 bathrooms, preliminary base prices from \$554,000 to \$595,000.

In addition to the foregoing, Woodside has completed, sold and conveyed to homebuyers 64 homes in the Everview development and 96 homes in the Canopy development in the District, and Richmond American has completed, sold and conveyed to homebuyers 84 homes in the Canvass development in the District.

The next page sets forth a pictorial of the various neighborhoods in the District.

Locations of Neighborhoods in the District



As of December 1, 2022, the Primary Developer had finished rough and mass grading the site, finished backbone streets and is in the process of installing infrastructure in some in-tract areas. The Primary Developer also was in the process of gaining approvals from applicable public agencies for plans for further offsite improvements. All in-tract land development work was completed to create finished lots. The three main recreation center buildings were completed at the end of March 2021. The City sports park was completed and had been turned over to the City for acceptance and maintenance.

On October 21, 2022, the Primary Developer annexed the former school site comprising Planning Areas 28A, 28B and 29, to the District and expects to develop 374 homes in the area so annexed as bungalows, townhomes and motorcourt duplexes.

Summary of Development. A summary of the development status of the proposed 861 single-family detached and attached homes being constructed by the Primary Developer in the District, the 259 single-family detached homes being constructed by Taylor Morrison in the District, and the 193 single family detached homes being constructed by Richmond American in the District, all as of December 1, 2022 is summarized below:

Woodside Development:*

206	Completed homes sold and conveyed to individual home buyers
11	Completed models owned by the Primary Developer (none under sales contracts)
7	Completed production homes owned by the Primary Developer (4 under contract)
89	Homes under construction (40 under contract)
<u>548</u>	Lots without any vertical home construction (5 with building permits; none under sales contracts)*
861	Total planned units for the Primary Developer*

* Includes 57 lots owned by SHAWOOD

Taylor Morrison:

160	Completed homes sold and conveyed to individual home buyers
8	Completed homes owned by Taylor Morrison being used as models
21	Homes under construction (all under sales contracts)
<u>70</u>	Lots without any vertical home construction (5 with building permits; none under contract)
259	Total planned units for Taylor Morrison

Richmond American:

184	Completed homes sold and conveyed to individual home buyers
3	Completed homes owned by Richmond American being used as models
<u>6</u>	Homes under construction (including 3 under sales contracts)
193	Total planned units for Richmond American

Summary Development Status:

550	Completed homes sold and conveyed to individual home buyers
145	Homes under construction/completed and owned by the Primary Developer and the Merchant Builders (including models)
<u>618</u>	Lots without any vertical home construction (10 with building permits)
1,313	Total planned units within District for the Primary Builder and the Merchant Builders

Status of Home Construction and Sales. The homes currently being constructed by the Primary Developer in the District (including in the area annexed to the District) range from

approximately 1,241 square feet to approximately 4,974 square feet in seven product types known as Acacia, Upton, Medley, SHAWOOD, Blossom, Discovery and Revel, each of which is briefly described above. Home construction commenced in July 2020.

The status of the areas in the District currently being developed by the Primary Developer and the Merchant Builders as of December 1, 2022 is as follows:

Acacia Development:

27 Completed homes sold and conveyed to individual home buyers
4 Models owned by the Primary Developer (0 in escrow)
4 Completed Production Homes owned by the Primary Developer (4 in escrow)
27 Homes under construction (27 in escrow)
12 Lots without any vertical home construction (0 with building permits; 0 in escrow)
74 Total planned units within Acacia

Upton Development:

19 Completed homes sold and conveyed to individual home buyers
4 Models owned by the Primary Developer (0 in escrow)
3 Completed Production Homes owned by the Primary Developer (0 in escrow)
9 Homes under construction (4 in escrow)
80 Lots without any vertical home construction (0 with building permits; 0 in escrow)
115 Total planned units within Upton

Medley Development:

0 Completed homes sold and conveyed to individual home buyers
3 Models owned by the Primary Developer (0 in escrow)
0 Completed Production Homes owned by the Primary Developer (0 in escrow)
15 Homes under construction (9 in escrow)
63 Lots without any vertical home construction (5 with building permits; 0 in escrow)
81 Total planned units within Medley

SHAWOOD Development:*

0 Completed homes sold and conveyed to individual home buyers
0 Models owned by SHAWOOD (0 in escrow)
0 Completed Production Homes owned by SHAWOOD (0 in escrow)
0 Homes under construction (0 in escrow)
57 Lots without any vertical home construction (0 with building permits; 0 in escrow)
57 Total planned units within SHAWOOD
* Development has currently commenced in this community, with construction of model homes to start in the first quarter of 2023.

Blossom Development:*

0 Completed homes sold and conveyed to individual home buyers
3 Models owned by the Primary Developer (0 in escrow)
0 Completed Production Homes owned by the Primary Developer (0 in escrow)
12 Homes under construction (0 in escrow)
87 Lots without any vertical home construction (0 with building permits; 0 in escrow)
102 Total planned units within Blossom
* This development is in the area annexed to the District in October, 2022.

Discovery Development:*

- 0 Completed homes sold and conveyed to individual home buyers
- 5 Models owned, by the Primary Developer (0 in escrow)
- 0 Completed Production Homes owned by the Primary Developer (0 in escrow)
- 8 Homes under construction (0 in escrow)
- 165 Lots without any vertical home construction (0 with building permits; 0 in escrow)
- 178 Total planned units within Discovery

* This development is in the area annexed to the District in October, 2022.

Revel Development:*

- 0 Completed homes sold and conveyed to individual home buyers
- 4 Models owned by the Primary Developer (0 in escrow)
- 0 Completed Production Homes owned by the Primary Developer (0 in escrow)
- 6 Homes under construction (0 in escrow)
- 84 Lots without any vertical home construction (0 with building permits; 0 in escrow)
- 94 Total planned units within Revel

* This development is in the area annexed to the District in October, 2022.

For the development status of the homes being constructed by the Merchant Builders, see "Summary of Development" above.

Wingsweep Corporation owns 35.93 acres of Taxable Property in the District on which up to 132 separate single family homes are expected to be constructed each on their own lot, and a 15.19 acre site of Taxable Property (10.7 net acres) for commercial development. Wingsweep Corporation has advised that it may sell the property it owns in the District for residential home construction to one or more merchant builders but it presently expects to develop the site for neighborhood commercial uses itself. See "THE DISTRICT—The Primary Developer, the Merchant Builders and Wingsweep Corporation – Wingsweep Corporation."

No assurance can be given that home construction and sales will be completed as currently anticipated, or that the home construction and sale plans or base prices will not change from those in effect as of December 1, 2022. The Primary Developer, Taylor Morrison, Richmond American and Wingsweep Corporation may change their development plans at any time without notice. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation.

The Primary Developer, the Merchant Builders and Wingsweep Corporation

The Primary Developer. General. As previously defined in this Official Statement, the Primary Developer is Woodside 05S, LP, a California limited partnership. The Primary Developer is owned 99% directly by Woodside Group, LLC, a Nevada limited liability company ("**Woodside Group**"), as a limited partner. The remaining 1% interest is owned by WDS GP, Inc., a California corporation, as its general partner, which is wholly owned by Woodside Homes of California, Inc., a California corporation, which in turn is wholly owned by Woodside Group. The parent of Woodside Group is Woodside Homes Company, LLC, a Delaware limited liability company ("**Woodside Homes Company**"). Since February 28, 2017, the ultimate parent of Woodside Homes Company has been Sekisui House, Ltd., one of Japan's largest homebuilders, which was founded in 1960 and is headquartered in Osaka, Japan.

SHAWOOD is wholly owned by Woodside Group. The Primary Developer will construct the homes to be developed on the lots owned by SHAWOOD pursuant to a construction contract, development management agreement or similar arrangement.

Woodside Group's subsidiaries engage in the design, construction, and sale of single-family homes under the brand name of "Woodside Homes." Woodside Homes is one of America's top 30 homebuilders having built more than 40,000 homes across the United States, with current operations in Arizona, California, Nevada and Utah. Woodside Group maintains a website at woodsidehomes.com, and Sekisui House, Ltd. maintains a website at sekisuihouse-global.com.

The foregoing Internet addresses and references to filings with the SEC are included for reference only, and the information on these Internet sites are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on these Internet sites. Neither of the Primary Developer nor Woodside Group is obligated to advance funds to pay for development or construction costs or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the 2023 Bonds.

Financing Plan. As of December 31, 2022, the Primary Developer had expended approximately \$200,330,000 on land acquisition costs, site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs (exclusive of interest, internal financing repayment, and corporate overhead) related to its development within the District. As of December 31, 2022, the Primary Developer anticipated expending approximately \$270,286,000 in additional site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs to complete its development within the District.

To date, the Primary Developer has financed its land acquisition, site development and home construction costs related to its property in the District through internally generated funds, including cash generated from its homebuilding operations and advances from affiliates of its parent Woodside Homes Company. The Primary Developer expects to use internally generated funds, including cash generated from its homebuilding operations and advances from affiliates of its parent Woodside Homes Company, along with proceeds of the 2023 Bonds, to complete development of its property in the District. Woodside Homes Company has a \$330 million unsecured term loan. Woodside Homes Company also has an unsecured revolving credit facility with borrowing capacity as of January 1, 2023, of \$200 million. Woodside intends to use the foregoing sources to finance the remaining site improvement and home construction costs and carrying costs for its development in the District (including property taxes and the Special Taxes) until full sell-out of its planned development.

Although the Primary Developer expects to have sufficient funds available to complete its proposed development in the District commensurate with the development timing described in this Official Statement, there can be no assurance that amounts necessary to fund the remaining planned development of the Primary Developer's property within the District will be available to the Primary Developer when needed. Neither the Primary Developer, nor any of its related entities, is under any legal obligation of any kind to expend funds for the development of the Primary Developer's property in the District, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by the Primary Developer or any other entity or person to fund the costs of such development are entirely voluntary.

If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned development by the Primary Developer within the District and other financing by the Primary Developer is not put into place, there could be a shortfall in the funds required to complete the planned development by the Primary Developer in the District, and the remaining portions of the Primary

Developer's project in the District may not be completed. See "SPECIAL RISK FACTORS — Failure to Complete Development" herein.

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 the Primary Developer 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.

Increasing Mortgage Interest Rates. Most of the purchasers of the Primary Developer'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 the Primary Developer'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 the Primary Developer'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 the Primary Developer's planned for-sale homes in the District.

COVID-19 Impact. The development of the Primary Developer's planned development within the District is subject to disruption due to the COVID-19 pandemic and related public health and governmental authorities' orders and actions, which could have a material adverse effect on the Primary Developer's ability to complete its proposed development within the District and sell completed homes in the time frame and budget, and at the sales prices, described in this Official Statement.

As of the date of this Official Statement, the Primary Developer has experienced increases in certain construction costs, supply chain delays, labor shortages, and increased cycle time for home deliveries. However, the Primary Developer has not experienced any significant delays resulting from work stoppages, reduced attendance of workers, or the ability to obtain necessary inspections and approvals for homes, which may be attributable, directly or indirectly, to the COVID-19 pandemic.

Although the recent cost increases and construction delays are not currently having a significant impact on the Primary Developer's overall development within the District, the impacts caused by the outbreak are evolving and no prediction can be made with respect to the ultimate effects of the COVID-19 outbreak and related public health and governmental authorities' orders and actions on the Primary Developer's ability to construct and sell and close homes within the District. Such effects, if and as they arise, could have a material adverse effect on the ability to complete the development within the District as planned, and no assurance can be provided that the Primary Developer will be able to (a) complete in whole or in any part, or within any particular time, its construction of homes within the District; (b) avoid additional material increases in development costs or delays resulting from work stoppages, reduced attendance of workers, shortages or delays in the delivery of building materials, and/or delays in obtaining necessary inspections and approvals; or (c) sell homes, and close home sales or not experience purchase contract cancellations, due to in each case to public health or governmental restrictions, further spread of COVID-19, an economic downturn driven by the pandemic, or otherwise. See "SPECIAL RISK FACTORS—COVID-19 Pandemic."

Richmond American. General. As previously defined in this Official Statement, “Richmond American” refers to Richmond American Homes of Maryland, Inc., a Maryland corporation is a wholly-owned subsidiary of M.D.C. Holdings, Inc., a Delaware corporation (“MDC”). MDC is a publicly traded company whose common stock is listed on the New York Stock Exchange under the symbol “MDC.” Richmond American and its predecessor entity have been building homes in California since 1986.

MDC has two primary operations – homebuilding and financial services. MDC’s homebuilding operations consist of wholly-owned subsidiary companies that build and sell homes under the name “Richmond American Homes.” MDC’s financial services operations include subsidiary companies that provide mortgage financing, place title insurance and homeowner insurance for Richmond American’s homebuyers, and provide general liability insurance for MDC subsidiaries and most of Richmond American’s subcontractors.

MDC is subject to the informational reporting requirements of the Exchange Act, and in accordance therewith is obligated to file reports, proxy statements, and other information, including financial statements, with the SEC. Such filings, including particularly MDC’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021, as filed with the SEC on February 1, 2022, and Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, as filed with the SEC on October 27, 2022, set forth certain data relative to such consolidated results of operations and financial position of MDC and its subsidiaries as of such dates. 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 MDC. The address of such internet web site is www.sec.gov. All documents subsequently filed by MDC 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 MDC’s Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are also available from MDC on MDC’s website at www.mdcholdings.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. Richmond American and MDC 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 County, the District or the Underwriter.

Financing Plan. To date, Richmond American has financed its land acquisition and various site development and homebuilding costs related to its property in the District through internally generated funds. All of the 193 homes to be constructed by Richmond American in the District have been completed, and 185 of them have been sold and conveyed to homebuyers. Of the remaining 8 completed homes, 2 are models and 2 have pending sales contracts.

Increasing Mortgage Interest Rates. Most of the purchasers of Richmond American’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 sale of the remaining 8 homes owned by Richmond American. 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 Richmond American's future home sales.

Taylor Morrison. General. As previously defined in this Official Statement, "Taylor Morrison" refers to Taylor Morrison of California, LLC, a California limited liability company. Taylor Morrison Services, Inc., a Delaware corporation qualified in California ("TMSI"), is the sole shareholder of Taylor Morrison. TMSI is controlled by Taylor Morrison Home Corporation, a Delaware corporation ("TMHC"), which is traded on the New York Stock Exchange as "TMHC." TMHC's principal executive offices are located in Scottsdale, Arizona. TMHC was created as a result of the July 2007 merger of two United Kingdom-based, publicly-listed homebuilders, Taylor Woodrow plc and George Wimpey plc, the predecessor entities of which commenced homebuilding operations in the United States in 1936. The subsequent integration of Taylor Woodrow, Inc. and Morrison Homes, Inc. in the United States formed TMHC and Monarch Corporation in Canada, respectively.

TMHC is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements, and other information with the SEC. 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 TMHC. The address of such internet web site is "www.sec.gov". All documents subsequently filed by TMHC 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. Additional information on TMHC, including annual reports and related financial statements, can be found on the investors relations tab at the website "www.taylormorrison.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. Taylor Morrison and TMHC 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.

Financing Plan. To date, Taylor Morrison has financed its land acquisition and various site development and homebuilding costs related to its Esplanade at Somers Bend project in the District through home sales revenue and internally generated funds (which may include funding from its parent company). As of January 13, 2023, Taylor Morrison has expended approximately \$116,340,000 on its development in the District, including land acquisition costs, site development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses (exclusive of corporate overhead and other carry costs). Taylor Morrison expects to incur approximately \$27,851,000 on remaining land development costs, permits and fees, direct and indirect home construction costs, and marketing and sales costs and expenses (exclusive of corporate overhead and other carry costs) between January 13, 2023, and full build-out of the homes proposed to be constructed in Esplanade at Somers Bend. Taylor Morrison expects to use home sales revenue and internally generated funds (which may include funding from its parent company) to complete its development within Esplanade at Somers Bend, and believes that it will have sufficient funds available to complete its planned development as described in this Official Statement.

Although Taylor Morrison expects to have sufficient funds available to complete its development in the District as described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining development costs will be available to Taylor Morrison when needed. While Taylor Morrison's parent company has made such internal funding available in the past, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither Taylor Morrison nor any other entity or person is under any legal obligation of any kind to expend funds for the development of and construction of homes on Taylor Morrison's property in the District. Taylor Morrison has no legal obligation to Bond Owners to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by Taylor Morrison or any other entity or person to fund the costs of such development are entirely voluntary.

If and to the extent that the aforementioned sources are inadequate to pay the costs to complete the planned development by Taylor Morrison within the District and other financing is not put into place, there could be a shortfall in the funds required to complete the planned development by Taylor Morrison or to pay ad valorem property taxes or Special Taxes related to Taylor Morrison's property in the District, and the remaining portions of such development may not be completed. Many factors beyond Taylor Morrison's control, or a decision by Taylor Morrison to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors."

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 the Primary Developer 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.

Increasing Mortgage Interest Rates. Most of the purchasers of Taylor Morrison'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 Taylor Morrison'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 Taylor Morrison'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 Taylor Morrison's planned for-sale homes in the District.

Wingsweep Corporation. General. Wingsweep Corporation is a California corporation wholly owned by UNICOM Global, Inc., a real estate holding company. UNICOM Global, Inc. is privately held, and is part of an affiliated group that consists of more than 40 corporate entities worldwide, and works in collaboration with its shareholders' mergers and acquisition business, financial services business and information technology business. UNICOM Global, Inc. maintains a website at unicomglobal.com, with a link to eden.com with regard to its real estate holdings, but the Authority has no responsibility for the information on such websites and the information thereon is not incorporated into this Official Statement.

Expenditures to Date. Wingsweep Corporation, which acquired the property it owns in the District in March of 2008, funds its activities through advances by UNICOM Global, Inc. or

other affiliated companies under common ownership, and has advised that it expects to eventually sell the property it owns in the District for residential home development to a nationally-recognized residential builder or builders prior to the commencement of vertical construction on the property (currently expected in the second half of 2023 or early 2024), or may also partner with one or more such builders to complete the development of the property. Wingsweep Corporation has secured land use entitlements for 132 residential units in three planned residential neighborhoods, with final subdivision maps anticipated to be recorded in 2023. Wingsweep Corporation may itself develop the neighborhood commercial site in the District.

Wingsweep Corporation has advised that as of December 31, 2022 it had expended over \$25,000,000 in respect of the property it owns in the District. Expenditures include (i) \$10,500,000 in 2008 to acquire the property (a portion of which is attributable to property it acquired in the Panhandle area and subsequently sold to KB Home Costal, Inc.), (ii) over \$6,000,000 in property taxes (including special taxes levied for the District and for CFD 03-02), (iii) approximately \$1,000,000 for consultants and professional services related to planning efforts, (iv) approximately \$1,000,000 to maintain the property and in other costs, and (v) approximately \$6,800,000 Joint Development Agreement construction costs. Pursuant to the terms of the Joint Development Agreement between the Primary Developer and Wingsweep Corporation, Wingsweep Corporation is responsible for ten percent (10%) of the costs of construction of the improvements required by the Development Agreement for development of the Pan Area. See “THE DISTRICT—The Improvements.”

Disposition of Property. Wingsweep Corporation is under no obligation to maintain its ownership of property in the District, and could sell or dispose of all or any portion of the property at any time without any requirement for notice to or the consent of the owners of the 2023 Bonds.

Property Values

The value of the property in the District is an important factor in determining the investment quality of the 2023 Bonds. If a property owner defaults in the payment of the Special Tax, the Authority’s primary remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. The Special Tax is not a personal obligation of the owners of the property. A variety of economic, political, and natural occurrences incapable of being accurately predicted can affect property values. See “SPECIAL RISK FACTORS – Property Value.”

As of September 12, 2022, the District included a total of 939 subdivided lots for single family homes and an additional possible future 507 lots, 506 for single family homes and one for commercial development, if six of the seven unsubdivided lots are subsequently subdivided, as currently planned, all of which are or will be subject to the Special Tax securing the repayment of the Bonds (the “**Taxable Property**”). As of that date, there were 303 homes that had been sold to homebuyers and had County assessed values. To determine the value of the other 636 subdivided lots and planned additional 507 lots in the District that are expected to be subject to the levy of the Special Taxes (the “**Appraised Property**”), the Authority obtained the Appraisal Report. The Appraiser advised in the Appraisal Report that the market value of Appraised Property was subject to an extraordinary assumption and a specific hypothetical assumption, among other assumptions, in the Appraisal Report. Those assumptions include that 2023 Bond proceeds and other bond funds totaling \$15,311,122 will be available to fund offsite development costs totaling \$32,307,759 required to support the development of the property in the District as planned, and that if at some future date it is determined that the cost estimates or input factors yielding the anticipated Primary Developer and Wingsweep Corporation

contributions for the remaining \$16,996,637 in backbone infrastructure costs are different than actual costs, the values contained in the Appraisal Report could be affected.

The Appraiser concluded in the Appraisal Report that the market value of the Appraised Property as of September 12, 2022 was \$293,931,000. The appraised value of the Appraised Property in the District, as reflected in the Appraisal Report, when combined with the County Assessor's aggregate \$207,046,283 assessed value of the 303 parcels with homes sold to homebuyers that had County assessed values as of September 12, 2022 (for a total valuation of \$500,977,283), is approximately 10.42* times the aggregate of the \$8,819,275* initial principal amount of the 2023 Bonds and the \$39,260,000 outstanding principal amount of the 2017 Bonds.

On January 6, 2023, the Appraiser provided a letter to the Authority (the "Update Letter") to the effect that the value of the Appraised Property in the District as of December 1, 2022 was not less than the value of the Appraised Property as of the September 12, 2022 date of value in the Appraisal. The Update Letter attributed the December 1, 2022 consideration of value to increased expenditures for infrastructure improvements and additional home construction in the District as a whole that occurred after September 12, 2022, and certain parcels of the Appraised Property in the District that did not have additional development may have decreased in value since September 12, 2022. The Appraisal Report and the Update Letter, complete copies of which are set forth in Appendix I to this Official Statement, should be read in their entirety by prospective purchasers of the 2023 Bonds. See also "THE DISTRICT—Property Values" and "SPECIAL RISK FACTORS—Property Value." Neither the Authority nor the Underwriter makes any representation as to the accuracy or completeness of the Appraisal Report or the Update Letter.

The Appraisal Report does not take into account possible future liens or indebtedness which may be imposed by the City or by other public entities. The Authority has not covenanted, and in many instances does not have the legal ability, to restrict other entities from imposing indebtedness, which may be secured by a lien on the Taxable Property in the District which is on a parity with the Special Tax. See "THE DISTRICT – Direct and Overlapping Governmental Obligations" and "SPECIAL RISK FACTORS – Parity Taxes and Special Assessments." A number of economic, political, and natural occurrences may adversely affect the value of the property as expressed in the Appraisal Report. See "SPECIAL RISK FACTORS."

Land Use Distribution

The following Table 2 shows the distribution of land use classes of the Taxable Property within the District based on the Rate and Method, the County Fiscal Year 2022-23 assessed values of 303 parcels, the appraised value of the other 643 County Assessor's parcels in the District as of September 12, 2022, the estimated Special Tax levy for fiscal year 2023-24 for each land use class of each Tax Zone, and the percentage of the overall Special Tax levy by land use class.

* Preliminary, subject to change.

Table 2
Temecula Public Financing Authority
Community Facilities District No. 16-01
(Roripaugh Ranch Phase 2)
Planning Areas and Projected Fiscal Year 2022-23
Special Tax Levy for Taxable Property by Tax Zone and Land Use

Land Use	Residential Floor Area	No. of Parcels	Assessed/ Appraised Value ⁽¹⁾	Projected Total Fiscal Year 2023-24 Special Tax Levy ⁽²⁾	Percent of Total Projected FY 2023-24 Special Taxes	Total District Bonds ^{(3),(5)}	Aggregate Value-to- Lien ⁽⁵⁾
<u>Tax Zone 1</u>							
Residential Property	Less than 1,900 sq. ft.	99	\$ 52,488,892	\$ 208,890	6.02%	\$2,893,566	18.14:1
Residential Property	1,900 sq. ft. to 2,199 sq. ft.	112	67,521,192	259,840	7.49	3,599,331	18.76:1
Residential Property	2,200 sq. ft. to 2,499 sq. ft.	166	102,657,334	443,220	12.77	6,139,530	16.72:1
Residential Property	2,500 sq. ft. to 2,799 sq. ft.	91	57,647,864	260,260	7.50	3,605,149	15.99:1
Residential Property	2,800 sq. ft. to 3,099 sq. ft.	81	52,471,058	240,975	6.94	3,338,011	15.72:1
Residential Property	3,100 sq. ft. to 3,399 sq. ft.	41	22,816,175	127,715	3.68	1,769,122	12.90:1
Residential Property	Greater than 3,399 sq. ft.	35	12,815,864	113,225	3.26	1,568,405	8.17:1
Approved Property	N/A	200	37,154,432	714,612	20.59	9,898,883	3.75:1
Undeveloped Property	N/A	2	45,434,928	314,643	9.07	4,358,468	10.42:1
<u>Tax Zone 2</u>							
Residential Property	Less than 4,000 sq. ft.	3	2,484,000	14,760	0.43	204,457	12.15:1
Residential Property	4,000 sq. ft. to 4,299 sq. ft.	1	828,000	5,185	0.15	71,823	11.53:1
Residential Property (Partially Prepaid) ⁽⁴⁾	Less than 4,000 sq. ft.	24	7,074,000	79,055	2.28	1,095,085	6.46:1
Approved Property	N/A	81	13,152,544	322,187	9.28	4,462,963	2.95:1
Approved Property (Partially Prepaid) ⁽⁴⁾	N/A	5	1,275,000	4,404	0.13	61,012	20.90:1
<u>Tax Zone 3</u>							
Undeveloped Property	N/A	1	11,559,600	228,864	6.59	3,170,243	3.65:1
<u>Tax Zone 4</u>							
Undeveloped Property	N/A	4	13,596,400	133,065	3.83	1,843,225	7.38:1
Totals		946	\$500,977,283	\$3,470,900	100.00%	\$48,079,275	10.42:1

(1) Assessed / Appraised valuation as of September 12, 2022, as reported in the Appraisal.

(2) Based upon preliminary 2023 Bond sizing provided by the Underwriter and includes estimated Fiscal Year 2023-24 priority administration in the amount of \$30,000. Preliminary, subject to change.

(3) Includes the outstanding principal amount of the 2017 Bonds and the estimated initial principal amount of the 2023 Bonds.

(4) Indicates parcels within Zone 2 of the District which have partially prepaid their Special Tax obligation.

(5) Preliminary, subject to change.

Source: Webb Municipal Finance, LLC

Value-to-District Lien Ratios

General Information Regarding Value-to-District Lien Ratios. The value-to-lien ratio on bonds secured by special taxes will generally vary over the life of those bonds as a result of changes in the value of the property that is security for the special taxes and the principal amount of the bonds.

In comparing the appraised value of the real property within the District and the principal amount of the outstanding 2017 Bonds and of the 2023 Bonds, it should be noted that an individual parcel may only be foreclosed upon to pay delinquent installments of the Special Taxes attributable to that parcel. The principal amount of the outstanding 2017 Bonds and of the 2023 Bonds is not allocated among the parcels within the District based on their appraised

or assessed values; rather, the total Special Taxes will be allocated among the parcels within the District according to the Rate and Method.

Economic and other factors beyond the property owners’ control, such as economic recession, deflation of land values, financial difficulty or bankruptcy by one or more property owners, or the complete or partial destruction of Taxable Property caused by, among other possibilities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District. See “SPECIAL RISK FACTORS—Property Value” and “Bankruptcy Delays.”

Assessed Valuation. The valuation of real property in the Authority for ad valorem tax purposes is established by the County Assessor. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution. Article XIII A of the California Constitution defines “full cash value” as the appraised value as of March 1, 1975, plus adjustments not to exceed 2% per year to reflect inflation, and requires assessment of “full cash value” upon change of ownership or new construction. Accordingly, the assessed valuations presented in this Official Statement may not necessarily be representative of the actual market value of the property in the District.

According to the County Assessor’s records, as reported by the Special Tax Administrator, the fiscal year 2022-23 total assessed value of the then 867 parcels of Taxable Property in the District is \$260,814,943.

Historical Assessed Values. Table 3 below shows annual changes in assessed valuations between fiscal years 2017-18 and 2022-23 with respect to the parcels of Taxable Property that are subject to the levy of Special taxes securing the repayment of the 2023 Bonds.

Table 3
Temecula Public Financing Authority
CFD No. 16-01 (Roripaugh Ranch Phase 2)
Historical Assessed Value
Fiscal Years 2017-18 through 2022-23

Fiscal Year	Total Parcels	Parcels with Improvement Assessed Value	Land Assessed Value	Improvement Assessed Value	Total Assessed Valuation ⁽¹⁾	Percent Change
2017-18	18	0	\$16,106,483	\$0	\$16,106,483	N/A
2018-19	18	0	16,428,605	0	16,428,605	2.00
2019-20 ⁽²⁾	18	0	39,040,310	0	39,040,310	137.64
2020-21	261 ⁽³⁾	0	35,253,049	0	35,253,049	-9.70
2021-22	567 ⁽³⁾	69	76,356,062	19,964,301	96,320,363	173.23
2022-23	867 ⁽³⁾	359	85,408,725	175,406,218	260,814,943	170.78

(1) As of January 1 of each year as shown on the County Assessor's Rolls. Total Assessed Value is calculated as the sum of Land Assessed Value and Improvement Assessed Value.

(2) Substantial increase in value due to sale of 12 parcels to Woodside.

(3) Parcel count increase due to parcel splits.

Source: Webb Municipal Finance, LLC

Value-to-District Lien Ratio Distribution. Table 4 below shows the projected fiscal year 2023-24 Special Tax levy, an allocation of the aggregate assessed/appraised value of the property by property owner, the allocation of the principal amount of the outstanding 2017 Bonds together with the principal amount of the 2023 Bonds, and the estimated debt to allocated assessed/appraised value ratios for the parcels in the District, all based on the status of the parcels in the District as of September 12, 2022. See “THE DISTRICT—Sommers Bend,” and “—The Primary Developer, the Merchant Builders and Wingsweep Corporation” for more information regarding the status of ownership and development of parcels in the District as of December 1.

Table 4
Temecula Public Financing Authority
Community Facilities District No. 16-01
(Roripaugh Ranch Phase 2)
Estimated Value to Lien by Planning Area and Property Owner
(as of September 12, 2023)

Property Owner ⁽¹⁾	Parcels	Maximum Special Tax	Percent of Maximum Special Tax	Projected Fiscal Year 2023-24 Special Tax Levy ^{(2),(4)}	Percent of Projected Fiscal Year 2023-24 Special Tax Levy ⁽⁴⁾	Assessed/ Appraised Value	Total District Bonds ^{(4),(5)}	Aggregate Value-to-Lien ⁽⁵⁾
Developed Individual	358	\$1,198,688	24.32%	\$929,170	26.77%	\$248,882,503	\$12,870,961	19.34:1
Developed Richmond American	69	234,646	4.76	187,670	5.41	36,456,853	2,599,625	14.02:1
Developed Taylor Morrison	90	323,715	6.57	235,545	6.79	41,071,346	3,262,801	12.59:1
Developed Woodside	136	573,924	11.64	400,740	11.55	52,393,677	5,551,093	9.44:1
Subtotal Developed	653	2,330,973	47.29%	1,753,125	50.51%	378,804,379	\$24,284,480	15.60:1
Approved Taylor Morrison	28	96,857	1.97%	96,857	2.79%	6,910,000	\$1,341,670	5.15:1
Approved Woodside	258	944,347	19.16	944,347	27.21	44,671,977	13,081,189	3.41:1
Subtotal Approved	286	1,041,203	21.12%	1,041,203	30.00%	51,581,977	\$14,422,858	3.58:1
Undeveloped Wingsweep	5	832,825	16.90%	361,928	10.43%	25,156,000	\$5,013,468	5.02:1
Undeveloped Woodside	2	724,018	14.69	314,643	9.07	45,434,928	4,358,468	10.42:1
Subtotal Undeveloped	7	\$1,556,843	31.59%	\$676,571	19.49%	\$70,590,928	\$9,371,937	7.53:1
Totals	946	\$4,929,019	100.00%	\$3,470,900	100.00%	\$500,977,283	\$48,079,275	10.42:1

- (1) Based upon ownership information and development status as of September 12, 2022.
 - (2) Based upon the debt service requirement of the Bonds and includes estimated Fiscal Year 2023-24 Administrative Expense Requirement of \$30,000.
 - (3) Allocated based on the projected Fiscal Year 2023-24 Special Tax Levy.
 - (4) Includes the outstanding principal amount of the 2017 Bonds and the estimated initial principal amount of the 2023 Bonds.
 - (5) Preliminary, subject to change.
- Source: Webb Municipal Finance, LLC

The following Table 5 sets forth the distribution of assessed value-to-District lien ratios among the 946 parcels of Taxable Property based on the parcels that existed, and their assessed and appraised values, as of September 12, 2022, the projected fiscal year 2023-24 Special Tax levy and the aggregate principal amount of the outstanding 2017 Bonds and of the 2023 Bonds.

Table 5
Temecula Public Financing Authority
CFD No. 16-01 (Roripaugh Ranch Phase 2)
Assessed Value to Lien Ratios for Parcels of Developed Property
(Preliminary, subject to change)

Assessed / Appraised Value to Lien	No. of Parcels	Assessed / Appraised Value ⁽¹⁾	Projected Fiscal Year 2023-24 Levy	Percent of Total Projected Fiscal Year 2023-24 Levy	2023 Bonds ⁽²⁾	Outstanding 2017 Bonds ⁽²⁾	Total CFD 16-01 Outstanding Bonds	Aggregate Value-to-Lien
Less than 3.00:1 ⁽³⁾	87	\$16,437,813	\$487,014	14.03%	\$1,237,462	\$5,508,701	\$6,746,163	2.44:1
Between 3.00:1 and 5.99:1	293	65,195,980	1,152,149	33.19	2,927,518	13,032,177	15,959,695	4.09:1
Between 6.00:1 and 8.99:1	63	14,358,279	144,561	4.16	367,317	1,635,155	2,002,472	7.17:1
Between 9.00:1 and 11.99:1	10	49,146,834	339,648	9.79	863,018	3,841,822	4,704,840	10.45:1
Between 12.00:1 and 14.99:1	20	21,559,230	115,950	3.34	294,620	1,311,533	1,606,152	13.42:1
Between 15.00:1 and 17.99:1	123	79,632,597	342,664	9.87	870,681	3,875,934	4,746,614	16.78:1
Between 18.00:1 and 20.99:1	205	145,366,317	546,351	15.74	1,388,234	6,179,879	7,568,113	19.21:1
Between 21.00:1 and 23.99:1	121	85,731,099	281,668	8.12	715,697	3,186,004	3,901,701	21.97:1
Greater than 23.99:1 ⁽⁴⁾	24	23,549,134	60,895	1.75	154,729	688,795	843,524	27.92:1
Total	946	\$500,977,283	\$3,470,900	100.00%	\$8,819,275	\$39,260,000	\$48,079,275	10.42:1

(1) Assessed / Appraised valuation as of September 12, 2022, as derived from the Appraisal Report. For purposes of this Table, the per lot values for property presented as bulk sale value in the Appraisal Report have been calculated as the aggregate bulk value divided by the number of lots (in the case of Developed Property and Approved Property) or acreage (in the case of Undeveloped Property). It does not represent the Appraiser's opinion of the fair market value of any such lot on September 12, 2022 or the price at which such a lot might sell individually in an arm's length transaction. The Appraiser valued the property in bulk for all parcels that are owned by the same or affiliated entities as of the date of value. Included in the bulk sale value for the Primary Developer and the Merchant Builders are lots with homes under construction, which are classified as Developed Property for purposes of Special Tax levies but which are valued for the purpose of this Table at a discounted bulk value as finished lots. See "THE DISTRICT—Property Values" and "SECURITY FOR THE 2023 BONDS—Summary of Rate and Method – Classification of Property."

(2) Allocation is based upon the projected Fiscal Year 2023-24 Special Tax levy and includes \$30,000 in administrative expenses.

(3) Lowest estimated Value-to-Lien is 1.34:1.

(4) Highest estimated Value-to-Lien is 34.24:1.

Source: Webb Municipal Finance, LLC

Of the parcels with less than a 3.00:1 Assessed / Appraised Value to Lien ratio, 84 are categorized as Approved Property under the Rate and Method and 3 are categorized as Undeveloped Property under the Rate and Method (see "SECURITY FOR THE 2023 BONDS—Summary of Rate and Method – Classification of Property"). Of the 84 parcels of Approved Property, as of September 12, 2022, 45 were located in the SHAWOOD development owned by SHAWOOD, 31 were located in the Upton development owned by the Primary Developer, 6 were located in the Espalande development owned by Taylor Morrison, and 1 each were located in the Acacia development and in the Medley development both owned by the Primary Developer. The 3 parcels of Undeveloped Property, as of September 1, 2022, were owned by Wingsweep. See "THE DISTRICT—Somers Bend – Summary of Development" and "—Status of Home Construction and Sales" for more current information regarding the developments in the District.

Special Tax Delinquencies

The following Table 6 is a summary of Special Tax levies, collections and delinquency rates on Taxable Properties in the District for fiscal years 2017-18 through the first installment of Special Taxes delinquent if not paid by December 10, 2022, based on amounts levied and outstanding delinquencies as of the respective Fiscal Year end, and as of December 10, 2022.

Table 6
Temecula Public Financing Authority
CFD No. 16-01 (Roripaugh Ranch Phase 2)
Special Tax Delinquency History

Fiscal Year	Amount Levied	Parcels Levied ⁽¹⁾	Delinquencies Following FY End			Delinquencies as of December 10, 2022		
			Parcels Delinquent	Amount Delinquent	Percent Delinquent	Parcels Delinquent	Amount Delinquent	Percent Delinquent
2017-18	\$3,275,509.18	18	0	\$0.00	0.00%	0	\$0.00	0.00%
2018-19	3,178,490.78	18	0	0.00	0.00	0	0.00	0.00
2019-20	3,166,477.24	18	0	0.00	0.00	0	0.00	0.00
2020-21	3,167,456.98	261	0	0.00	0.00	0	0.00	0.00
2021-22	3,163,011.70	567	12	25,768.01	0.81	2	4,924.98	0.16
2022-23 ⁽²⁾	1,576,842.50	864	N/A	N/A	N/A	23	32,282.06	2.05

(1) Parcel count increases due to parcel splits.

(2) Amount levied represents only the first installment of Special Taxes for Fiscal Year 2022-23 that was delinquent if not paid by December 10, 2022.

Source: Webb Municipal Finance, LLC

Direct and Overlapping Governmental Obligations

Taxes, Charges and Assessments. The base ad valorem secured property tax rate on property in the District is 1.00% (including ad valorem tax overrides). Property in the District is also subject, or will be subject, to certain annual charges and assessments (which are billed to property owners on a semi-annual basis). See “THE DISTRICT—Sample Tax Bill” below for a list of public agencies that currently levy annual charges and assessments on property in the District.

Overlapping Public Debt. The District is located within the boundaries of certain local agencies, other than the Authority, that provide public services and assess property taxes, assessments, special taxes and other charges on the property in the District. Some of these local agencies have outstanding debt.

The current and estimated direct and overlapping obligations affecting the property in the District are shown in the following Table 7. The table was prepared by the Special Tax Consultant and is included for general information purposes only. The Authority has not reviewed this report for completeness or accuracy and makes no representation in connection therewith.

Table 7
Temecula Public Financing Authority
Community Facilities District No. 16-01
(Roripaugh Ranch Phase 2)
Direct and Overlapping Bonded Debt

I. ASSESSED VALUE					
Assessed / Appraised Valuation ⁽¹⁾					\$500,977,283
II. LAND SECURED BOND INDEBTEDNESS					
Outstanding Direct and Overlapping Bonded Debt					
	Total Parcels			%	Amount
	Type	Levied	Issued	Outstanding	Applicable
TPFA CFD No. 16-01 (Roripaugh Ranch Phase 2)	CFD	946	\$51,634,275	\$48,079,275 ^{(2),(5)}	100.000%
TOTAL OUTSTANDING LAND SECURED BONDED DEBT					\$48,079,275 ⁽⁵⁾
Authorized and Unissued Direct and Overlapping Bonded Debt					
	Total Parcels			%	Amount
	Type	Levied	Authorized	Unissued	Applicable
TPFA CFD No. 16-01 (Roripaugh Ranch Phase 2)	CFD	946	\$60,000,000	\$8,365,725 ^{(3),(5)}	100.000%
TOTAL UNISSUED LAND SECURED INDEBTEDNESS					\$8,365,725 ⁽⁵⁾
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS ⁽⁴⁾					\$56,445,000
III. GENERAL OBLIGATION BOND INDEBTEDNESS					
Outstanding Direct and Overlapping Bonded Debt					
	Total Parcels			%	Amount
	Type	Levied	Issued	Outstanding	Applicable
Temecula Valley Unified School B & I (0.02389%)	GO	946	\$172,747,035	\$167,831,294	1.298107%
MT San Jacinto Comm College (0.01320%)	GO	946	295,000,000	253,195,000	0.333442
Metropolitan Water East (0.00350%)	GO	946	850,000,000	20,175,000	0.007195
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT					\$3,024,340
Authorized and Unissued Direct and Overlapping Indebtedness					
	Total Parcels			%	Amount
	Type	Levied	Authorized	Unissued	Applicable
Temecula Valley Unified School B & I (0.02389%)	GO	946	\$230,000,000	\$57,252,965	1.298107%
MT San Jacinto Comm College (0.01320%)	GO	946	295,000,000	0	0.333442
Metropolitan Water East (0.00350%)	GO	946	850,000,000	0	0.007195
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS					\$743,205
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽⁴⁾					\$3,767,545
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT					\$51,103,615 ⁽⁵⁾
TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS					\$60,212,545

IV. Ratios to Assessed / Appraised Valuation	
Outstanding Land Secured Bonded Debt	10.42:1 ⁽⁵⁾
Outstanding Direct and Overlapping Bonded Debt	9.80:1 ⁽⁵⁾

- (1) Assessed / Appraised valuation as of September 12, 2022, as reported in the Appraisal.
 - (2) Amount Outstanding is equal to the preliminary initial principal amount of the 2023 Bonds and the outstanding principal amount of the 2017 Bonds.
 - (3) Additional Parity Bonds may be issued with respect to the remaining \$8,365,725 in bond authorization, but only if the Parity Bonds are Refunding Bonds. See "SECURITY FOR THE 2023 BONDS—Issuance of Additional Bonds."
 - (4) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2022-23.
 - (5) Preliminary, subject to change.
- Source: Webb Municipal Finance, LLC

Sample Tax Bill

Table 8 below provides, for an average parcel of Taxable Property under the Rate and Method, the expected property tax bill that would be received by an owner of the property for fiscal year 2023-24, based on the projected Special Tax levy for that fiscal year.

Table 8
Temecula Public Financing Authority
CFD No. 16-01 (Roripaugh Ranch Phase 2)
Average Fiscal Year 2023-24 Tax Obligation⁽¹⁾
For Parcels of Developed Property

Average Home Value ⁽²⁾	\$580,099.00
Ad Valorem Property Taxes:	
Basic Levy (1.0000%)	\$5,800.99
Temecula Valley Unified School B & I (0.02389%)	138.59
MT San Jacinto Comm College (0.01320%)	76.57
Metropolitan Water East (0.00350%)	20.30
Total General Property Taxes	\$6,036.45
Assessment, Special Taxes & Parcel Charges:	
Flood Control Stormwater/Cleanwater	\$3.47
Temecula Parks/Lighting Services	74.44
EMWD Infrastructure Availability Charge	10.00
Temecula Trash/Recycling	330.58
Valleywide Regional FAC LMD 88-1	5.54
MWD Standby East	6.94
TPFA CFD No. 16-01 Services ⁽³⁾	546.22
TPFA CFD No. 16-01 Facilities ⁽³⁾	2,684.73
Total Assessment Charges	\$3,661.91
Average Total Property Tax	\$9,698.36
Average Effective Tax Rate	1.67%

(1) Average fiscal year 2023-24 tax rates based upon fiscal year 2022-23 Overlapping Taxes and Assessment Rates.

(2) Average Home Value is based upon average Appraised Values for parcels of Developed Property.

(3) Reflects average projected fiscal year 2023-24 District Special Tax A and Special Tax B for parcels of Developed Property.

Source: Webb Municipal Finance, LLC

THE AUTHORITY

The Temecula Public Financing Authority was established pursuant to a Joint Exercise of Powers Agreement, dated April 10, 2001 (the “**JPA Agreement**”), by and between the City and the Agency. The JPA was entered into pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The Authority was formed for the primary purpose of assisting in the financing and refinancing of public capital improvements in the City. As of May 1, 2016, the JPA Agreement was amended to provide for the withdrawal of the Successor Agency to the Agency as a member of the Authority, and to add the Temecula Community Services District and the Temecula Housing Authority as members of the Authority.

The Authority is administered by a five-member Board of Directors, which currently consists of the members of the City Council of the City. The Authority has no independent staff. The Executive Director of the Authority is the City Manager of the City, and the Treasurer of the Authority is the City’s Chief Financial Officer. The Executive Director administers the day-to-day affairs of the Authority, and the Treasurer has custody of all money of the Authority from whatever source.

SPECIAL RISK FACTORS

The following is a description of certain risk factors affecting the District, the property owners in the District, the parcels subject to the levy of Special Taxes and the payment of and security for the 2023 Bonds. The following discussion of risks is not meant to be a complete list of the risks associated with the purchase of the 2023 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the investment quality of the 2023 Bonds. There can be no assurance that other risk factors will not become material in the future.

No General Obligation of the Authority or the District

The Authority's obligations under the 2023 Bonds and under the Fiscal Agent Agreement are limited obligations of the Authority on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and amounts in the Special Tax Fund, the Bond Fund and the Reserve Fund. The 2023 Bonds are neither general or special obligations of the Authority nor general obligations of the District, but are limited obligations of the Authority for the District payable solely from the revenues and funds pledged therefor and under the Fiscal Agent Agreement. None of the faith and credit of the District, the Authority or the State of California or of any of their respective political subdivisions is pledged to the payment of the 2023 Bonds.

Property Value

The value of land within the District is a critical factor in determining the investment quality of the 2023 Bonds. If a landowner defaults in the payment of the Special Tax, the only legal remedy is the institution of a superior court action to foreclose on the delinquent Taxable Property in an attempt to obtain funds with which to pay the Special Tax.

The value of the taxable parcels in the District could be adversely affected by economic factors beyond the Authority's control, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, wildfire, earthquakes and floods), which may result in uninsured losses. See "SPECIAL TAX FACTORS—Natural Disasters."

No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay the delinquent Special Tax installment. Although the Act authorizes the Authority to cause such an action to be commenced and diligently pursued to completion, the Act does not specify any obligation of the Authority with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale in any such action if there is no other purchaser at such sale. The Authority is not obligated and does not expect to be a bidder at any such foreclosure sale. See "SPECIAL TAX FACTORS—Proceeds of Foreclosure Sale."

Concentration of Ownership

The Primary Developer, SHAWOOD, Taylor Morrison, Richmond American and Wingsweep Corporation currently own all of the land in the District not yet sold to homebuyers. See "THE DISTRICT—The Primary Developer, The Merchant Builders and

Wingsweep Corporation.” The lack of diversity in the obligation to pay the Special Tax represents a significant risk to the owners of the 2023 Bonds. Failure of any owner of a significant portion of the land in the District to pay the annual Special Tax when due could result in a default in payments of the principal of, and interest on, the 2023 Bonds. See “SPECIAL RISK FACTORS—Insufficiency of Special Tax Revenues” below.

Failure to Complete Development

The completion of the planned development of the property in the District includes the construction of public infrastructure, public facilities and other site work. While construction of most of the needed public infrastructure has been completed, the remainder of the infrastructure is expected to be completed over a multiple year period. Any event that significantly impacts the ability to complete the development of the property in the District on a timely basis (such as strikes or other work stoppages, loan defaults, adverse weather conditions, catastrophic events such as earthquakes or other natural events, or other similar events) could cause the value of the land within the District to be less than that estimated by the Appraiser and could affect the willingness and ability of the landowners in the District to pay the Special Taxes when due. See “THE DISTRICT—Sommers Bend” for information regarding the status of development in the District.

Government Approvals

Development within the District is contingent upon the completion, and acceptance by various public agencies, of infrastructure improvements, as well as the issuance by the City of building and other ministerial permits for homes and any commercial structure to be constructed in the District. The failure to commence and complete the required infrastructure improvements and to obtain any such permits in a timely manner could adversely affect land development within the District.

Payment of the Special Tax is not a Personal Obligation

The owners of the parcels in the District are not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation that is secured only by a lien against the parcels on which it is levied. If the value of the taxable parcels is not sufficient to secure fully the payment of the Special Tax, the Authority has no recourse against the property owners.

FDIC/Federal Government Interests in Properties

General. The ability of the District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

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.

The supremacy clause of the United States Constitution reads as follows: “This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding.”

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

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

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a rate and method of apportionment which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from special taxes levied pursuant to the Act.

The Authority is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the

District in which the FDIC has or obtains an ownership interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the 2023 Bonds.

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 within the District acquired by a public entity through a negotiated transaction, or by gift or devise, that is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from 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, for outstanding Bonds only, 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 within the District, it may be unconstitutional (see “SPECIAL RISK FACTORS—FDIC/Federal Government Interests in Properties”). If for any reason property within 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 Rate, the Special Tax will be reallocated to the remaining taxable properties within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the timely payment of the Special Tax. Moreover, if a substantial portion of land within the District becomes exempt from the Special Tax because of public ownership, or otherwise, the maximum rate that could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Series Prior Bonds when due and a default would occur with respect to the payment of such principal and interest.

Parity Taxes and Special Assessments

The Special Taxes and any penalties thereon will constitute liens against the taxable parcels in the District until they are paid. Such lien is on a parity with all special taxes and special assessments levied by other agencies and is coequal to and independent of the lien for general property taxes regardless of when they are imposed upon the taxable parcel. The Special Tax B, not pledged to the payment of the 2023 Bonds, is collected with, and secured by the same lien that secures the payment of, the Special Tax A. The Special Taxes have priority over all existing and future private liens imposed on the property. The Authority, however, has no control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the taxable parcels within the District subject to the levy of Special Taxes. In addition, the landowners within the District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes or assessments, and any such special taxes or assessments may have a lien on such property on a parity with the Special Taxes. The imposition of additional indebtedness could reduce the willingness and the ability of the property owners within the District to pay the Special Taxes when due. See “THE DISTRICT—Direct and Overlapping Governmental Obligations.”

Insufficiency of Special Taxes

In order to pay debt service on the 2023 Bonds, it is necessary that the Special Taxes levied against taxable parcels within the District be paid in a timely manner. The Authority has established the Reserve Fund in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent Special Taxes are not paid on time and other funds are not available. See “SECURITY FOR THE 2023 BONDS—Reserve Fund” and Appendix C – “Summary of the Fiscal Agent Agreement—Reserve Fund.” Under the Fiscal Agent Agreement, the Authority has covenanted to maintain in the Reserve Fund an amount equal to the Reserve Requirement; subject, however, to the limitations that (i) the Authority may not levy the Special Tax in any fiscal year at a rate in excess of the Maximum Special Tax rates permitted under the Rate and Method and (ii) per the Act, under no circumstances will the Special Tax levied against any Assessor’s Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor’s Parcel within the District. See “SECURITY FOR THE 2023 BONDS—Summary of Rate and Method Special Tax Formula – Calculation of Annual Special Tax.” Consequently, if a delinquency occurs, the Authority may be unable to replenish the Reserve Fund to the Reserve Requirement due to the limitation of the Maximum Special Tax rates. If such defaults were to continue in successive years, the Reserve Fund could be depleted and a default on the Bonds would occur if proceeds of a foreclosure sale did not yield a sufficient amount to pay the delinquent Special Taxes.

The Authority has made certain covenants regarding the institution of foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds. See “SECURITY FOR THE 2023 BONDS—Covenant for Superior Court Foreclosure.” If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of delinquent Special Taxes to protect its security interest.

Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, are being billed to the taxable parcels within the District on the regular property tax bills sent to owners of the parcels. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future. See “SECURITY FOR THE 2023 BONDS—Reserve Fund” and “—Covenant for Superior Court Foreclosure” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Fiscal Agent Agreement, in the event of delinquency in the payment of Special Tax installments. See also “THE DISTRICT—Special Tax Delinquencies” for historical Special Tax delinquency history.

Also, as noted under “SECURITY FOR THE 2023 BONDS—Summary of Rate and Method,” the Act provides that under no circumstances will the Special Taxes levied against any Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Parcel or Parcels within the District by more than ten percent (10%) per Fiscal Year. In addition, the Rate and Method provides that under no circumstances will the Acreage Special Tax be levied against Parcels of Developed Residential Property if the Special Taxes which may be levied pursuant to the first and second steps described under the

subheading “Method of Apportionment” in the section entitled “SECURITY FOR THE 2023 BONDS—Summary of Rate and Method,” are equal to or greater than the sum of estimated Administrative Expenses and one hundred ten percent (110%) of the then maximum annual debt service for outstanding Bonds.

Bankruptcy Delays

The payment of the Special Tax and the ability of the Authority to commence a superior court action to foreclose the lien of a delinquent unpaid Special Tax, as discussed in “SECURITY FOR THE 2023 BONDS—Covenant for Superior Court Foreclosure,” 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. Legal opinions to be delivered concurrently with the delivery of the 2023 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 Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2023 Bonds.

Proceeds of Foreclosure Sales

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax, the Board of Directors, as the legislative body of the District, may order that the Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. The Authority has covenanted in the Fiscal Agent Agreement that it will, under certain circumstances, commence such a foreclosure action. See “SECURITY FOR THE 2023 BONDS—Covenant for Superior Court Foreclosure.”

No assurances can be given that a taxable parcel in the District that would be subject to a judicial foreclosure sale for delinquent Special Taxes will be sold or, if sold, that the proceeds of such sale will be sufficient to pay the delinquent Special Tax installment. Although the Act authorizes the Authority to cause such an action to be commenced and diligently pursued to completion, the Act does not specify any obligation of the Authority with regard to purchasing or otherwise acquiring any lot or parcel of property sold at the foreclosure sale in any such action if there is no other purchaser at such sale and the Authority has not in any way agreed nor does it expect to be such a bidder.

In a foreclosure proceeding, a judgment debtor (i.e., the property owner) has 140 days from the date of service of the notice of levy in which to redeem the property to be sold and may have other redemption rights afforded by law. If a judgment debtor fails to so redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale if the purchaser at the sale was the judgment creditor. If a foreclosure sale is thereby set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made.

If foreclosure proceedings were ever instituted, any holder of a mortgage or deed of trust on the affected property could, but would not be required to, advance the amount of the delinquent Special Tax installment to protect its security interest.

In the event such superior court foreclosure or foreclosures are necessary, there could be a delay in principal and interest payments to the owners of the 2023 Bonds pending prosecution of the foreclosure proceedings and receipt by the District of the proceeds of the foreclosure sale, if any. Judicial foreclosure actions are subject to the normal delays associated with court cases and may be further slowed by bankruptcy actions and other factors beyond the control of the Authority, including delay due to crowded local court calendars or legal tactics and, in any event could take several years to complete. In particular, bankruptcy proceedings involving the Primary Developer or any other owner of a significant number of the taxable parcels in the District could cause a delay, reduction or elimination in the flow of Special Tax Revenues to the Fiscal Agent. See “SPECIAL RISK FACTORS—Bankruptcy Delays.”

Natural Disasters

The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements. Such occurrences include, without limitation, wildfire, earthquakes and floods. One or more of such natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of the Taxable Property may well depreciate or disappear.

Wildfires

While there have been no wildfires that have affected property in the City, there have been two wildfires in the last three years in the general area, the Tenaja fire in 2019 and the Chaparral fire in 2021. Both fires were over ten miles from the City boundary, and the District is located on the other side of the City. There have also been recent wildfires in the County of San Diego, but none have crossed into Riverside County or had any impact on property in the City.

Hazardous Substances

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

The Authority has not independently verified, but is not aware of, the presence of any hazardous substances within the District.

Disclosure to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax, even if the value of the property is sufficient to justify payment, may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The Authority has caused a notice of the Special Tax to be recorded in the Office of the Riverside County Recorder against the parcels in the District. Although 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 when purchasing a property within the District or lending money thereon, as applicable.

California Civil Code Section 1102.6b requires that, in the case of transfers, 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.

Potential Early Redemption of 2023 Bonds from Special Tax Prepayments

Property owners within the District are permitted to prepay their Special Taxes in full or in part at any time. Any such prepayments will result in a mandatory redemption of 2023 Bonds on any date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of the Special Tax prepayment. Any resulting redemption of 2023 Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such 2023 Bonds. The Authority cannot predict whether and if so when Special Tax prepayments will occur in the future. See "THE 2023 BONDS – Redemption – Mandatory Redemption from Special Tax Prepayments."

Cybersecurity

The City, the employees of which conduct the operations of the Authority including those related to the District, 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. No assurance can be given that the efforts of the City to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the District and the Bonds. The City is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes and the Fiscal Agent. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

COVID-19 Pandemic

General. Information about the State's current status regarding the Coronavirus disease can be found at the State's website, www.covid19.ca.gov. Also see the County's website www.rivcoph.org for up to date information regarding COVID-19 restrictions in place in the County. Reference to the State's and the County's website is included in this Official Statement for general information only and information on such website is not included in this Official Statement by reference to such website. See "THE DISTRICT—The Primary Landowner, the Merchant Builders and Wingsweep Corporation for the effect of the COVID-19 pandemic on the operations of the Primary Developer and Taylor Morrison.

The Special Taxes are collected on ad valorem property tax bills delivered by the County. Property tax delinquencies may increase as a consequence of economic difficulties of property owners arising from the impact of the Coronavirus disease.

No Acceleration Provision

The 2023 Bonds and the Fiscal Agent Agreement do not contain a provision allowing for the acceleration of the 2023 Bonds in the event of a payment default or other default under the terms of the 2023 Bonds or the Fiscal Agent Agreement or in the event interest on the 2023 Bonds becomes included in gross income for federal income tax purposes.

Taxability Risk

As discussed herein under the caption "TAX MATTERS," interest on the 2023 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2023 Bonds were issued, as a result of future acts or omissions of the Authority in violation of its covenants in the Fiscal Agent Agreement. There is no provision in the 2023 Bonds or the Fiscal Agent Agreement for special redemption or acceleration or for the payment of additional interest should such an event of taxability occur, and the 2023 Bonds will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Fiscal Agent Agreement.

In addition, as discussed under the caption "TAX MATTERS," Congress has considered in the past, is currently considering and may consider in the future, legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the 2023 Bonds. Prospective purchasers of the 2023 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. The Authority can provide no assurance that federal tax law will not change while the 2023 Bonds are outstanding or that any such changes will not adversely affect the exclusion of interest on the 2023 Bonds from gross income for federal income tax purposes. If the exclusion of interest on the 2023 Bonds from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the 2023 Bonds would be adversely impacted.

Enforceability of Remedies

The remedies available to the Fiscal Agent and the registered owners of the 2023 Bonds upon a default under the Fiscal Agent Agreement or any other document described in this Official Statement are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. Any legal opinions to be delivered concurrently with the issuance of the 2023 Bonds will be qualified to

the extent that the enforceability of the legal documents with respect to the 2023 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Judicial remedies, such as foreclosure and enforcement of covenants, are subject to exercise of judicial discretion. A California court may not strictly apply certain remedies or enforce certain covenants if it concludes that application or enforcement would be unreasonable under the circumstances and it may delay the application of such remedies and enforcement.

No Secondary Market

No representation is made concerning any secondary market for the 2023 Bonds. There can be no assurance that any secondary market will develop for the 2023 Bonds. Investors should understand the long-term and economic aspects of an investment in the 2023 Bonds and should assume that they will have to bear the economic risks of their investment to maturity. An investment in the 2023 Bonds may be unsuitable for any investor not able to hold the 2023 Bonds to maturity.

Proposition 218

An initiative measure entitled the “Right to Vote on Taxes Act” (the “**Initiative**”) was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIIC and Article XIID to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Provisions of the Initiative have been and will continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes otherwise available to the District to pay the principal of and interest on the 2023 Bonds as described below.

Among other things, Section 3 of Article XIIC states, “...the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 1, 1997, the Governor of the State signed a bill into law enacting Government Code Section 5854, which states that:

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

Accordingly, although the matter is not free from doubt, it is likely that Article XIIC has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the 2023 Bonds.

It may be possible, however, for voters or the District or the Board of Directors of the Authority acting as the legislative body of the District to reduce the Special Taxes in a manner that does not interfere with the timely repayment of the 2023 Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the 2023 Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses (as defined in the Fiscal Agent Agreement). Nevertheless, the Authority has covenanted that it will not consent to, or conduct proceedings with respect to, a reduction in the maximum Special Taxes that may be levied in the District on Developed Property below an amount, for any Bond Year, equal to 110% of the aggregate of the debt service due on the 2023 Bonds in such Bond Year, plus a reasonable estimate of Administrative Expenses for each such Bond Year. However, no assurance can be given as to the enforceability of the foregoing covenant.

The interpretation and application of Article XIII C and Article XIII D will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See “—Enforceability of Remedies.”

Ballot Initiatives

Articles XIII C and XIII D of the California Constitution were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process, and the State Legislature has in the past enacted legislation that has altered the spending limitations or established minimum funding provisions for particular activities. On March 6, 1995 in the case of Rossi v. Brown, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the Authority, or local districts to increase revenues or to increase appropriations.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2023 Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the 2023 Bonds might be affected as a result of such an audit of the 2023 Bonds (or by an audit of similar bonds). See “TAX MATTERS.”

TAX MATTERS

Federal tax law contains a number of requirements and restrictions which apply to the 2023 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Authority has covenanted in the Fiscal Agent Agreement to comply with all requirements that must be satisfied in order for the interest on the 2023 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2023 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2023 Bonds.

Subject to the Authority's compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Bond Counsel, interest on the 2023 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "**Code**"). For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Authority with respect to certain material facts within the Authority's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the 2023 Bonds may result in collateral federal income tax consequences to certain taxpayers. Prospective purchasers of the 2023 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "**Issue Price**") for each maturity of the 2023 Bonds is the price at which a substantial amount of such maturity of the 2023 Bonds is first sold to the public. The Issue Price of a maturity of the 2023 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page of this Official Statement.

If the Issue Price of a maturity of the 2023 Bonds is less than the Maturity Value payable at maturity, the difference between the Issue Price of each such maturity, if any, of the 2023 Bonds (the "**OID 2023 Bonds**") and the Maturity Value payable at maturity is original issue discount.

For an investor who purchases an OID 2023 Bond in the initial public offering at the Issue Price for such maturity and who holds such OID 2023 Bond to its stated maturity, subject to the condition that the Authority comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID 2023 Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID 2023 Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID 2023 Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID 2023 Bonds.

Owners of 2023 Bonds who dispose of 2023 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2023 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2023 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2023 Bond is purchased at any time for a price that is less than the 2023 Bond's stated redemption price at maturity or, in the case of an OID 2023 Bond, its Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the "**Revised Issue Price**"), the purchaser will be treated as

having purchased a 2023 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2023 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID 2023 Bond for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2023 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2023 Bonds.

An investor may purchase a 2023 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "**bond premium**" and must be amortized by an investor on a constant yield basis over the remaining term of the 2023 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2023 Bond. Investors who purchase a 2023 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2023 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2023 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2023 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2023 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "**Service**") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2023 Bonds. If an audit is commenced, under current procedures the Service may treat the Authority as a taxpayer and the 2023 Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2023 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the 2023 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2023 Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2023 Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the 2023 Bonds is exempt from California personal income taxes.

Ownership of the 2023 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral

consequences arising with respect to the 2023 Bonds. Prospective purchasers of the 2023 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon issuance of the 2023 Bonds is set forth in Appendix D.

LEGAL MATTERS

Concurrent with the issuance of the 2023 Bonds, Quint & Thimmig LLP, Larkspur, California, Bond Counsel, will render its opinion substantially in the form set forth in Appendix D to this Official Statement. Certain legal matters with respect to the 2023 Bonds will be passed upon for the Authority and the District by Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, in their capacity as attorneys for the Authority, and for the Authority by Quint & Thimmig LLP, Larkspur, California, acting as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. Payment of the fees and expenses of Underwriter's Counsel is contingent on the issuance of the 2023 Bonds. At times Quint & Thimmig LLP represents Stifel, Nicolaus & Company, Inc., the Underwriter for the 2023 Bonds, in matters unrelated to the 2023 Bonds.

NO RATING

The Authority has not made, and does not intend to make, any application to any rating agency for the assignment of a rating to the 2023 Bonds.

NO LITIGATION

The Authority is not aware of any pending or threatened litigation challenging the validity of the 2023 Bonds, the Special Taxes securing the 2023 Bonds, or any action taken by the Authority in connection with the formation of the District, the levying of the Special Taxes or the issuance of the 2023 Bonds.

The Bond Purchase Agreement between the Authority and the Underwriter requires that each of the Primary Developer, Taylor Morrison, Richmond American and Wingsweep Corporation deliver a certificate on the date of issuance of the 2023 Bonds to the effect that no action, suit, proceeding, inquiry or investigation, at law or in equity, before any court, regulatory agency, public board or body, is pending, or to its actual knowledge is overtly threatened, in any way seeking to restrain such entity's development of the property it owns in the District or in any way seeking to invalidate or set aside any approval or permit relating to the development of such property.

MUNICIPAL ADVISOR

The Authority has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as its Municipal Advisor (the "**Municipal Advisor**") in connection with the authorization and delivery of the 2023 Bonds. The Municipal Advisor has assisted in various matters relating to the planning, structuring and sale of the 2023 Bonds. The Municipal Advisor has not independently verified any of the data contained in the Official Statement or conducted a

detailed investigation of the affairs of the Authority or the District to determine the accuracy or completely of this Official Statement.

UNDERWRITING

The 2023 Bonds are being purchased through negotiation by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”). The Underwriter agreed to purchase the 2023 Bonds at a price of \$_____ (which is equal to the par amount of the 2023 Bonds, less (plus) an original issue discount (premium) of \$_____, and less an underwriter’s discount of \$_____). The initial public offering prices set forth on the inside cover page may be changed by the Underwriter. The Underwriter may offer and sell the 2023 Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof.

CONTINUING DISCLOSURE

The Authority

The Authority will covenant in a Continuing Disclosure Agreement for the benefit of the Owners of the 2023 Bonds to provide Annual Reports that include certain annual financial information and operating data, and to provide notices of the occurrence of certain enumerated events. The Authority has retained Albert A. Webb Associates to act as the Dissemination Agent under the Continuing Disclosure Agreement. The Authority or the Dissemination Agent, on behalf of the Authority, will file the Annual Reports and notices as required by the Continuing Disclosure Agreement with the Municipal Securities Rulemaking Board. See Appendix E – “Form of Continuing Disclosure Agreement of the Authority” for the complete text of the Authority’s Continuing Disclosure Agreement. The covenants of the Authority in the Continuing Disclosure Agreement have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the “Rule”) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

During the last five Fiscal Years, the Authority has complied in all material respects with its obligations under several continuing disclosure agreements entered into in connection with various community facilities district special tax bonds that it has issued.

The Primary Developer

Although the Primary Developer is not an obligated person under Rule 15c2-12, the Primary Developer has agreed, for the benefit of the owners of the 2023 Bonds to enter into a Continuing Disclosure Certificate covenanting to provide certain information regarding the development of its property and notice of certain material events as they occur.

The Primary Developer has represented that, based on a review of prior continuing disclosure undertakings, the Primary Developer and its Relevant Entities (as defined the Letter of Representations to be delivered by the Primary Developer in connection with the 2023 Bonds) have not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notices of listed events with respect to community facilities districts or assessment districts in Southern California within the past five years.

The obligations of the Primary Developer under its Continuing Disclosure Certificate will terminate upon the earliest to occur of: (i) the legal defeasance, prior redemption or payment in full of all of the 2023 Bonds; and (ii) the date on which the Primary Developer and any affiliate of the Primary Developer owns property in the District subject to less than twenty percent (20%) of the then annual Special Tax levied on property in the District. The Primary Developer has also agreed that if it sells or transfers property in the District subject to less than twenty percent (20%) of the then annual Special Tax levied on property in the District, the Primary Developer will cause any such transferee to enter into a disclosure agreement described in Section 12 of the form of Continuing Disclosure Certificate attached hereto in Appendix F — “Form of Continuing Disclosure Agreement of the Primary Developer.”

Remedies for Failures to Comply

A failure by the Authority or the Primary Developer to comply with the provisions of its respective Continuing Disclosure Agreement is not an event of default under the Fiscal Agent Agreement (although the holders and beneficial owners of the 2023 Bonds do have remedies at law and in equity). However, a failure by the Authority to comply with the provisions of its Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2023 Bonds. Therefore, a failure by the Authority to comply with the provisions of its Continuing Disclosure Agreement may adversely affect the marketability of the 2023 Bonds on the secondary market.

MISCELLANEOUS

Included herein are brief summaries of certain documents, which summaries do not purport to be complete or definitive, and reference is made to such documents for full and complete statements of the contents thereof. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the District and the purchasers or Owners of any of the 2023 Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Board of Directors of the Authority, acting as the legislative body of the District.

TEMECULA PUBLIC FINANCING AUTHORITY,
for and on behalf of the TEMECULA PUBLIC
FINANCING AUTHORITY COMMUNITY
FACILITIES DISTRICT NO. 16-01 (RORIPAUGH
RANCH PHASE 2)

By: _____
Executive Director

APPENDIX A

GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITY AND THE COUNTY

The information in this Appendix A is presented as general background data. The 2023 Bonds are payable solely from the Special Tax Revenues and amounts held in certain funds under the Fiscal Agent Agreement, as described in the Official Statement.

Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

The City. The City of Temecula (the “City”) is located in southwestern Riverside County, California. The City was incorporated on December 1, 1989. Temecula is bordered by the City of Murrieta to the north and the Pechanga Indian Reservation and San Diego County to the south. The City of Temecula forms the southwestern anchor of the Inland Empire region.

Temecula is an affluent community. The City is supported by high median and mean income levels as well as the city’s favorable tourism and resort industries. The city is a prominent tourist destination, with the Temecula Valley Wine Country, Old Town Temecula, the Temecula Valley Polo Club, the Temecula Valley Balloon & Wine Festival, championship golf courses, and resort accommodations attracting a significant amount of tourists.

The City is a general law city, which operates under a council-manager form of government. The City Council consists of five members elected at-large to staggered four-year terms. Each year, the City Council elects a Mayor and a Mayor Pro Tem amongst themselves to serve for one calendar year. The Mayor, who has equal legislative power with fellow members of the City Council, serves as the ceremonial leader of the city and as the presiding officer of the bi-weekly City Council meetings.

The County. Riverside County, California (the “County”) is the 4th-most populous county in California and the 11th-most populous in the United States. The County name was taken from the City of Riverside, which is the county seat.

Roughly rectangle-shaped, Riverside County covers 7,208 square miles (18,670 km²) in Southern California, spanning from the Greater Los Angeles area to the Arizona border. Geographically, the county is mostly desert in the central and eastern portions of the county and is a Mediterranean climate in the western portion of the county. Most of Joshua Tree National Park is located in the county.

The resort cities of Palm Springs, Palm Desert, Indian Wells, La Quinta, Rancho Mirage, and Desert Hot Springs are all located in the Coachella Valley region of Riverside County. Large numbers of Los Angeles area workers have moved to the county to take advantage of its relatively affordable housing. Alongside neighboring San Bernardino County, it was one of the fastest growing regions in the state prior to the recent changes in the regional economy. In addition, smaller, but significant, numbers of people have been moving into Southwest Riverside County from the San Diego-Tijuana metropolitan area.

Population

The table below summarizes population of the City, the County, and the State for the last five years.

CITY OF TEMECULA, RIVERSIDE COUNTY, and CALIFORNIA Population

Year	City of Temecula	Riverside County	State of California
2018	112,243	2,397,662	39,519,535
2019	112,561	2,419,057	39,605,361
2020	112,512	2,440,719	39,648,938
2021	110,394	2,424,587	39,303,157
2022	109,925	2,435,525	39,185,605

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2010-22, with 2010 Census Benchmark.

Employment

The following table summarizes historical employment and unemployment for the County, the State, and the United States:

RIVERSIDE COUNTY, CALIFORNIA, and UNITED STATES Civilian Labor Force, Employment, and Unemployment (Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate ⁽¹⁾
2017	Riverside County	1,072,500	1,016,200	56,300	5.2%
	California	19,312,000	18,393,100	918,900	4.8
	United States	160,320,000	153,337,000	6,982,000	4.4
2018	Riverside County	1,092,400	1,044,600	47,800	4.4
	California	19,398,200	18,582,800	815,400	4.2
	United States	162,075,000	155,761,000	6,314,000	3.9
2019	Riverside County	1,104,000	1,057,900	46,100	4.2
	California	19,411,600	18,627,400	784,200	4.0
	United States	163,539,000	157,538,000	6,001,000	3.7
2020	Riverside County	1,107,700	997,700	110,000	9.9
	California	18,821,200	16,913,100	1,908,100	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1
2021 ⁽²⁾	Riverside County	1,129,600	1,046,700	82,800	7.3
	California	18,923,200	17,541,900	1,381,200	7.3
	United States	161,204,000	152,581,000	8,623,000	5.3

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-21, and US Department of Labor.

- (1) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.
- (2) Latest available full-year data.

Major Employers in the City and Industries in the County

The following table lists the top 10 employers within the City for the 2021 calendar year.

**CITY OF TEMECULA
Top 10 Employers
For the 2021 Calendar Year⁽¹⁾**

Employer	Employees	% of Total
Abbott Laboratories	3,000	5.37%
Temecula Valley Unified School District	2,730	4.89
Infineon Technologies	653	1.17
Costco Wholesale	343	.61
Macy's	300	.54
DCH Auto Group Temecula	249	.53
Milpore Sigma	295	.53
Southwest Traders, Inc.	228	.41
Milgard Manufacturing Inc.	225	.40
FFF Enterprises	170	.30
Total Top 10	8,193	14.75

Source: City of Temecula 2020-21 Annual Comprehensive Financial Report.

(1) Latest available full-year data.

The following table lists the top 10 employers within the County for the 2021 calendar year.

**RIVERSIDE COUNTY
Top 10 Employers
For the 2021 Calendar Year⁽¹⁾**

Employer	Employees	% of Total
Riverside County	22,952	2.23%
Amazon	10,500	1.02
March Air Reserve Base	9,600	.93
University of California Riverside	8,909	.87
Stater Brothers Markets	8,304	.81
Moreno Valley Unified School District	6,250	.61
Kaiser Permanente Riverside Medical Center	5,780	.56
Corona-Norco School District	5,478	.53
Hemet Unified School District	4,460	.43
Ross Dress for Less	4,313	.42
Total Top 10	86,546	8.41

Source: Riverside County 2020-21 Annual Comprehensive Financial Report.

(1) Latest available full-year data.

Construction Activity

The following tables reflect the five-year history of building permit valuation for the City and the County:

CITY OF TEMECULA Building Permits and Valuation (Dollars in Thousands)

	2017	2018	2019	2020	2021 ⁽¹⁾
<u>Permit Valuation:</u>					
New Single-family	\$ 19,390	\$ 17,052	\$ 10,707	\$ 47,734	\$ 84,334
New Multi-family	2,556	-	14,538	2,512	2,163
Res. Alterations/Additions	5,154	6,381	4,295	7,462	6,263
Total Residential	27,101	23,433	29,542	57,708	92,760
Total Nonresidential	38,940	33,469	28,911	23,605	26,804
Total All Building	66,042	56,903	58,453	81,314	119,565
<u>New Dwelling Units:</u>					
Single Family	86	90	54	261	441
Multiple Family	30	-	169	39	36
Total	116	90	223	300	477

RIVERSIDE COUNTY Building Permits and Valuation (Dollars in Thousands)

	2017	2018	2019	2020	2021 ⁽¹⁾
<u>Permit Valuation:</u>					
New Single-family	\$ 1,670,541	\$ 2,200,020	\$ 1,834,821	\$ 2,315,365	\$ 2,013,158
New Multi-family	109,308	232,706	282,465	93,149	149,081
Res. Alterations/Additions	125,566	125,353	158,117	110,788	100,401
Total Residential	1,903,417	2,558,080	2,275,404	2,519,303	2,262,641
Total Nonresidential	1,433,690	1,959,680	1,285,855	1,153,777	1,543,997
Total All Building	3,337,107	4,517,761	3,561,260	3,673,080	3,806,639
<u>New Dwelling Units:</u>					
Single Family	6,265	7,540	6,563	8,443	7,360
Multiple Family	1,070	1,628	1,798	723	1,126
Total	7,335	9,168	8,361	9,166	8,486

Source: Construction Industry Research Board: "Building Permit Summary."

Note: Columns may not sum to totals due to independent rounding.

(1) Latest available full year data.

Household Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, State and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the median household effective buying income for the City, the County, the State and the nation for the past five years.

**CITY OF TEMECULA, RIVERSIDE COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
Median Household Effective Buying Income**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City of Temecula	\$ 77,298	\$ 82,329	\$ 82,910	\$ 93,861	\$ 92,488
Riverside County	55,565	59,928	60,865	70,961	71,623
California	62,637	65,870	67,956	77,058	77,175
United States	52,841	55,303	56,790	64,448	65,326

Source: Nielsen, Inc.

APPENDIX B

TEMECULA PUBLIC FINANCING AUTHORITY COMMUNITY FACILITIES DISTRICT NO. 16-01 (RORIPAUGH RANCH PHASE 2)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

The following sets forth the Rate and Method of Apportionment for the levy and collection of an Annual Special Tax A and an Annual Special Tax B in the Temecula Public Financing Authority ("PFA") Community Facilities District No. 16-01 ("CFD No. 16-01"). An Annual Special Tax A and an Annual Special Tax B shall be levied on and collected in CFD No. 16-01 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property within CFD No. 16-01, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on the Assessor's Parcel Map, the land area as shown on the applicable Final Map, or if the land area is not shown on the applicable Final Map, the land area as calculated by the CFD Administrator or City Engineer.

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

"Administrative Expenses" means the actual or reasonably estimated costs directly related to the administration of CFD No. 16-01, including but not limited to the following: (i) the costs of computing Special Tax A and Special Tax B (the "Special Taxes") and of preparing the annual Special Tax A and Special Tax B collection schedules (whether by the CFD Administrator or designee thereof, or both); (ii) the costs of collecting the Special Taxes (whether by the Authority, County, City, or otherwise); (iii) the costs of remitting the Special Taxes to the fiscal agent or trustee for any Bonds; (iv) the costs of commencing and pursuing to completion any foreclosure action arising from delinquent Special Tax A; (v) the costs of the fiscal agent or trustee (including its legal counsel) in the discharge of the duties required of it under any Indenture; (vi) the costs of the Authority, City, or designee of complying with arbitrage rebate, mandated reporting and disclosure requirements of applicable federal and State of California laws, and responding to property owner or Bond owner inquiries regarding the Special Taxes; (vii) the costs associated with the release of funds from any escrow account; (viii) the costs of the Authority, City, or designee related to any appeal of a Special Tax; and (ix) an allocable share of the salaries of the City staff and City overhead expense directly relating to the foregoing. Administrative Expenses shall also include amounts advanced by the City or the Authority for any administrative purposes of CFD No. 16-01.

"Annual Special Tax A" means for each Assessor's Parcel, the Special Tax A actually levied in a given Fiscal Year on any Assessor's Parcel.

"Annual Special Tax B" means for each Assessor's Parcel, the Special Tax B actually levied in a given Fiscal Year on any Assessor's Parcel.

"Approved Property" means all Assessor's Parcels of Taxable Property other than Provisional Exempt Property: (i) that are included in a Final Map that was recorded prior to the January 1st immediately preceding the Fiscal Year in which the Special Tax A is being levied, and (ii) that have

not been issued a building permit on or before the April 1st immediately preceding the Fiscal Year in which the Special Tax A is being levied.

“Assessor” means the County Assessor of the County.

“Assessor’s Parcel” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of CFD No. 16-01.

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

“Assessor’s Parcel Number” means that number assigned to a lot or parcel of land by the Assessor for purposes of identification.

“Assigned Annual Special Tax A” means the Special Tax A as described in Section D below.

“Backup Annual Special Tax A” means the Special Tax A as described in Section E below.

“Board of Directors” means the Board of Directors of the Temecula Public Financing Authority, acting as the legislative body of CFD No. 16-01, or its designee.

“Bonds” means any bonds or other indebtedness (as defined in the Act), whether in one or more series, the repayment of which is secured by the levy of Special Tax A on Assessor’s Parcels within CFD No. 16-01.

“Boundary Map” means a recorded map of the CFD No. 16-01 which indicates the boundaries of CFD No. 16-01.

“Building Permit” means the first legal document issued by the City giving official permission for new construction. For purposes of this definition, “Building Permit” may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the CFD Administrator.

“Building Square Footage” or “BSF” means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel and subject to verification by the CFD Administrator.

“Calendar Year” means the period commencing January 1 of any year and ending the following December 31.

“CFD No. 16-01” or “CFD” means Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) established by the Authority under the Act.

“CFD Administrator” means the Finance Director of the City, or designee thereof, responsible for, among other things, determining the Special Tax A Requirement for Special Tax A and the Special Tax B Requirement for Special Tax B and providing for the levy and collection of said Special Tax A and Special Tax B.

“City” means the City of Temecula, California.

“Consumer Price Index” or “CPI” means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Urban Consumers: in the Los Angeles – Anaheim – Riverside Area”, 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 Consumer Price Index shall

be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the City of Los Angeles.

“County” means the County of Riverside.

“Developed Property” means all Assessor’s Parcels of Taxable Property that: (i) are included in a Final Map that was recorded prior to January 1st preceding the Fiscal Year in which Special Tax A and Special Tax B are being levied, and (ii) a building permit was issued on or before April 1st preceding the Fiscal Year in which either or both of the Special Taxes are being levied.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from the Special Taxes provided for in Section M.

“Final Map” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code 4285 that creates individual lots that do not need, and are not expected, to be further subdivided prior to the issue of a building permit.

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

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

“Land Use Type” means Residential Property, Multifamily Residential Property, or Non-Residential Property.

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

“Maximum Special Tax B” means for each Assessor’s Parcel of Taxable Property, the maximum Special Tax B, determined in accordance with Section I that can be levied in any Fiscal Year on such Assessor’s Parcel.

“Multifamily Residential Property” means all Assessor’s Parcels of Developed Property for which a building permit has been issued for the purpose of constructing a building or buildings comprised of attached Units available for rental by the general public, not for sale to an end user, and under common management, as determined by the CFD Administrator.

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

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax A obligation for an Assessor’s Parcel, as described in Section H.

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

“Proportionately” means for Special Tax A that the ratio of the Annual Special Tax A levy to the applicable Assigned Annual Special Tax A is equal for all applicable Assessor’s Parcels. In the case of Special Tax B, “Proportionately” means that the ratio of the Annual Special Tax B levy to the applicable Maximum Special Tax B is equal for all applicable Assessor’s Parcels. In the case of Developed Property subject to the apportionment of the Annual Special Tax A under Step Four of Section F, “Proportionately” means that the quotient of (a) Annual Special Tax A less the Assigned

Annual Special Tax A divided by (b) the Backup Annual Special Tax A less the Assigned Annual Special Tax A, is equal for all applicable Assessor's Parcels.

"Provisional Exempt Property" means all Assessor's Parcels of Taxable Property subject to Special Tax A that would otherwise be classified as Exempt Property pursuant to the provisions of Section M, but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property within the applicable Zone below the required minimum Acreage set forth in Section M.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units, which are not Multifamily Residential Property.

"Services" means services authorized to be funded by CFD No. 16-01.

"Special Tax A" means any of the Special Taxes authorized to be levied on Taxable Property within and by CFD No. 16-01 pursuant to the Act to fund the Special Tax A Requirement.

"Special Tax B" means any of the Special Taxes authorized to be levied on Taxable Property within and by CFD No. 16-01 pursuant to the Act to fund the Special Tax B Requirement.

"Special Tax A Requirement" means, subject to the Maximum Special Tax A, the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses (apportioned between Special Tax A and Special Tax B), (iii) any amount required to establish or replenish any reserve funds established in association with the Bonds, and (iv) the collection or accumulation of funds for the acquisition or construction of facilities or payment of fees authorized by CFD No. 16-01 by the levy on Developed Property of the Assigned Annual Special Tax A provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Approved Property or Undeveloped Property as set forth in Step Two and Three of Section F., less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable fiscal agent agreement, or trust agreement.

"Special Tax B Requirement" means, subject to the Maximum Special Tax B, that amount to be collected in any Fiscal Year to pay for certain Services as required to meet the needs of CFD No. 16-01. The costs of Services to be covered shall be the direct costs for (i) Services, and (ii) Administrative Expenses (apportioned between Special tax A and Special Tax B); less (iii) a credit for funds available to reduce the Annual Special Tax B levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Special Tax B Requirement include funds for Bonds.

"Taxable Property" means all Assessor's Parcels within CFD No. 16-01, which are not Exempt Property.

"Temecula Public Financing Authority" or "PFA" or "Authority" means the Temecula Public Financing Authority, or its designee.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property, Approved Property or Provisional Exempt Property.

"Unit" means any residential structure.

"Zone(s)" means Zone 1, Zone 2, Zone 3 or Zone 4 as geographically identified on the Boundary Map of CFD No. 16-01.

"Zone 1" means the specific area identified on the Boundary Map as Zone 1 of CFD 16-01.

“Zone 2” means the specific area identified on the Boundary Map as Zone 2 of CFD 16-01.

“Zone 3” means the specific area identified on the Boundary Map as Zone 3 of CFD 16-01.

“Zone 4” means the specific area identified on the Boundary Map as Zone 4 of CFD 16-01.

SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2016-17, each Assessor’s Parcel within CFD No. 16-01 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property, or Provisional Exempt Property. In addition, each Assessor’s Parcel of Developed Property, Approved Property, Undeveloped Property and Provisional Exempt Property shall be classified as being within Zone 1, Zone 2, Zone 3 or Zone 4. If an Assessor’s Parcel of Developed Property, Approved Property, Undeveloped Property or Provisional Exempt Property is located within more than one Zone, it shall be deemed to be entirely within the Zone in which the largest portion of its Acreage is located. In addition, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property, Multifamily Residential Property or Non-Residential Property. Assessor’s Parcels of Residential Property shall be further categorized based on the Building Square Footage of each such Assessor’s Parcel.

SECTION C MAXIMUM SPECIAL TAX A

1. Developed Property

The Maximum Special Tax A for each Assessor’s Parcel of Residential Property, Multifamily Residential Property or Non-Residential Property in any Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A or (ii) the Backup Annual Special Tax A.

2. Approved Property, Undeveloped Property, and Provisional Exempt Property

The Maximum Special Tax A for each Assessor’s Parcel classified as Approved Property, Undeveloped Property, or Provisional Exempt Property in any Fiscal Year shall be the Assigned Annual Special Tax A.

SECTION D ASSIGNED ANNUAL SPECIAL TAX A

1. Developed Property

Each Fiscal Year, each Assessor’s Parcel of Residential Property, Multifamily Residential Property or Non-Residential Property shall be subject to an Assigned Annual Special Tax A.

The Assigned Annual Special Tax A applicable to an Assessor’s Parcel of Developed Property shall be determined using the Tables below.

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

Land Use Type	Building Square Footage	Rate
Residential Property	Less than 1,900	\$2,110 per Unit
Residential Property	1,900 – 2,199	\$2,320 per Unit
Residential Property	2,200 – 2,499	\$2,670 per Unit
Residential Property	2,500 – 2,799	\$2,860 per Unit
Residential Property	2,800 – 3,099	\$2,975 per Unit
Residential Property	3,100 – 3,399	\$3,115 per Unit
Residential Property	Greater than 3,399	\$3,235 per Unit
Multifamily Residential Property	N/A	\$22,941 per Acre
Non-Residential Property	N/A	\$22,941 per Acre

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

Land Use Type	Building Square Footage	Rate
Residential Property	Less than 4,000	\$4,920 per Unit
Residential Property	4,000 – 4,299	\$5,185 per Unit
Residential Property	Greater than 4,299	\$5,455 per Unit
Multifamily Residential Property	N/A	\$7,783 per Acre
Non-Residential Property	N/A	\$7,783 per Acre

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

Land Use Type	Building Square Footage	Rate
Residential Property	Less than 1,900	\$2,110 per Unit
Residential Property	1,900 - 2,199	\$2,335 per Unit
Residential Property	Greater than 2,199	\$2,665 per Unit
Multifamily Residential Property	N/A	\$32,894 per Acre
Non-Residential Property	N/A	\$32,894 per Acre

TABLE 4
ASSIGNED ANNUAL SPECIAL TAX A RATES
FOR DEVELOPED PROPERTY WITHIN ZONE 4

Land Use Type	Building Square Footage	Rate
Residential Property	Less than 4,000	\$3,235 per Unit
Residential Property	4,000 or Greater	\$3,890 per Unit
Multifamily Residential Property	N/A	\$9,121 per Acre
Non-Residential Property	N/A	\$9,121 per Acre

2. Approved Property, Undeveloped Property and Provisional Exempt Property

Each Fiscal Year, each Assessor’s Parcel of Approved Property, Undeveloped Property and Provisional Exempt Property shall be subject to an Assigned Annual Special Tax A. The Assigned Annual Special Tax A rate for an Assessor’s Parcel classified as Approved

Property, Undeveloped Property or Provisional Exempt Property shall be determined pursuant to Table 5 below:

TABLE 5
ASSIGNED ANNUAL SPECIAL TAX RATES
FOR APPROVED PROPERTY, UNDEVELOPED PROPERTY,
AND PROVISIONAL EXEMPT PROPERTY

Zone	Rate
Zone 1	\$22,941 per Acre
Zone 2	\$7,783 per Acre
Zone 3	\$32,894 per Acre
Zone 4	\$9,121 per Acre

**SECTION E
BACKUP ANNUAL SPECIAL TAX A**

At the time a Final Map is recorded, the CFD Administrator shall determine which Zone the Final Map area lies within and the Backup Annual Special Tax A for all Assessor’s Parcels classified or reasonably expected to be classified as Residential Property within such Final Map area shall be determined by multiplying the Maximum Special Tax A rate for Undeveloped Property for the applicable Zone by the total Acreage of Taxable Property, excluding the Provisional Exempt Property Acreage, Non-Residential Property Acreage or Multifamily Residential Property Acreage if any, in such Final Map area and any Acreage reasonably expected to be classified as Exempt Property, and dividing such amount by the total number of such Assessor’s Parcels of Residential Property.

If the Final Map area described in the preceding paragraph lies within more than one Zone, the Backup Annual Special Tax A for Assessor’s Parcels of Residential Property or Assessor’s Parcels expected to be classified as Residential Property shall be determined by calculating a Backup Special Tax A rate based upon the weighted average of the Maximum Special Tax A rate for Undeveloped Property for the Zones which the Assessor’s Parcel overlaps using the acreage of the Assessor’s Parcel that lies within each overlapping Zone and multiplying that weighted average Maximum Special Tax A rate by the total Acreage of the subject Assessor’s Parcel.

The Backup Annual Special Tax A rate for Multifamily Residential Property or Non-Residential Property shall be its Annual Assigned Special Tax A rate.

Notwithstanding the foregoing, if Assessor’s Parcels which are classified or to be classified as Residential Property, Non-Residential Property or Multifamily Property are subsequently changed by recordation of a lot line adjustment, Final Map amendment, new Final Map or similar instrument, then the Backup Annual Special Tax A shall be recalculated within the area that has been changed to equal the amount of Backup Annual Special Tax A that would have been generated if such change did not take place.

**SECTION F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX A**

Commencing Fiscal Year 2016-17 and for each subsequent Fiscal Year, the Board of Directors shall levy Annual Special Tax A in accordance with the following steps:

- Step One: The Annual Special Tax A shall be levied Proportionately on each Assessor’s Parcel of Developed Property at up to 100% of the applicable Assigned Annual Special Tax A rates in Tables 1, 2, 3 and 4 to satisfy the Special Tax A Requirement.

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

SECTION G PREPAYMENT OF ANNUAL SPECIAL TAX A

The following definitions apply to this Section G:

"CFD Public Facilities Amount" means \$13,000,000 expressed in 2016 dollars, which shall increase by the Construction Inflation Index on July 1, 2017, and on each July 1 thereafter, or such lower number as (i) shall be determined by the CFD Administrator as sufficient to provide the public facilities under the authorized bonding program, or (ii) shall be determined by the Board of Directors concurrently with a covenant that the CFD will not issue any more Bonds.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the 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 Amount minus (i) Bond proceeds deposited in Improvement Funds and accounts and (ii) other amounts (special taxes, interest earnings, etc.) allocated to Improvement Funds and accounts that were available to fund such CFD Public Facilities Amount prior to the date of prepayment.

"Improvement Fund" means, collectively, an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act and any account established prior to the issuance of Bonds for such purpose.

"Outstanding Bonds" means all previously issued Bonds, which will remain outstanding after the payment of principal from the amount of Special Tax A that have been levied, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Maximum Special Tax A.

Prepayment in Full

The Maximum Special Tax A obligation may be prepaid and permanently satisfied for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Approved Property or Undeveloped Property for which a Building Permit has been issued, (iii) Approved or Undeveloped Property for which a Building Permit has not been issued, and (iv) Assessor's Parcels of Provisional Exempt Property that are not Exempt Property pursuant to Section M. The Maximum Special Tax A obligation applicable to a Assessor's Parcel may be fully prepaid and the obligation to pay the Special Tax A for such Assessor's Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Tax A with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Maximum Special Tax A obligation for such Assessor's Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the Prepayment Amount (as defined below) for the Assessor's Parcel. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor's Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such prepaid Special Taxes.

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

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Equals:	Prepayment Amount

The Prepayment Amount shall be determined as of the proposed prepayment date as follows:

1. Confirm that no Special Tax A delinquencies apply to such Assessor's Parcel.
2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax A for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, Provisional Exempt Property, to be prepaid, compute the Maximum Special Tax A for the Assessor's Parcel.
3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the total amount of Special Tax A that could be levied at the Maximum Special Tax A for all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax A, including for Assessor's Parcels of Approved Property or Undeveloped Property for which a Building Permit has been issued, the Maximum Special Tax A for the Assessor's Parcel as though it was already designated as Developed Property, not including any Assessor's Parcels for which the Special Tax A obligation has been previously prepaid.

4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Determine the Future Facilities Costs.
7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel (the "Future Facilities Amount").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax prepayments.
9. Determine the Special Tax A levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of the CFD, including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").
13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit.
15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Improvement Fund. The Administrative Fees and Expenses shall be retained by the CFD.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax A prepayments of Outstanding Bonds or to make debt service payments.

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

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the amount of Maximum Special Tax A that may be levied on all Assessor's Parcels of Taxable Property, excluding all Provisional Exempt Property and all Assessor's Parcels with delinquent Special Taxes, after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

Tenders of Bonds in prepayment of the Maximum Special Tax A obligation may be accepted upon the terms and conditions established by the Board pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the Board.

SECTION H PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAX A

The Maximum Special Tax A obligation for an Assessor's Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G shall be modified as provided by the following formula:

$$PP = ((P_E - A) \times F) + A$$

These terms have the following meaning:

PP = Partial Prepayment

P_E = the Prepayment Amount calculated according to Section G

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Special Tax A obligation

A = the Administrative Fees and Expenses determined pursuant to Section G

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax A obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax A obligation, (ii) the percentage of the Maximum Special Tax A obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 business days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by the CFD in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment for the Assessor's Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment.

With respect to any Assessor's Parcel for which the Maximum Special Tax A obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment as provided in Paragraph 15 of Section G and (ii) indicate in the records of the CFD that there has been a Partial Prepayment

for the Assessor's Parcel and that a portion of the Special Tax A obligation equal to the remaining percentage (1.00 - F) of Special Tax A obligation will continue on the Assessor's Parcel pursuant to Section F.

**SECTION I
MAXIMUM SPECIAL TAX B**

1. Developed Property

1) Maximum Special Tax B

Each Fiscal Year, each Assessor's Parcel of Residential Property or Multifamily Residential Property shall be subject to a Maximum Annual Special Tax B.

The Maximum Annual Special Tax B applicable to an Assessor's Parcel of Developed Property shall be determined using the Table 6 below.

TABLE 6
MAXIMUM SPECIAL TAX B RATES
FOR DEVELOPED PROPERTY

Land Use Type	Rate
Residential Property	\$432 per Unit
Non-Residential Property	\$2,766 per Acre
Multifamily Residential Property	\$2,766 per Acre

2. Approved Property, Undeveloped Property and Provisional Exempt Property

No Special Tax B shall be levied on Approved Property, Undeveloped Property and Provisional Exempt Property.

3. Increase in the Maximum Special Tax B

On each July 1, commencing July 1, 2017, the Maximum Special Tax B shall be increased by an amount equal to CPI or two percent (2%), whichever is greater, of the amount in effect for the previous Fiscal Year.

**SECTION J
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX B**

Commencing with Fiscal Year 2016-17 and for each following Fiscal Year, the City shall levy the Special Tax B at up to 100% of the applicable Maximum Special Tax B, Proportionately on each Assessor's Parcel of Developed Property until the amount of Special Tax B equals the Special Tax B Requirement.

**SECTION K
PREPAYMENT OF ANNUAL SPECIAL TAX B**

No prepayments of Annual Special Tax B are permitted.

SECTION L
TERM OF THE SPECIAL TAX A AND SPECIAL TAX B

For each Fiscal Year that any Bonds are outstanding the Annual Special Tax A shall be levied on all Assessor's Parcels subject to the Annual Special Tax A. If any delinquent Annual Special Tax A amounts remain uncollected prior to or after all Bonds are retired, the Annual Special Tax A may be levied to the extent necessary to reimburse CFD 16-01 for uncollected Annual Special Tax A amounts associated with the levy of such Annual Special Tax A amounts, but not later than the 2061-62 Fiscal Year.

For each Fiscal Year, Special Tax B shall be levied in perpetuity as long as the Services are being provided.

SECTION M
EXEMPT PROPERTY

The CFD Administrator shall classify as Exempt Property within the applicable Zone, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, Federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) other types of public uses determined by the CFD Administrator. The CFD Administrator shall classify such Assessor's Parcels as Exempt Property in the chronological order in which property becomes Exempt.

Notwithstanding the foregoing, the CFD Administrator for purposes of levying the Special Tax shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property within the applicable Zone to less than the Acreage amounts listed in Table 7 below. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property within the applicable Zone to less than the Acreage amounts listed in Table 7 will be classified as Provisional Exempt Property, and will be subject to the levy of Special Tax pursuant to Step Five in Section F.

TABLE 7
MINIMUM TAXABLE ACRES

Zone	Acres
Zone 1	116.64
Zone 2	52.65
Zone 3	9.65
Zone 4	22.54

SECTION N
APPEALS AND INTERPRETATIONS

Any property owner claiming that the amount or application of the Annual Special Tax A or Annual Special Tax B is not correct may file a written notice of appeal with the CFD Administrator not later than twelve months after having paid the first installment of the Special Tax A or Annual Special Tax B that is disputed. The CFD Administrator of CFD No. 16-01 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Annual Special Tax A or Annual Special Tax B, and rule on the appeal. If the CFD

Administrator's decision requires that the Annual Special Tax A or Annual Special Tax B for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy in the case of the Annual Special Tax A), but an adjustment shall be made to the Annual Special Tax A or Annual Special Tax B on that Assessor's Parcel in the subsequent Fiscal Year(s).

The Board of Directors may interpret this Rate and Method of Apportionment of Annual Special Tax A and Annual Special Tax B for purposes of clarifying any ambiguity and make determinations relative to the amount of Administrative Expenses.

SECTION O
MANNER OF COLLECTION

The Annual Special Tax A and Annual Special Tax B shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that CFD 16-01 may collect the Annual Special Tax A and Annual Special Tax B at a different time or in a different manner if necessary to meet its financial obligations.

APPENDIX C

SUMMARY OF THE FISCAL AGENT AGREEMENT

The following is a summary of certain provisions of the Fiscal Agent Agreement not otherwise described in the text of this Official Statement. This summary does not purport to be comprehensive or definitive and is subject to the complete terms and provisions of the Fiscal Agent Agreement, to which reference is hereby made.

Definitions

“Accreted Interest” means, with respect to any Capital Appreciation Bonds, the Accreted Value thereof minus the Denominational Amount thereof as of the date of calculation.

“Accreted Value” means, as of the date of calculation, the Denominational Amount thereof, plus Accreted Interest thereon at the applicable Accretion Rate to such date of calculation, compounded semiannually on each Interest Payment Date following their issuance, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months. The Accreted Values as of Interest Payment Dates for the 2023B Bonds are as set forth in Exhibit D to the Fiscal Agent Agreement.

“Accretion Rate” means (a) with respect to the 2023B Bonds, the rate specified in the Fiscal Agent Agreement for the 2023B Bonds, and (b) with respect to any other Capital Appreciation Bonds, as set forth in any Supplemental Agreement pursuant to which such Bonds are issued.

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

“Administrative Expenses” means costs directly related to the administration of the District consisting of the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the Treasurer or designee thereof or both) and the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; fees and costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties required of it under the Fiscal Agent Agreement; the costs of the Authority, the City or any designee of either the Authority or the City of complying with the disclosure provisions of the Act, the Continuing Disclosure Agreement and the Fiscal Agent Agreement, including those related to public inquiries regarding the Special Tax and disclosures to Bondowners and the Original Purchaser; the costs of the Authority, the City or any designee of either the Authority or the City related to an appeal of the Special Tax; any amounts required to be rebated to the federal government in order for the Authority to comply with the rebate requirements of the Fiscal Agent Agreement; an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses will also include amounts advanced by the Authority or the City for any administrative purpose of the District, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure compliance with the rebate requirements of the Fiscal Agent Agreement, administrative costs related to the administration of any joint community facilities agreement regarding the District, and the costs of commencing and pursuing foreclosure of delinquent Special Taxes. Administrative Expenses will include any such expenses incurred in prior years but not yet paid.

“Administrative Expense Fund” means the fund by that name established by the Fiscal Agent Agreement.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest accruing on the Outstanding Current Interest Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of the provisions providing for mandatory sinking payments), and (ii) the principal amount of the Outstanding Current Interest Bonds and Accreted Value of the Outstanding Capital Appreciation Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year).

“Auditor” means the auditor/controller of the County, or such other official at the County who is responsible for preparing property tax bills.

“Authority” means the Temecula Public Financing Authority and any successor thereto.

“Authority Attorney” means any attorney or firm of attorneys employed by the Authority or the City in the capacity of general counsel to the Authority.

“Authorized Denominations” means (a) with respect to any Current Interest Bonds, \$5,000 and integral multiples thereof, and (b) with respect to any Capital Appreciation Bonds, \$5,000 Maturity Value and any integral multiples thereof.

“Authorized Officer” means the Chair of the Board of Directors of the Authority, or the Executive Director, Treasurer or Secretary of the Authority, or any other officer or employee of the Authority or the City authorized by the Board of Directors of the Authority or by an Authorized Officer to undertake the action referenced in the Fiscal Agent Agreement as required to be undertaken by an Authorized Officer.

“Beneficial Owner” has the meaning given to such term in the Fiscal Agent Agreement.

“Bond Counsel” means (i) Quint & Thimmig LLP, or (ii) any other attorney or firm of attorneys acceptable to the Authority and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Fund” means the fund by that name established by the Fiscal Agent Agreement.

“Bond Obligation” means, as of any given date of calculation, (a) with respect to any Outstanding Current Interest Bond, the principal amount of such Bond, and (b) with respect to any Outstanding Capital Appreciation Bond, the then Accreted Value thereof.

“Bond Register” means the books for the registration and transfer of Bonds maintained by the Fiscal Agent under the Fiscal Agent Agreement.

“Bond Year” means the one-year period beginning on September 2nd in each year and ending on September 1st in the following year.

“Bonds” means the 2017 Bonds, the 2023A Bonds, the 2023B Bonds and, if the context requires, any Parity Bonds, at any time Outstanding under the Fiscal Agent Agreement or any Supplemental Agreement thereto.

“Business Day” means any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

“CDIAC” means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

“Capital Appreciation Bonds” means 2023B Bonds, and any Parity Bonds the interest on which is accretes following their issuance, with all principal and interest payable solely at maturity or earlier redemption date.

“Capitalized Interest Account” means the account by that name established within the Bond Fund by the Fiscal Agent Agreement.

“City” means the City of Temecula, California.

“Closing Date” means (a) with respect to the 2017 Bonds, the date upon which there is a physical delivery of the 2017 Bonds in exchange for the amount representing the purchase price of the 2017 Bonds by the Original Purchaser; and (b) with respect to the 2023 Bonds, the date upon which there is a physical delivery of the 2023 Bonds in exchange for the amount representing the purchase price of the 2023 Bonds by the Original Purchaser.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2017 Bonds or (except as otherwise referenced in the Fiscal Agent Agreement) as it may be amended to apply to obligations issued on the date of issuance of the 2017 Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Continuing Disclosure Agreement” means, collectively (i) the Continuing Disclosure Agreement of the Authority, dated as of March 1, 2017, by and between the Authority and Webb Municipal Finance, LLC, as dissemination agent (the “Dissemination Agent”), as originally executed and as it may be amended from time to time in accordance with its terms; and (ii) the Continuing Disclosure Agreement pertaining to the 2023 Bonds, dated as of March 1, 2023 for the 2023 Bonds, by the Authority and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with its terms.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Authority or the City and related to the authorization, sale and issuance of the 2023 Bonds, which items of expense will include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees and charges of the Fiscal Agent including its first annual administration fee, fees and expenses of Fiscal Agent’s counsel, expenses incurred by the City or the Authority in connection with the issuance of the 2023 Bonds, special tax consultant fees and expenses, Bond (underwriter’s) discount, legal fees and charges, including bond counsel and disclosure counsel, municipal advisor’s fees, appraisal fees, charges for execution, transportation and safekeeping of the 2023 Bonds, and other costs, charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund by that name established by the Fiscal Agent Agreement.

“County” means the County of Riverside, California.

“Current Interest Bonds” means 2017 Bonds, the 2023A Bonds and any Parity Bonds the interest on which is payable on each Interest Payment Date following their issuance until the earlier of maturity or redemption.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Debt Service” means the scheduled amount of interest and amortization of principal, or Accreted Value on the Bonds and the scheduled amount of interest and amortization of principal or Accreted Value payable on any Parity Bonds during the period of computation, excluding amounts

scheduled during such period which relate to principal or Accreted Value which has been retired before the beginning of such period.

“Denominational Amount” means, with respect to a Capital Appreciation Bond, the initial principal amount thereof.

“Depository” means (i) initially, DTC, and (ii) any other Securities Depository acting as Depository pursuant to the Fiscal Agent Agreement.

“District” means the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2), formed by the Authority under the Act and the Resolution of Formation.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

“Federal Securities” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent:

(i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as “stripped” obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

“Fiscal Agent” means the Fiscal Agent appointed by the Authority and acting as an independent fiscal agent with the duties and powers provided in the Fiscal Agent Agreement, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Fiscal Agent Agreement.

“Fiscal Agent Agreement”, when used in this Appendix C, means the Amended and Restated Fiscal Agent Agreement, dated as of March 1, 2023, between the Authority, for and on behalf of the District, and the Fiscal Agent, as in effect on the Closing Date for the 2023 Bonds, and as

it may be amended or supplemented from time to time by any Supplemental Agreement adopted pursuant to the provisions thereof.

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“Fitch” means Fitch, Inc. and any successor thereto.

“Improvement Fund” means the fund by that name created by and held by the Fiscal Agent pursuant to the Fiscal Agent Agreement.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the Authority, the City or the Treasurer, and who, or each of whom: (i) is judged by the person or entity that approved them to have experience in matters relating to the issuance and/or administration of bonds under the Act; (ii) is in fact independent and not under the domination of the Authority; (iii) does not have any substantial interest, direct or indirect, with or in the Authority, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City or the Authority as an officer or employee of the City or the Authority, but who may be regularly retained to make reports to the City or the Authority.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>); and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the Authority may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Interest Payment Dates” means March 1 and September 1 of each year, so long as the Bonds are Outstanding.

“Maturity Value” means (a) with respect to any Capital Appreciation Bond, the Accreted Value of any such Bond on its stated maturity date; and (b) with respect to any Current Interest Bond, the principal amount thereof.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“Moody’s” means Moody’s Investors Service, and any successor thereto.

“Officer’s Certificate” means a written certificate of the Authority signed by an Authorized Officer of the Authority.

“Ordinance” means any ordinance of the Authority levying the Special Taxes.

“Original Fiscal Agent Agreement” means the Fiscal Agent Agreement, dated as of March 1, 2017, between the Authority, for and on behalf of the District, and the Fiscal Agent as successor in interest to U.S. Bank National Association, as fiscal agent.

“Original Purchaser” means Stifel, Nicolaus & Company, Incorporated, the first purchaser of the 2017 Bonds and the 2023 Bonds from the Authority.

“Outstanding,” when used as of any particular time with reference to Bonds, means all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the defeasance provisions of the Fiscal Agent Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds will have been authorized, executed, issued and delivered by the Authority pursuant to the Fiscal Agent Agreement or any Supplemental Agreement.

“Owner” or “Bondowner” means any person who is the registered owner of any particular Outstanding Bond.

“Parity Bonds” means bonds issued by the Authority for the District and secured on a parity with any then Outstanding Bonds pursuant to the Fiscal Agent Agreement.

“Participating Underwriter” will have the meaning ascribed thereto in the Continuing Disclosure Agreement.

“Permitted Investments” means any of the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities.

(b) Registered state warrants or treasury notes or bonds of the State of California (the “State”), including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State, which are rated in one of the two highest short-term or long-term rating categories by either Moody’s or S&P, and which have a maximum term to maturity not to exceed three years.

(c) Unsecured certificates of deposit, time deposits and bankers’ acceptance of any bank the short-term obligations of which are rated on the date of purchase “A-1+” or better by S&P and “P-1” by Moody’s and or certificates of deposit (including those of the Fiscal Agent, its parent and its affiliates) secured at all times by collateral that may be used by a national bank for purposes of satisfying its obligations to collateralize pursuant to federal law which are issued by commercial banks, savings and loan associations or mutual savings bank whose short-term obligations are rated on the date of purchase A-1 or better by S&P, Moody’s and Fitch.

(d) Commercial paper which at the time of purchase is of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by either Moody’s or S&P, which commercial paper is limited to issuing corporations that are organized and operating within the United States of America and that have total assets in excess of five hundred million dollars (\$500,000,000) and that have an “A” or higher rating for the issuer’s debentures, other than commercial paper, by either Moody’s or S&P, provided that purchases of eligible commercial paper may not exceed 180 days’ maturity nor represent more than 10 percent of the outstanding commercial paper of an issuing corporation. Purchases of commercial paper may not exceed 20 percent of the total amount invested pursuant to this definition of Permitted Investments.

(e) A repurchase agreement with a state or nationally chartered bank or trust company or a national banking association or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, provided that all of the following conditions are satisfied: (1) the agreement is secured by any one or more of the securities described in subdivision (a) of this definition of Permitted Investments, (2) the underlying securities are required by the repurchase agreement to be held by a bank, trust company, or primary dealer having a combined capital and surplus of at least one hundred million dollars (\$100,000,000) and which is independent of the issuer of the repurchase agreement, and (3) the underlying securities are maintained at a market value, as determined on a marked-to-market basis calculated at least weekly, of not less than 103 percent of the amount so invested.

(f) An investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution the long-term unsecured obligations of which are rated Aa2 and

“AA” or better, respectively, by Moody’s and S&P at the time of initial investment. The investment agreement will be subject to a downgrade provision with at least the following requirements: (1) the agreement will provide that within five business days after the financial institution’s long-term unsecured credit rating has been withdrawn, suspended, other than because of general withdrawal or suspension by Moody’s or S&P from the practice of rating that debt, or reduced below “AA-” by S&P or below “Aa3” by Moody’s (these events are called “rating downgrades”) the financial institution will give notice to the Authority and, within the five-day period, and for as long as the rating downgrade is in effect, will deliver in the name of the Authority or the Fiscal Agent to the Authority or the Fiscal Agent Federal Securities allowed as investments under subdivision (a) of this definition of Permitted Investments with aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement invested with the financial institution at that time, and will deliver additional allowed federal securities as needed to maintain an aggregate current market value equal to at least 105 percent of the principal amount of the investment agreement within three days after each evaluation date, which will be at least weekly, and (2) the agreement will provide that, if the financial institution’s long-term unsecured credit rating is reduced below “A3” by Moody’s or below “A-” by S&P, the Fiscal Agent or the Authority may, upon not more than five business days’ written notice to the financial institution, withdraw the investment agreement, with accrued but unpaid interest thereon to the date, and terminate the agreement.

(g) The Local Agency Investment Fund of the State of California.

(h) Investments in a money market fund (including any funds of the Fiscal Agent or its affiliates and including any funds for which the Fiscal Agent or its affiliates provides investment advisory or other management services) rated in the highest rating category (without regard to plus (+) or minus (-) designations) by Moody’s or S&P.

(i) Any other lawful investment for City funds.

“Principal Office” means the corporate trust office of the Fiscal Agent set forth in the Fiscal Agent Agreement, except for the purpose of maintenance of the registration books and presentation of Bonds for payment, transfer or exchange, such term will mean the office at which the Fiscal Agent conducts its corporate agency business, or such other or additional offices as may be designated by the Fiscal Agent.

“Project” means the facilities eligible to be funded by the District, as more particularly described in the Resolution of Formation.

“Rate and Method of Apportionment of Special Taxes” means the rate and method of apportionment of special taxes for the District, as approved pursuant to the Resolution of Formation, and as it may be modified from time to time in accordance with the Act.

“Record Date” means the fifteenth day of the month next preceding the month of the applicable Interest Payment Date, whether or not such day is a Business Day.

“Refunding Bonds” means bonds issued by the Authority for the District the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that the Debt Service on the Refunding Bonds in any Bond Year is not in excess of the Debt Service on the Bonds being refunded and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

“Reserve Fund” means the fund by that name established pursuant to the Fiscal Agent Agreement.

“Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) the then Maximum Annual Debt Service, (ii) one hundred twenty-five percent (125%) of the then average Annual Debt Service, or (iii) ten percent (10%) of the then Outstanding principal amount of the Current Interest Bonds and the then Accreted Value of the Outstanding Capital Appreciation Bonds.

“Resolution of Formation” means Resolution No. TPFA 16-04, adopted by the Board of Directors of the Authority on April 26, 2016.

“S&P” means S&P Global Ratings, and any successor thereto.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, New York, New York 10041-0099, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in an Officer’s Certificate delivered to the Fiscal Agent.

“Special Tax A” will have the meaning given such term in the Rate and Method of Apportionment of Special Taxes.

“Special Tax B” will have the meaning given such term in the Rate and Method of Apportionment of Special Taxes.

“Special Tax Fund” means the fund by that name established by the Fiscal Agent Agreement.

“Special Tax Prepayments” means the proceeds of any prepayments of Special Tax A received by the Authority, as calculated pursuant to the Rate and Method of Apportionment of the Special Taxes, less any administrative fees or penalties collected as part of any such prepayment.

“Special Tax Prepayments Account” means the account by that name established within the Bond Fund by the Fiscal Agent Agreement.

“Special Tax Revenues” means the proceeds of the Special Taxes received by the Authority, including any scheduled payments and any prepayments thereof, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon. “Special Tax Revenues” does not include any penalties collected in connection with delinquent Special Taxes, which amounts may be deposited to the Administrative Expense Fund or otherwise disposed of as determined by the Treasurer consistent with any applicable provisions of the Act.

“Special Taxes” means the Special Tax A levied within the District pursuant to the Act, the Ordinance, the Rate and Method of Apportionment of Special Taxes and the Fiscal Agent Agreement.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the Authority under the Act and which agreement is amendatory of or supplemental to the Fiscal Agent Agreement, but only if and to the extent that such agreement is specifically authorized under the Fiscal Agent Agreement.

“Tax Consultant” means any independent financial or tax consultant retained by the Authority or the City for the purpose of computing the Special Taxes.

“Treasurer” means the Treasurer of the Authority or such other officer or employee of the Authority performing the functions of the chief financial officer of the Authority.

“2017 Account” means the account by that name within the Improvement Fund, created by and held by the Fiscal Agent pursuant to the Fiscal Agent Agreement.

“2017 Bonds” means the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) 2017 Special Tax Bonds Outstanding under the Fiscal Agent Agreement.

“2023 Account” means the account by that name within the Improvement Fund, created by and held by the Fiscal Agent pursuant to the Fiscal Agent Agreement.

“2023 Bonds” means, collectively, the 2023A Bonds and the 2023B Bonds.

“2023A Bonds” means the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 1) Special Tax Bonds, Series 2023A Outstanding under the Fiscal Agent Agreement.

“2023B Bonds” means the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 1) Special Tax Bonds, Capital Appreciation Series 2023B Outstanding under the Fiscal Agent Agreement.

Pledge of Special Tax Revenues

The Bonds are secured by a first pledge of all of the Special Tax Revenues (other than the first Special Tax Revenues collected by the Authority in any Fiscal Year to be deposited to the Administrative Expense Fund pursuant to the Special Tax Fund provisions of the Fiscal Agent Agreement) and all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account and the Capitalized Interest Account therein), the Reserve Fund and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into said funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose.

Amounts in the Administrative Expense Fund, the 2017 Account or the 2023 Account of the Improvement Fund, the Costs of Issuance Fund, and the first Special Tax Revenues to be deposited each Fiscal Year to the Administrative Expense Fund under the Special Tax Fund provisions of the Fiscal Agent Agreement, are not pledged to the repayment of the Bonds. The Project is not in any way pledged to pay the Debt Service on the Bonds. Any proceeds of condemnation or destruction of any portion of the Project are not pledged to pay the Debt Service on the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

Funds and Accounts

Improvement Fund. The Fiscal Agent Agreement establishes as a separate fund to be held by the Fiscal Agent, the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) Improvement Fund (the “Improvement Fund”), and within the Improvement Fund a 2017 Account and a 2023 Account. Funds held in the Improvement Fund established under the Original Fiscal Agent Agreement will be deposited on the Closing Date for the 2023 Bonds to the 2017 Account as provided in the Fiscal Agent Agreement. Deposits will be made to the 2023 Account from the proceeds of the 2023 Bonds and as otherwise required by the Fiscal Agent Agreement. Moneys in the 2017 Account and in the 2023 Account of the Improvement Fund will be held by the Fiscal Agent for the benefit of the Authority, will be disbursed for the payment or reimbursement of costs of the Project, and are not pledged as security for the repayment of the Bonds.

Disbursements from the 2017 Account and in the 2023 Account of the Improvement Fund will be made by the Fiscal Agent upon receipt of an Officer's Certificate, which will: (a) set forth the amount required to be disbursed, the purpose for which the disbursement is to be made (which will be for a Project cost), that the disbursement is a proper expenditure from the Improvement Fund, and the person to which the disbursement is to be paid; and (b) certify that no portion of the amount then being requested to be disbursed was set forth in any Officer's Certificate previously filed requesting a disbursement. In making disbursements from the 2017 Account and the 2023 Account of the Improvement Fund, the Fiscal Agent first will use the a portion of the amount in the 2023 Account as specified in the Fiscal Agent Agreement, second will use amounts in the 2017 Account, and when all amounts have been withdrawn from the 2017 Account, third from the 2023 Account.

Each such Officer's Certificate or other certificate submitted to the Fiscal Agent will be sufficient evidence to the Fiscal Agent of the facts stated therein, and the Fiscal Agent will have no duty to confirm the accuracy of such facts.

Moneys in the 2017 Account and the 2023 Account of the Improvement Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits from the investment and deposit of amounts in the 2017 Account and the 2023 Account of the Improvement Fund will be retained in the respective account of the Improvement Fund, to be used for the purposes of such account.

Upon receipt by the Fiscal Agent of an Officer's Certificate stating that the Project has been completed and that all costs of the Project have been paid, or that any such costs are not required to be paid from the Improvement Fund, the Fiscal Agent will transfer the amount, if any, remaining in the 2017 Account and the 2023 Account of the Improvement Fund to the Bond Fund to be used to pay Debt Service on the Bonds on the next Interest Payment Date, and when no amounts remain on deposit in the accounts within the Improvement Fund, the Improvement Fund will be closed.

Costs of Issuance Fund. The Fiscal Agent Agreement establishes as a separate fund to be held by the Fiscal Agent, the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) 2023 Costs of Issuance Fund (the "Costs of Issuance Fund"), to the credit of which deposits will be made as required by the Fiscal Agent Agreement. Moneys in the Costs of Issuance Fund will be held by the Fiscal Agent, will be disbursed as provided in the Fiscal Agent Agreement for the payment or reimbursement of Costs of Issuance and are not pledged as security for the repayment of the Bonds.

Amounts in the Costs of Issuance Fund will be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by the Treasurer and delivered to the Fiscal Agent on the Closing Date, or otherwise in an Officer's Certificate delivered to the Fiscal Agent after the Closing Date. The Fiscal Agent will pay all Costs of Issuance after receipt of an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee pursuant to an Officer's Certificate requesting payment of Costs of Issuance. The Fiscal Agent will maintain the Costs of Issuance Fund for a period of 90 days from the date of delivery of the 2023 Bonds and then will transfer any moneys remaining therein, including any investment earnings thereon, to the Treasurer for deposit by the Treasurer in the Administrative Expense Fund.

Moneys in the Costs of Issuance Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

Reserve Fund. The Fiscal Agent Agreement establishes as a separate fund to be held by the Fiscal Agent the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) Reserve Fund (the "Reserve Fund"), to the credit of which a deposit will be made as required by the Fiscal Agent Agreement, which will be equal to the Reserve Requirement as of the Closing Date for the 2023 Bonds, and deposits will be made as provided in the Fiscal Agent

Agreement. Moneys in the Reserve Fund will be held by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of principal of, and interest and any premium on the Current Interest Bonds, and the Accreted Value of and any premium on the Capital Appreciation Bonds, and will be subject to a lien in favor of the Owners of the Bonds.

Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on Current Interest Bonds, and the Accreted Value of and any premium on the Capital Appreciation Bonds or, in accordance with the Fiscal Agent Agreement, for the purpose of redeeming Bonds from the Bond Fund.

Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent will provide written notice thereof to the Treasurer, specifying the amount withdrawn.

Whenever, on the Business Day prior to any September 1 occurring on or after September 1, 2023, or on any other date at the request of the Treasurer, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent will provide written notice to the Treasurer of the amount of the excess and will transfer an amount equal to the excess from the Reserve Fund to the Bond Fund to be used for the payment of Debt Service on the Bonds on the next Interest Payment Date in accordance with the Fiscal Agent Agreement.

Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to or Accreted Value as of the date of payment or redemption, as applicable, and premium, if any, due upon redemption, the Fiscal Agent will upon the written direction of the Treasurer transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date to the payment and redemption, in accordance with the Fiscal Agent Agreement, as applicable, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund will be transferred to the Authority to be used for any lawful purpose under the Act.

Notwithstanding the foregoing, no amounts will be transferred from the Reserve Fund pursuant to the Fiscal Agent Agreement until after (i) the calculation of any amounts due to the federal government pursuant to the rebate requirement provisions of the Fiscal Agent Agreement following payment of the Bonds and withdrawal of any such amount from the Reserve Fund for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent.

Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment pursuant to the Fiscal Agent Agreement, funds in the Reserve Fund in the amount of any applicable "Reserve Fund Credit," as such term is defined in and otherwise determined in accordance with Section H of the Rate and Method of Apportionment of Special Taxes, will be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds pursuant to the Fiscal Agent Agreement. The Treasurer will deliver to the Fiscal Agent an Officer's Certificate specifying any amount to be so transferred, and the Fiscal Agent may rely on any such Officer's Certificate.

Amounts in the Reserve Fund will be withdrawn, at the written request of an Authorized Officer, for purposes of paying any rebate liability under the rebate requirement provisions of the Fiscal Agent Agreement.

Moneys in the Reserve Fund will be invested in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained by the

Fiscal Agent in the Reserve Fund to be used for the purposes of such fund, including any of the purposes specified in the Fiscal Agent Agreement.

Bond Fund. The Fiscal Agent Agreement establishes as a separate fund to be held by the Fiscal Agent, the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) Bond Fund (the "Bond Fund"), to the credit of which deposits will be made as required by the Fiscal Agent Agreement or the Act. There is also created in the Bond Fund a separate account held by the Fiscal Agent, the Special Tax Prepayments Account, to the credit of which deposits will be made as provided in the Fiscal Agent Agreement. There is also hereby created in the Bond Fund a separate account held by the Fiscal Agent, the Capitalized Interest Account, to the credit of which a deposit will be made as provided in the Fiscal Agent Agreement.

Moneys in the Bond Fund and the accounts therein will be held by the Fiscal Agent for the benefit of the Owners of the Bonds, will be disbursed for the payment of the principal of and interest, or Accreted Value, as applicable, and any premium on, the Bonds as described below, and, pending such disbursement, will be subject to a lien in favor of the Owners of the Bonds. Notwithstanding the foregoing, amounts in the Bond Fund may be used for the purposes set forth in the Fiscal Agent Agreement.

On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the Bonds the principal, and interest and any premium, then due and payable on the Current Interest Bonds and the Accreted Value of and any premium on Capital Appreciation Bonds, including any amounts due on the Bonds by reason of the sinking payments set forth in the Fiscal Agent Agreement, or a redemption of the Bonds required by the Fiscal Agent Agreement, such payments to be made in the priority listed in the second succeeding paragraph. Notwithstanding the foregoing, (a) amounts in the Bond Fund as a result of a transfer from the Improvement Fund will be used to pay the principal of and interest on or Accreted Value of, as applicable, the Bonds prior to the use of any other amounts in the Bond Fund for such purpose; and (b) amounts in the Bond Fund as a result of a transfer of certain funds collected in respect to delinquent Special Taxes from the Special Tax Fund will be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds.

In the event that amounts in the Bond Fund are insufficient for the purposes set forth in the preceding paragraph, the Fiscal Agent will withdraw from the Reserve Fund to the extent of any funds therein amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Reserve Fund will be deposited in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments provided for in the first sentence of the second preceding paragraph, the Fiscal Agent will apply the available funds first to the payment of interest on the Current Interest Bonds, then to the payment of principal or Accreted Value due on the Bonds other than by reason of sinking payments, and then to payment of principal or Accreted Value due on the Bonds by reason of sinking payments. Each such payment will be made ratably to the Owners of the Bonds based on the then Outstanding principal amount of the Bonds, if there are insufficient funds to make the corresponding payment for all of the then Outstanding Bonds. Any sinking payment not made as scheduled will be added to the sinking payment to be made on the next sinking payment date.

Moneys in the Special Tax Prepayments Account will be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under the Fiscal Agent Agreement, and notice to the Fiscal Agent can timely be given under the Fiscal Agent Agreement, and will be used (together with any amounts transferred from the Reserve Fund) to redeem Bonds on the redemption date selected in accordance with the Fiscal Agent Agreement.

Moneys in the Capitalized Interest Account will be transferred to the Bond Fund on the Business Day prior to September 1, 2023, and following such transfer the Capitalized Interest Account will be closed.

Moneys in the Bond Fund, the Special Tax Prepayments Account and the Capitalized Interest Account will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from the investment and deposit of amounts in the Bond Fund, the Special Tax Prepayments Account and the Capitalized Interest Account will be retained in the Bond Fund, the Special Tax Prepayments Account and the Capitalized Interest Account, respectively, to be used for purposes of such fund and accounts.

Administrative Expense Fund. The Fiscal Agent Agreement establishes as a separate fund to be held by the Treasurer, the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) Administrative Expense Fund (the “Administrative Expense Fund”), to the credit of which deposits will be made as required by the Fiscal Agent Agreement. Moneys in the Administrative Expense Fund will be held by the Treasurer for the benefit of the Authority, will be disbursed as described below and are not pledged as security for the repayment of the Bonds.

Amounts in the Administrative Expense Fund will be withdrawn by the Treasurer and paid to the Authority or its order upon receipt by the Treasurer of an Officer’s Certificate stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense or Costs of Issuance, and the nature of such Administrative Expense or Costs of Issuance. Amounts transferred from the Costs of Issuance Fund to the Administrative Expense Fund pursuant to the Fiscal Agent Agreement will be separately identified at all times, and will be expended for purposes of the Administrative Expense Fund prior to the use of amounts transferred to the Administrative Expense Fund from the Special Tax Fund pursuant to the Fiscal Agent Agreement.

Annually, on the last day of each Fiscal Year, the Treasurer will withdraw any amounts then remaining in the Administrative Expense Fund in excess of \$30,000.00 that have not otherwise been allocated to pay Administrative Expenses incurred but not yet paid, and which are not otherwise encumbered, and transfer such amounts to the Fiscal Agent for deposit by the Fiscal Agent in the Special Tax Fund.

Moneys in the Administrative Expense Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from said investment will be retained by the Treasurer in the Administrative Expense Fund to be used for the purposes thereof.

Certain Covenants of the Authority

Punctual Payment. The Authority will punctually pay or cause to be paid the principal of and interest on, or Accreted Value of, and any premium on, the Bonds when and as due in strict conformity with the terms of the Fiscal Agent Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Fiscal Agent Agreement and all Supplemental Agreements and of the Bonds.

Limited Obligation. The Bonds are limited obligations of the Authority on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Bond Fund (including the Capitalized Interest Account and the Special Tax Prepayments Account therein), the Reserve Fund and, until disbursed as provided in the Fiscal Agent Agreement, the Special Tax Fund.

Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the Authority will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on or Accreted Value of any of the Bonds and will not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or Accreted Value or in any other manner. In case any such claim for interest will be extended or funded, whether or not with the consent of the Authority, such claim for interest

or Accreted Value so extended or funded will not be entitled, in case of default under the Fiscal Agent Agreement, to the benefits of the Fiscal Agent Agreement, except subject to the prior payment in full of the principal or Accreted Value, as applicable, of all of the Bonds then Outstanding and of all claims for interest or Accreted Value which will not have so extended or funded.

Against Encumbrances. The Authority will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien in the Fiscal Agent Agreement created for the benefit of the Bonds, except as permitted by the Fiscal Agent Agreement.

Books and Records. The Authority will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Authority, in which complete and correct entries will be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Fund and to the Special Tax Revenues. Such books of record and accounts will at all times during business hours be subject to the inspection of the Fiscal Agent and the Owners of not less than ten percent (10%) of the then Bond Obligation, or their representatives duly authorized in writing.

Protection of Security and Rights of Owners. The Authority will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the Authority, the Bonds will be incontestable by the Authority.

Compliance with Act. The Authority will comply with all applicable provisions of the Act and law in administering the District.

Collection of Special Tax Revenues. The Authority will comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

On or within five (5) Business Days of each June 1, the Fiscal Agent will provide the Treasurer with a notice stating the amount then on deposit in the Bond Fund (including any amounts in the Capitalized Interest Account or the Special Tax Prepayments Account therein) and the Reserve Fund, and informing the Authority that the Special Taxes may need to be levied pursuant to the Ordinance as necessary to provide for the Debt Service to become due on the Bonds in the calendar year that commences in the Fiscal Year for which the levy is to be made, and Administrative Expenses and replenishment (if necessary) of the Reserve Fund so that the balance therein equals the Reserve Requirement. The receipt of or failure to receive such notice by the Treasurer will in no way affect the obligations of the Treasurer under the following two paragraphs. Upon receipt of such notice, the Treasurer will communicate with the Auditor to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

The Treasurer will effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each July 15 that the Bonds are outstanding, or otherwise such that the computation of the levy is complete before the final date on which the Auditor 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 Treasurer will prepare or cause to be prepared, and will transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

The Treasurer will fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on, and Accreted Value of, any outstanding Bonds of the District becoming due and payable during the ensuing year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses (including amounts necessary to discharge any obligation under the

rebate requirements of the Fiscal Agent Agreement) during such year, taking into account the balances in such funds and in the Special Tax Fund. The Special Taxes so levied will not exceed the maximum amounts as provided in the Rate and Method of Apportionment of Special Taxes.

The Special Taxes, when levied, will be payable and be collected in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the ad valorem taxes on real property; provided that, pursuant to and in accordance with the Ordinance, the Special Taxes may be collected by means of direct billing of the property owners within the District, in which event the Special Taxes will become delinquent if not paid when due pursuant to said billing.

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

Private Activity Bond Limitations. The Authority will assure that the proceeds of the 2017 Bonds are not so used as to cause the 2017 Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code. The Authority will assure that the proceeds of the 2023 Bonds are not so used as to cause the 2023 Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Federal Guarantee Prohibition. The Authority will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the 2017 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code. The Authority will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the 2023 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

Rebate Requirement. The Authority will take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2017 Bonds and/or the 2023 Bonds.

If necessary, the Authority may use amounts in the Reserve Fund, amounts on deposit in the Administrative Expense Fund, and any other funds available to the District, including amounts advanced by the Authority or the City, in its respective sole discretion, to be repaid by the District as soon as practicable from amounts described in the preceding clauses, to satisfy its rebate requirement obligations under the Fiscal Agent Agreement. The Treasurer will take note of any investment of monies under the Fiscal Agent Agreement in excess of the yield on the 2017 Bonds and any investment of monies under the Fiscal Agent Agreement in excess of the yield on the 2023 Bonds, and will take such actions as are necessary to ensure compliance with the rebate requirement obligations under the Fiscal Agent Agreement, such as increasing the portion of the Special Tax levy for Administration Expenses as appropriate to have funds available in the Administrative Expense Fund to satisfy any rebate liability under the Fiscal Agent Agreement.

In order to provide for the administration of the rebate covenants of the Fiscal Agent Agreement, the Treasurer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Treasurer may deem appropriate and in addition, and without limitation of the provisions of the Fiscal Agent Agreement, the Treasurer may rely conclusively upon and be fully protected from all liability in relying upon the opinions, determinations, calculations and advice of such agents, attorneys and consultants employed under the Fiscal Agent Agreement. Any fees or expenses incurred by the Authority or the City under or pursuant to the rebate requirements of the Fiscal Agent Agreement will be Administrative Expenses.

The Fiscal Agent may rely conclusively upon the Authority's determinations, calculations and certifications required by the rebate requirements of the Fiscal Agent Agreement. The Fiscal Agent will have no responsibility to independently make any calculation or determination or to review the Authority's calculations under the Fiscal Agent Agreement.

No Arbitrage. The Authority will not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2017 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2017 Bonds would have caused the 2017 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code. The Authority will not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2023 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2023 Bonds would have caused the 2023 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Yield of the 2017 Bonds. In determining the yield of the 2017 Bonds and the yield on the 2023 Bonds to comply with the rebate requirements and no arbitrage provisions of the Fiscal Agent Agreement, the Authority will take into account redemption (including premium, if any) in advance of maturity based on the reasonable expectations of the Authority, as of the Closing Date for the respective series of the Bonds, regarding prepayments of Special Taxes and use of prepayments for redemption of the Bonds, without regard to whether or not prepayments are received or 2017 Bonds or 2023 Bonds are redeemed.

Maintenance of Tax-Exemption. The Authority will take all actions necessary to assure the exclusion of interest on the 2017 Bonds from the gross income of the Owners of the 2017 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2017 Bonds. The Authority will take all actions necessary to assure the exclusion of interest on the 2023 Bonds from the gross income of the Owners of the 2023 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2023 Bonds.

Continuing Disclosure to Owners. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Fiscal Agent Agreement, failure of the Authority to comply with the Continuing Disclosure Agreement will not be considered a default under the Fiscal Agent Agreement; however, any Participating Underwriter or any owner or Beneficial Owner (as defined in the Fiscal Agent Agreement) of Bonds may take such actions as may be necessary and appropriate to compel performance by the Authority of its obligations thereunder, including seeking mandate or specific performance by court order.

Reduction of Special Taxes. The Authority covenants and agrees to not consent or conduct proceedings with respect to a reduction in the maximum Special Taxes that may be levied in the District below an amount, for any Fiscal Year, equal to 110% of the aggregate of the Debt Service due on the Bonds in such Fiscal Year, plus a reasonable estimate of Administrative Expenses for such Fiscal Year. It is acknowledged that Bondowners are purchasing the Bonds in reliance on the foregoing covenant, and that said covenant is necessary to assure the full and timely payment of the Bonds.

Limits on Special Tax Waivers and Bond Tenders. The Authority covenants not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the owners of the Bonds and further covenants not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the Authority having insufficient

Special Tax Revenues to pay the principal of and interest on, and Accreted Value of, as applicable, the Bonds remaining Outstanding following such tender.

No Additional Bonds. Except as expressly permitted by the parity bond provision of the Fiscal Agent Agreement, the Authority will not issue any additional bonds secured by (A) a pledge of Special Taxes on a parity with or senior to the pledge thereof under the Fiscal Agent Agreement; or (B) any amounts in any funds or accounts established under the Fiscal Agent Agreement.

Authority Bid at Foreclosure Sale. The Authority will not bid at a foreclosure sale of property in respect of delinquent Special Taxes unless it expressly agrees to take the property subject to the lien for Special Taxes imposed by the District and that the Special Taxes levied on the property are payable while the Authority owns the property.

Deposit and Investment of Moneys in Funds

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent will be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments. In the absence of any such Officer's Certificate, the Fiscal Agent will invest, to the extent reasonably practicable, any such moneys in Permitted Investments described in clause (h) of the definition thereof in the Fiscal Agent Agreement; provided, however, that any such investment will be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent will have received an Officer's Certificate specifying a specific money market fund into which the funds will be invested and, if no such Officer's Certificate is so received, the Fiscal Agent will hold such moneys uninvested. The Treasurer will make note of any investment of funds under the Fiscal Agent Agreement in excess of the yield on the Bonds, so that appropriate actions can be taken to assure compliance with the rebate requirements of the Fiscal Agent Agreement.

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Treasurer will be invested by the Treasurer in any Permitted Investment, which in any event by its terms matures prior to the date on which such moneys are required to be paid out under the Fiscal Agent Agreement. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account, subject, however, to the requirements of the Fiscal Agent Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts. Whenever in the Fiscal Agent Agreement any moneys are required to be transferred by the Authority to the Fiscal Agent, such transfer may be accomplished by transferring a like amount of Permitted Investments.

The Fiscal Agent and its affiliates or the Treasurer may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. Neither the Fiscal Agent nor the Treasurer will incur any liability for losses arising from any investments made pursuant to the investment provisions of the Fiscal Agent Agreement. The Fiscal Agent will not be required to determine the legality of any investments.

Except as otherwise described in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to the Fiscal Agent Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) will be acquired, disposed of, and valued (as of the date that valuation is required by the Fiscal Agent Agreement or the Code) at Fair Market Value. The Fiscal Agent will have no duty in connection with the determination of Fair Market Value other than to follow the investment direction of an Authorized Officer in any written direction of any Authorized Officer. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the subaccounts within the Reserve Fund will be valued at their present value (within the meaning of section 148 of the Code). The Fiscal Agent will not be liable for verification of the application of such sections of the Code.

Investments in any and all funds and accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions in the Fiscal Agent Agreement for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent or the Treasurer under the Fiscal Agent Agreement, provided that the Fiscal Agent or the Treasurer, as applicable, will at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Fiscal Agent Agreement.

The Fiscal Agent or the Treasurer, as applicable, will sell at Fair Market Value, or present for redemption, any investment security whenever it will be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Treasurer will be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with the Fiscal Agent Agreement.

Liability of Authority

The Authority will not incur any responsibility in respect of the Bonds or the Fiscal Agent Agreement other than in connection with the duties or obligations explicitly in the Fiscal Agent Agreement or in the Bonds assigned to or imposed upon it. The Authority will not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful default. The Authority will not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent in the Fiscal Agent Agreement or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the Authority, including the Treasurer, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Authority and conforming to the requirements of the Fiscal Agent Agreement. The Authority, including the Treasurer, will not be liable for any error of judgment made in good faith unless it will be proved that it was negligent in ascertaining the pertinent facts.

No provision of the Fiscal Agent Agreement will require the Authority to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers, if it will have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Authority and the Treasurer may rely and will be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Authority may consult with counsel, who may be the Authority Attorney, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it under the Fiscal Agent Agreement in good faith and in accordance therewith.

The Authority will not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed.

Whenever in the administration of its duties under the Fiscal Agent Agreement the Authority or the Treasurer will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Fiscal Agent Agreement, such matter (unless other evidence in respect thereof be in the Fiscal Agent Agreement specifically prescribed) may, in the

absence of willful misconduct on the part of the Authority, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent, an Independent Financial Consultant or a Tax Consultant, and such certificate will be full warrant to the Authority and the Treasurer for any action taken or suffered under the provisions of the Fiscal Agent Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Authority or the Treasurer may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

In order to perform its duties and obligations under the Fiscal Agent Agreement, the Authority and/or the Treasurer may employ such persons or entities as it deems necessary or advisable. The Authority will not be liable for any of the acts or omissions of such persons or entities employed by it in good faith under the Fiscal Agent Agreement, and will be entitled to rely, and will be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

The Fiscal Agent

U.S. Bank Trust Company, National Association is appointed Fiscal Agent and paying agent for the Bonds under the Fiscal Agent Agreement. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in the Fiscal Agent Agreement, and no implied covenants or obligations will be read into the Fiscal Agent Agreement against the Fiscal Agent.

Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it will be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company will be eligible under the following paragraph, will be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything in the Fiscal Agent Agreement to the contrary notwithstanding. The Fiscal Agent will give the Treasurer written notice of any such succession under the Fiscal Agent Agreement.

The Authority may at any time remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor will be a bank, corporation or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank, corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Fiscal Agent Agreement, combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Fiscal Agent may at any time resign by giving written notice to the Authority and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the Authority will promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent will become effective upon acceptance of appointment by the successor Fiscal Agent. Upon such acceptance, the successor Fiscal Agent will be vested with all rights and powers of its predecessor under the Fiscal Agent Agreement without any further act.

If no appointment of a successor Fiscal Agent will be made pursuant to the foregoing provisions within forty-five (45) days after the Fiscal Agent will have given to the Authority written notice or after a vacancy in the office of the Fiscal Agent will have occurred by reason of its inability to act, the Fiscal Agent or any Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

If, by reason of the judgment of any court, or reasonable agency, the Fiscal Agent is rendered unable to perform its duties under the Fiscal Agent Agreement, all such duties and all of the rights and powers of the Fiscal Agent under the Fiscal Agent Agreement will be assumed by and vest in the Treasurer of the Authority in trust for the benefit of the Owners. The Authority covenants for the direct benefit of the Owners that its Treasurer in such case will be vested with all of the rights and powers of the Fiscal Agent under the Fiscal Agent Agreement, and will assume all of the responsibilities and perform all of the duties of the Fiscal Agent under the Fiscal Agent Agreement, in trust for the benefit of the Owners of the Bonds. In such event, the Treasurer may designate a successor Fiscal Agent qualified to act as Fiscal Agent under the Fiscal Agent Agreement.

The recitals of facts, covenants and agreements in the Fiscal Agent Agreement and in the Bonds contained will be taken as statements, covenants and agreements of the Authority, and the Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of the Fiscal Agent Agreement or of the Bonds, or will incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Fiscal Agent Agreement or in the Bonds assigned to or imposed upon it. The Fiscal Agent will not be liable in connection with the performance of its duties under the Fiscal Agent Agreement, except for its own negligence or willful default. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of the Fiscal Agent Agreement; but in the case of any such certificates or opinions by which any provision of the Fiscal Agent Agreement are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent will be under a duty to examine the same to determine whether or not they conform to the requirements of the Fiscal Agent Agreement. Except as provided above in this paragraph, Fiscal Agent will be protected and will incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Fiscal Agent Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it will in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of the Fiscal Agent Agreement, and the Fiscal Agent will not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

The Fiscal Agent will not be liable for any error of judgment made in good faith unless it will be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

No provision of the Fiscal Agent Agreement will require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Fiscal Agent Agreement, or in the exercise of any of its rights or powers.

The Fiscal Agent will be under no obligation to exercise any of the rights or powers vested in it by the Fiscal Agent Agreement at the request or direction of any of the Owners pursuant to the Fiscal Agent Agreement unless such Owners will have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

The Fiscal Agent has no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it under the Fiscal Agent Agreement, or as to the

correctness of any amounts received, and its liability will be limited to the proper accounting for such funds as it will actually receive.

The Fiscal Agent may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it under the Fiscal Agent Agreement in good faith and in accordance therewith.

In order to perform its duties and obligations under the Fiscal Agent Agreement, the Fiscal Agent may employ such persons or entities as it deems necessary or advisable. The Fiscal Agent will not be liable for any of the acts or omissions of such persons or entities employed by it in good faith under the Fiscal Agent Agreement, and will be entitled to rely, and will be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

The Fiscal Agent will provide to the Authority such information relating to the Bonds and the funds and accounts maintained by the Fiscal Agent under the Fiscal Agent Agreement as the Authority will reasonably request, including but not limited to quarterly statements reporting funds held and transactions by the Fiscal Agent.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries will be made of all transactions relating to the expenditure of amounts disbursed from the Bond Fund (including the Capitalized Interest Account and the Special Tax Prepayments Account therein), the Reserve Fund, the Special Tax Fund, the Improvement Fund and the Costs of Issuance Fund. Such books of record and accounts will at all times during business hours be subject to the inspection of the Authority and the Owners of not less than ten percent (10%) of the Bond Obligation then Outstanding, or their representatives duly authorized in writing upon reasonable prior notice.

The Fiscal Agent may rely and will be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed in good faith by it to be genuine and to have been signed or presented by the proper party or proper parties.

The Fiscal Agent will not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Fiscal Agent Agreement the Fiscal Agent will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Fiscal Agent Agreement, such matter (unless other evidence in respect thereof be in the Fiscal Agent Agreement specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by an Officer's Certificate, and such certificate will be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of the Fiscal Agent Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Authority will pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under the Fiscal Agent Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Fiscal Agent Agreement, but the Fiscal Agent will not have a lien therefor on any funds at any time held by it under the Fiscal Agent Agreement. The Authority further agrees, to the extent permitted by applicable law, to indemnify and save the Fiscal Agent, its officers, employees, directors and agents harmless against any costs, expenses, claims or liabilities whatsoever, including without limitation

fees and expenses of its attorneys, which it may incur in the exercise and performance of its powers and duties under the Fiscal Agent Agreement which are not due to its negligence or willful misconduct. The obligation of the Authority to the Fiscal Agent under the Fiscal Agent Agreement will survive resignation or removal of the Fiscal Agent under the Fiscal Agent Agreement and payment of the Bonds and discharge of the Fiscal Agent Agreement, but any monetary obligation of the Authority arising thereunder will be limited solely to amounts on deposit in the Administrative Expense Fund.

Modification and Amendment

The Fiscal Agent Agreement and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate amount of the then Bond Obligation, exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement. No such modification or amendment will (i) extend the maturity of any Bond or reduce the interest rate or Accretion Rate, as applicable, thereon, or otherwise alter or impair the obligation of the Authority to pay the principal of and the interest on, or Accreted Value of, as applicable, and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the Authority of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Owners of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or the Fiscal Agent Agreement), or (iii) reduce the percentage of Bonds required for the amendment of the Fiscal Agent Agreement. Any such amendment may not modify any of the rights or obligations of the Fiscal Agent without its written consent.

The Fiscal Agent Agreement and the rights and obligations of the Authority and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the Authority in the Fiscal Agent Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power in the Fiscal Agent Agreement reserved to or conferred upon the Authority;

(B) to make modifications not adversely affecting any Outstanding series of Bonds of the Authority in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Fiscal Agent Agreement, or in regard to questions arising under the Fiscal Agent Agreement, as the Authority or the Fiscal Agent may deem necessary or desirable and not inconsistent with the Fiscal Agent Agreement, and which will not adversely affect the rights of the Owners of the Bonds;

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from gross federal income taxation of interest on the Bonds; and

(E) in connection with the issuance of Parity Bonds under and pursuant to the Fiscal Agent Agreement.

The Fiscal Agent may in its discretion, but will not be obligated to, enter into any such Supplemental Agreement authorized by this Section which materially adversely affects the Fiscal Agent's own rights, duties or immunities under this Fiscal Agent Agreement or otherwise with respect to the Bonds or any agreements related thereto.

The Authority may at any time call a meeting of the Owners. In such event the Authority is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

The Authority and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of the Fiscal Agent Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the Fiscal Agent Agreement, to take effect when and as provided in the Fiscal Agent Agreement. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, will be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request will not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

Such Supplemental Agreement will not become effective unless there will be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the then Bond Obligation (exclusive of Bonds disqualified as provided in Section 8.04) and a notice will have been mailed as provided in the Fiscal Agent Agreement. Each such consent will be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof will be such as is permitted by the Fiscal Agent Agreement. Any such consent will be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice provided for in the Fiscal Agent Agreement has been mailed.

After the Owners of the required percentage of Bonds will have filed their consents to the Supplemental Agreement, the Authority will mail a notice to the Owners in the manner provided in the Fiscal Agent Agreement for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in the Fiscal Agent Agreement (but failure to mail copies of said notice will not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice will be filed with the Fiscal Agent. A record, consisting of the papers required by the Fiscal Agent Agreement to be filed with the Fiscal Agent, will be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement will become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement will be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the Authority and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Bonds owned or held for the account of the Authority, excepting any pension or retirement fund, will not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in the Fiscal Agent Agreement, and will not be entitled to vote upon, consent to, or take any other action provided for in the Fiscal Agent Agreement; provided, however, that the Fiscal Agent will not be deemed to have knowledge that any Bond is owned or held by the Authority unless the Authority is the registered Owner or the Fiscal Agent has received written notice that any other registered Owner is an Owner for the account of the Authority.

From and after the time any Supplemental Agreement becomes effective, the Fiscal Agent Agreement will be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the Fiscal Agent Agreement of the Authority and all Owners of Bonds Outstanding will thereafter be determined, exercised and enforced under the Fiscal Agent Agreement subject in all respects to such modifications and amendments, and all the terms and

conditions of any such Supplemental Agreement will be deemed to be part of the terms and conditions of the Fiscal Agent Agreement for any and all purposes.

The Authority may determine that Bonds issued and delivered after the effective date of any action taken as provided in the Fiscal Agent Agreement will bear a notation, by endorsement or otherwise, in form approved by the Authority, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the Authority may select and designate for that purpose, a suitable notation will be made on such Bond. The Authority may determine that new Bonds, so modified as in the opinion of the Authority is necessary to conform to such Owners' action, will be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds will be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

The provisions of this Article VIII will not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Discharge of Agreement

The Authority will have the option to pay and discharge the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of and interest on, or Accreted Value of, as applicable, and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in the Fiscal Agent Agreement is fully sufficient to pay such Bonds Outstanding, including all principal and interest, or Accreted Value, as applicable, and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent cash and Federal Securities in such amount as the Authority shall determine as confirmed by Bond Counsel or an independent certified public accountant will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the Fiscal Agent Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal and interest, or Accreted Value, as applicable, and redemption premiums) at or before their respective maturity dates.

If the Authority will have taken any of the actions specified above, and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption will have been given as in provided in the Fiscal Agent Agreement or provision satisfactory to the Fiscal Agent will have been made for the giving of such notice, then, at the election of the Authority, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Fiscal Agent Agreement and all other obligations of the Authority under the Fiscal Agent Agreement with respect to such Bonds Outstanding will cease and terminate. Notice of such election shall be filed with the Fiscal Agent. Notwithstanding the foregoing, the obligation of the Authority to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, all amounts owing to the Fiscal Agent pursuant to the Fiscal Agent Agreement, and otherwise to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes, will continue in any event.

Upon compliance by the Authority with the foregoing with respect to all Bonds Outstanding, any funds held by the Fiscal Agent after payment of all fees and expenses of the Fiscal Agent, which are not required for the purposes of the preceding paragraph, will be paid over to the Authority and any Special Taxes thereafter received by the Authority shall not be remitted to the Fiscal Agent but shall be retained by the Authority to be used for any purpose permitted under the Act.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

March __, 2023

Board of Directors
Temecula Public Financing Authority
41000 Main Street
Temecula, California 92589-9033

OPINION: \$_____ Temecula Public Financing Authority Community Facilities District 16-01 (Roripaugh Ranch Phase 2) Special Tax Bonds, Series 2023A and \$_____ Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) Special Tax Bonds, Capital Appreciation Bonds Series 2023B

Members of the Board of Directors:

We have acted as bond counsel in connection with the issuance by the Temecula Public Financing Authority (the "Authority"), for and on behalf of the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) (the "District"), of its \$_____ Temecula Public Financing Authority Community Facilities District 16-01 (Roripaugh Ranch Phase 2) Special Tax Bonds, Series 2023A, and its \$_____ Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) Special Tax Bonds, Capital Appreciation Series 2023B (collectively, the "Bonds") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.*, of the California Government Code) (the "Act"), an Amended and Restated Fiscal Agent Agreement, dated as of March 1, 2023 (the "Fiscal Agent Agreement"), by and between the Authority, for and on behalf of the District, and U.S. Bank Trust Company, National Association, as fiscal agent, and Resolution No. TPFA _____ adopted by the Board of Directors of the Authority on February 14, 2023 (the "Resolution").

In connection with this opinion, we have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Resolution and in the Fiscal Agent Agreement, and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Authority is duly created and validly existing as a joint exercise of powers authority, with the power to enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein and issue the Bonds.

2. The Fiscal Agent Agreement has been duly entered into by the Authority and constitutes a valid and binding obligation of the Authority enforceable upon the Authority in accordance with its terms.

3. Pursuant to the Act, the Fiscal Agent Agreement creates a valid lien on the funds pledged by the Fiscal Agent Agreement for the security of the Bonds, on a parity with the pledge thereof for the security of the 2017 Bonds and of any Parity Bonds that may be issued under, and as such capitalized terms are defined in, the Fiscal Agent Agreement.

4. The Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority for the District, payable solely from the sources provided therefor in the Fiscal Agent Agreement, on a parity with the 2017 Bonds and any Parity Bonds that may be issued under and as such term is defined in the Fiscal Agent Agreement.

5. Subject to the Authority's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure by the Authority to comply with certain of such covenants could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Resolution and the Fiscal Agent Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the Authority and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

**FORM OF CONTINUING DISCLOSURE AGREEMENT
OF THE AUTHORITY**

THIS CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”), dated as of March 1, 2023, is by and between WEBB MUNICIPAL FINANCE, LLC, as dissemination agent (the “Dissemination Agent”), and the TEMECULA PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the “Authority”).

RECITALS:

WHEREAS, the Authority has issued, for and on behalf of the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) (the “District”), its Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) Special Tax Bonds, Series 2023A, and its Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) Special Tax Bonds, Capital Appreciation Series 2023B (collectively, the “Bonds”); and

WHEREAS, the Bonds have been issued pursuant to an Amended and Restated Fiscal Agent Agreement, dated as of March 1, 2023 (the “Fiscal Agent Agreement”), by and between U.S. Bank Trust Company, National Association, as fiscal agent, and the Authority, for and on behalf of the District; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Authority and the Dissemination Agent for the benefit of the owners and beneficial owners of the Bonds and in order to assist the underwriter of the Bonds in complying with S.E.C. Rule 15c2-12(b)(5).

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. In addition to the definitions of capitalized terms set forth in Section 1.03 of the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or in the Recitals above, the following terms shall have the following meanings when used in this Disclosure Agreement:

“*Annual Report*” means any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Beneficial Owner*” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including persons holding any Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

“*Disclosure Representative*” means the Treasurer, or such person’s designee, or such other officer or employee of the Authority as the Authority shall designate as the Disclosure Representative hereunder in writing to the Dissemination Agent from time to time.

“*Dissemination Agent*” means Webb Municipal Finance, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in

writing by the Authority and which has filed with the Authority a written acceptance of such designation.

“EMMA” or “*Electronic Municipal Market Access*” means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the Official Statement, dated March __, 2023, relating to the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*Significant Event*” means any of the events listed in Section 5(a) of this Disclosure Agreement.

Section 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority and the Dissemination Agent for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The Authority shall, or shall cause the Dissemination Agent to, not later than the March 1 occurring after the end of each fiscal year of the Authority, commencing with the report for the 2022-23 fiscal year, which is due not later than March 1, 2024, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that any audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the Authority’s fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b), and subsequent Annual Report filings shall be made no later than six months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b) of this Section 3 for providing the Annual Report to EMMA), the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Authority.

(d) *Report of Non-Compliance.* If the Authority is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the Authority shall in a timely manner send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the Authority is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice in a timely manner to EMMA in substantially the form attached hereto as Exhibit A in a timely manner.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the Authority, file a report with the Authority certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Agreement, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. (a) *Financial Statements.* The Annual Report for each fiscal year commencing with the Annual Report for the 2022-23 fiscal year, shall contain or incorporate by reference audited financial statements of the Authority for the most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* The Annual Report for each fiscal year commencing with fiscal year 2022-23 shall also include the following information:

(i) The principal amount of Bonds Outstanding as of the September 30 next preceding the date of the Annual Report.

(ii) The balance in the Reserve Fund, and a statement of the Reserve Requirement, as of the September 30 next preceding the date of the Annual Report.

(iii) The balance in the Improvement Fund, if any, as of the September 30 next preceding the date of the Annual Report.

(iv) A table showing, for each owner of property in the District, the property owned by such property owner is located, and the current fiscal year Assigned Special Tax A for such property, except that the Authority may aggregate any parcel of property responsible for less than 2% of such Assigned Special Tax A.

(v) A table similar to Table 4 in the Official Statement (which shows Value-to-Lien by property owner) substituting the most recent County Assessed Values (if an appraisal not less than 120 days old is not available), except that the Authority may aggregate property owners that individually own property allocated less than two percent (2%) of the outstanding principal of the 2023 Bonds.

(vi) A table setting forth the annual aggregate Special Tax levy in the District for the most recent five Fiscal Years, and the number of parcels with delinquent Special Taxes, and the amount and percentage of the overall Special Tax levy for the delinquent parcels, and an update of prior years' delinquencies as of a date not more than ninety (90) days prior to the date of the Annual Report.

(vii) The number of building permits issued by the City for property in the District since April 1 of the prior Fiscal Year.

(viii) A table summarizing the Special Tax levy on Developed Property and on Undeveloped Property (as such terms are defined in the rate and method of apportionment of special tax for the District) for the then current Fiscal Year and the value-to-lien ratio of those two categories of property using the most recently available County assessed values.

(ix) The status of foreclosure proceedings for any parcels within the District on which the Special Taxes are levied and a summary or the results of any foreclosure sales, or other collection efforts with respect to delinquent Special Taxes, as of the September 30 next preceding the date of the Annual Report.

(x) The identity of any property owner representing more than five percent (5%) of the annual Special Tax levy who is delinquent in payment of such Special Taxes, as shown on the assessment roll of the City Assessor last equalized prior to the September 30 next preceding the date of the Annual Report, the number of parcels so delinquent, and the total dollar amount of all such delinquencies.

(xi) The most recent annual information required to be provided to the California Debt and Investment Advisory Commission pursuant to Section 9.07(A) of the Fiscal Agent Agreement.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority or related public entities, which are available to the public on EMMA. The Authority shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the Authority shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) The Authority shall, or shall cause the Dissemination Agent (if not the Authority) to, give notice of the occurrence of any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Authority or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Authority or an obligated person, or the sale of all or substantially all of the assets of the Authority or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) The incurrence of a financial obligation of the Authority or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority or other obligated person, any of which affect security holders, if material; or
- (xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority or other obligated person, any of which reflect financial difficulties.

(b) Whenever the Authority obtains knowledge of the occurrence of a Significant Event, the Authority shall, or shall cause the Dissemination Agent (if not the Authority) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Fiscal Agent Agreement.

(c) The Authority acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier "if material." The Authority shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Authority determines the event's occurrence is material for purposes of U.S. federal securities law. The Authority intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018), or any further guidance or releases provided by Securities and Exchange Commission.

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver,

fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent*. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Webb Municipal Finance, LLC.

If the Dissemination Agent is not the Authority, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Agreement. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the Authority. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Agreement and has no liability to any person, including any Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Authority shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Authority.

(b) *Compensation of Dissemination Agent*. The Dissemination Agent shall be paid compensation by the Authority for its services provided hereunder as agreed to between the Dissemination Agent and the Authority from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder, with payment to be made from any lawful funds of the District. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Authority, the owners of the Bonds, the Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any written direction from the Authority or a written opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Authority. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent*. In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the Authority to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the

Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the Authority under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Authority that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bond owners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bond owners or Beneficial Owners.

If this Disclosure Agreement is amended or any provision of this Disclosure Agreement is waived, the Authority shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Significant Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or future notice of occurrence of a Significant Event.

Section 11. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Agreement, any Bond owner, any Beneficial Owner, the Fiscal Agent or the Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and the owners and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

TEMECULA PUBLIC FINANCING
AUTHORITY

By: _____
Aaron Adams,
Executive Director

WEBB MUNICIPAL FINANCE, LLC, as
Dissemination Agent

By: _____
Its: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: Temecula Public Financing Authority

Name of Bond Issue: Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2), Special Tax Bonds, Series 2023A, and its Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) Special Tax Bonds, Capital Appreciation Series 2023B

Date of Issuance: March __, 2023

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.17 of the Amended and Restated Fiscal Agent Agreement, dated as of March 1, 2023, between the Obligor and U.S. Bank Trust Company, National Association, as fiscal agent. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

By: Webb Municipal Finance, LLC, as
Dissemination Agent

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE PRIMARY DEVELOPER

This Continuing Disclosure Agreement – Primary Developer (the “Disclosure Agreement”) dated as of March 1, 2023, is by and between WEBB MUNICIPAL FINANCE, LLC, as dissemination agent (the “Dissemination Agent”), and WOODSIDE 05S, LP, a California limited partnership (the “Developer”).

RECITALS:

WHEREAS, the Temecula Public Financing Authority (the “Authority”) has issued, for and on behalf of the Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) (the “District”), its Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) Special Tax Bonds, Series 2023A, and its Temecula Public Financing Authority Community Facilities District No. 16-01 (Roripaugh Ranch Phase 2) Special Tax Bonds, Capital Appreciation Series 2023B (collectively, the “Bonds”); and

WHEREAS, the Bonds have been issued pursuant to an Amended and Restated Fiscal Agent Agreement, dated as of March 1, 2023 (the “Fiscal Agent Agreement”), by and between U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”), and the Authority, for and on behalf of the District; and

WHEREAS, as of the date of this Disclosure Agreement, the Developer owns a majority of the property in the District.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and mutual covenants herein contained, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. In addition to the definitions of capitalized terms set forth in Section 1.03 of the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section or in the Recitals above, the following terms shall have the following meanings when used in this Disclosure Agreement:

“Affiliate” means, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially or as an agent, guardian or other fiduciary, twenty-five percent (25%) or more of any class of Equity Securities of such Person, (b) each Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person or (c) each of such Person’s executive officers, directors, joint venturers and general partners; provided, however, that in no case shall the Authority be deemed to be an Affiliate of the Developer for purposes of this Disclosure Agreement. For the purpose of this definition, “control” of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise. It is hereby acknowledged that SHAWOOD COMMUNITIES, LLC is an “Affiliate” of the Developer for purposes of this Disclosure Agreement.

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

“Beneficial Owner” means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including persons holding any Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day which is a federal or State of California holiday.

“Disclosure Representative” means the Senior Project Manager – Sommers Bend/Southern California, of Woodside Homes, acting for the Developer, or his or her designee, or such other person as the Developer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” means Webb Municipal Finance, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Developer and which has filed with the Developer and the Authority a written acceptance of such designation.

“EMMA” or “Electronic Municipal Market Access” means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

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

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30.

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

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Official Statement” means the Official Statement, dated March __, 2023, relating to the Bonds.

“Participating Underwriter” means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

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

“State” means the State of California.

“Undeveloped Property” has the meaning given to such term in the Rate and Method of Apportionment of Special Tax for the District.

Section 2. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer and the Dissemination Agent for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule

Section 3. Provision of Annual Reports and Semiannual Reports.

(a) The Developer shall, or shall cause the Dissemination Agent to, not later than June 15 of each year, commencing June 15, 2023, provide to EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If, in any year, June 15 does not fall on a Business Day, then such deadline shall be extended to the following Business Day. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement, provided that the audited financial statements, if any, of the Developer may be submitted separately from the balance of the Annual Report and later than the date required for the filing of the Annual Report if they are not available by that date.

In addition, the Developer shall, or shall cause the Dissemination Agent to, not later than December 15 of each year, commencing December 15, 2023, provide to EMMA a Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If, in any year, December 15 does not fall on a Business Day, then such deadline shall be extended to the following Business Day.

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

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

(d) The Developer shall, or shall cause the Dissemination Agent to:

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

(ii) promptly file a report with the Developer and the City certifying that the Annual Report or the Semiannual Report, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date it was provided to EMMA.

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

Section 4. Content of Annual Report and Semiannual Report.

(a) The Developer's Annual Report and Semiannual Report shall contain or include by reference the information which is available as of the date of the filing of the Annual Report or the Semiannual Report, as applicable, relating to the following:

1. To the extent not previously disclosed in the Official Statement or in a prior Annual Report or Semiannual Report, a discussion of the sources of funds to finance development of property owned by the Developer or any Affiliate of the Developer within the District, and if such sources of funds involve one or more loan agreements whether any material defaults exist under any such loan arrangement related to such financing.

2. A summary of development activity conducted by the Developer or any Affiliate within the District, including the number of parcels for which building permits have been issued, and as to property owned by the Developer or any Affiliate of the Developer, the number of parcels for which sales to homebuyers have closed, all since the most recent Annual Report or Semiannual Report.

3. Any sale by the Developer or any Affiliate of the Developer of property in the District to another Person, other than to buyers of completed homes, including a description of the property sold (acreage, number of lots, etc.) and the identity of the Person that so purchased the property, all since the most recent Annual Report or Semiannual Report.

4. Status of completion of the development being undertaken by the Developer or any Affiliate of the Developer with respect to the Undeveloped Property, and any major legislative, administrative and judicial challenges known to the Developer to or affecting the construction of the development or the time for construction of any public or private improvements to be made by the Developer or any Affiliate of the Developer within the District, including but not limited to those improvements required by the Development Agreement (as defined in the Official Statement) in order to obtain the issuance of building permits for property in the District (the "Developer Improvements").

5. Information regarding any failure by the Developer or any of its Affiliates to pay any real property taxes (including Special Taxes) levied on a parcel of property in the District which is owned by the Developer or any of its Affiliates.

6. For the Annual Reports only, any audited financial statements of the Developer, if such audited financial statements are prepared for the Developer in the ordinary course of business. The Annual Reports shall contain the following statement:

"The Financial Statements of Woodside 05S, LP, included with, or referred to in, this Annual Report are for informational purposes only. In the event of a failure to pay an installment of Special Taxes, and after depletion of the Reserve Fund, the real property in the District is the sole security for the Bonds."

7. At the time of execution of this Disclosure Agreement, the Developer does not prepare audited financial statements. However, if in the future the Developer has audited

financial statements prepared and the audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements for the preceding year (if available), and the audited financial statements shall be filed in a timely manner in the same manner as the Annual Report when they become available.

(b) In addition to any of the information expressly required to be provided under paragraph (a) above, the Developer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) Any and all of the items listed above may be included by specific reference to other documents, including official statements of debt issues which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Developer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Developer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material under clauses (b) and (c) in a timely manner within 10 Business Days after the occurrence of any of the following events:

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

2. Damage to or destruction of any of the Developer Improvements which has a material adverse effect on the value of the parcels owned by the Developer or any Affiliate of the Developer within the District.

3. Material default by the Developer or any Affiliate of the Developer on any loan with respect to the construction or permanent financing of the Developer Improvements.

4. Material default by the Developer or any Affiliate of the Developer on any loan secured by property within the District owned by the Developer or any Affiliate of the Developer.

5. Material payment default by the Developer on any loan of the Developer (whether or not such loan is secured by property within the District) which is beyond any applicable cure period in such loan.

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

7. The filing of any proceedings with respect to an Affiliate of the Developer, in which such Affiliate of the Developer may be adjudicated as bankrupt or discharged from any or all of its respective debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of debts if such adjudication could materially adversely affect the completion of the Developer Improvements or the development of parcels owned by the Developer or its Affiliates within the District (including the payment of special taxes of the District).

8. The filing of any lawsuit against the Developer or any of its Affiliates with service of process on the Developer or its Affiliates having occurred) which, in the reasonable judgment of the Developer, will materially adversely affect the completion of the Developer Improvements or the development of parcels owned by the Developer or its Affiliates within the District, or litigation which if decided against the Developer, or any of its Affiliates, in the reasonable judgment of the Developer, would materially adversely affect the financial condition of the Developer or its Affiliates in a manner that would materially adversely affect the completion of the Developer Improvements or the development of parcels owned by the Developer or its Affiliates within the District.

9. A sale or transfer of all or substantially all of the Developer's assets or a sale of a majority of the partnership interests, membership interests or outstanding stock of the Developer.

(b) If a Significant Event occurs under Section 5(a), subsection (2), (3), (4), (5), (7) or (8), the Developer shall as soon as possible determine if such event would be material under applicable federal securities laws. The Dissemination Agent shall have no responsibility to determine the materiality of any of the Significant Events.

(c) If an event described in Section 5(a), subsection (1), (6) or (9) occurs, or if the Developer determines that knowledge of the occurrence of an event described in Section 5(a), subsection (2), (3), (4), (5), (7) or (8) would be material under applicable federal securities laws, the Developer shall file in a timely manner within 10 Business Days after the occurrence of the respective event a notice of such occurrence with EMMA or with the Dissemination Agent which shall then distribute such notice to EMMA in a timely manner within 10 Business Days after the occurrence of the respective event, with a copy to the Authority. The Developer shall give notice of the occurrence of any event described in Section 5(a) in any event in a timely fashion by filing a notice thereof with EMMA or with the Dissemination Agent which shall then distribute such notice to EMMA in a timely manner, with a copy to the Authority.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Developer's obligations under this Disclosure Agreement shall terminate upon the following events:

(a) the legal defeasance, prior redemption or payment in full of all of the Bonds,

(b) if on any date the Developer and its Affiliates in the aggregate own property within the District subject to less than twenty percent (20%) of the then annual Special Taxes levied on property in the District, or

(c) upon the delivery by the Developer to the Authority of an opinion of nationally recognized bond counsel to the effect that the information required by this Disclosure Agreement is no longer required. Such opinion shall be based on information publicly provided by the Securities and Exchange Commission or a private letter ruling obtained by the Developer or a private letter ruling obtained by a similar entity to the Developer.

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

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The Developer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure

Agreement and may discharge any such agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Webb Municipal Finance, LLC.

If the Dissemination Agent is not the Developer, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Developer pursuant to this Disclosure Agreement. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the Developer. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Agreement and has no liability to any person, including any Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Developer shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Developer.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the Developer for its services provided hereunder as agreed to between the Dissemination Agent and the Developer from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Developer, the owners of the Bonds, the Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any written direction from the Developer or a written opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Developer, with a copy to the Authority. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent.* In addition of the filing obligations of the Dissemination Agent set forth in Sections 3 and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the Developer to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the Developer under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Developer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The amendment or waiver either (i) is approved by the Bondowners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of Bondowners, or (ii) does not, in the opinion of nationally recognized bond counsel addressed to the Authority and the Fiscal Agent, materially impair the interests of the Bondowners or Beneficial Owners of the Bonds; and

(c) The Developer, or the Dissemination Agent, shall have delivered copies of the amendment and any opinions delivered under (b) and (c) above.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Developer shall describe such amendment in the next Annual Report or Semiannual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the

presentation) of financial information or operating data being presented by the Developer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given to EMMA, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison of financial data described in clause (ii) of the preceding sentence shall be provided at the time financial statements, if any, are filed under Section 4(a)(7) hereof.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report, Semiannual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Developer chooses to include any information in any Annual Report, Semiannual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Developer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Semiannual Report or notice of occurrence of a Listed Event.

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

Section 11. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Agreement, the Participating Underwriter or any Bondowner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Developer or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Reporting Obligation of Developer's Transferees. The Developer shall, in connection with any sale or transfer of ownership of land within the District to a transferee that is not an Affiliate of the Developer which will result in the transferee (which term shall include any successors and assigns of the Developer) becoming responsible for the payment of more than twenty (20) percent of the Special Taxes levied on property within the District in the Fiscal Year following such transfer, cause such transferee to enter into a disclosure agreement with terms substantially similar to the terms of this Disclosure Agreement, whereby such transferee agrees to provide its audited financial statements, if any, and the information of the type described in Sections 4 and 5 of this Disclosure Agreement; provided that such transferee's obligations under such disclosure agreement shall terminate upon the sold or transferred land being improved with structures, or the land owned by the transferee becoming responsible for the payment of less than twenty (20) percent of the annual Special Taxes.

Section 13. Developer as Independent Contractor. In performing under this Disclosure Agreement, it is understood that the Developer is an independent contractor and not an agent of the Authority or the District.

Section 14. Notices. Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

Developer and Disclosure Representative:	Woodside 05S, LP c/o Woodside Homes 1250 Corona Point, Suite 500 Corona, CA 92879 Attention: Trent Heiner, Senior Project Manager – Sommers Bend/Southern California
Dissemination Agent:	Webb Municipal Finance, LLC 3788 McCray Street Riverside, CA 92506-3927 Attention: Heidi Schoeppe, President/Managing Director
Fiscal Agent:	U.S. Bank Trust Company, National Association 633 West Fifth Street, 24th Floor Los Angeles, CA 90071 Attention: Corporate Trust Services Reference: Temecula CFD 16-01 (Roripaugh Ranch Phase 2)
Participating Underwriter:	Stifel, Nicolaus & Company, Inc. One Montgomery Street, 35th Floor San Francisco, CA 94104 Attention: Sara Brown
Authority or District:	Temecula Public Financing Authority c/o City of Temecula 41000 Main Street Temecula, CA 92589-9033 Attention: Finance Director

Section 15. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, the Authority, the Dissemination Agent, the Fiscal Agent, the Participating Underwriter and Bondowners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 16. Assignability. The Developer shall not assign this Disclosure Agreement or any right or obligation hereunder except to the extent permitted to do so under the provisions of Section 12 hereof. The Dissemination Agent may, with prior written notice to the Developer and the Authority, assign this Disclosure Agreement and the Dissemination Agent's rights and obligations hereunder to a successor Dissemination Agent.

Section 17. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 18. Governing Law. The validity, interpretation and performance of this Disclosure Agreement shall be governed by the laws of the State of California applicable to contracts made and performed in California.

Section 19. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

WOODSIDE 05S, LP, a California limited partnership

By: WDS GP, Inc., a California corporation,
its General Partner

By: _____

Name: _____

Title: _____

WEBB MUNICIPAL FINANCE, LLC, as
Dissemination Agent

By: _____

Its: _____

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F has been provided by The Depository Trust Company (“DTC”), New York, NY, for use in securities offering documents, and the Authority does not take responsibility for the accuracy or completeness thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the 2023 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2023 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the 2023 Bonds, payment of principal, interest and other payments on the 2023 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2023 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC 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.

Neither the Authority as the issuer of the 2023 Bonds (the “Issuer”) nor the fiscal agent or paying agent appointed with respect to the 2023 Bonds (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2023 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2023 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2023 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2023 Bonds (the “Securities”). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts.

This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). On August 8, 2011, Standard & Poor’s downgraded its rating of DTC from AAA to 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. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, 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, Agent, or Issuer, 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 Issuer or Agent, 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.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX H
APPRAISAL REPORT

APPENDIX I

TABLE OF ACCRETED VALUES OF SERIES 2023B BONDS
(per \$5,000 Maturity Value)

Interest Payment Date	Accreted Value	Interest Payment Date	Accreted Value
March 1, 2023		March 1, 2039	
September 1, 2024		September 1, 2039	
March 1, 2024		March 1, 2040	
September 1, 2024		September 1, 2040	
March 1, 2025		March 1, 2041	
September 1, 2025		September 1, 2041	
March 1, 2026		March 1, 2042	
September 1, 2026		September 1, 2042	
March 1, 2027		March 1, 2043	
September 1, 2027		September 1, 2043	
March 1, 2028		March 1, 2044	
September 1, 2028		September 1, 2044	
March 1, 2029		March 1, 2045	
September 1, 2029		September 1, 2045	
March 1, 2030		March 1, 2046	
September 1, 2030		September 1, 2046	
March 1, 2031		March 1, 2047	
September 1, 2031		September 1, 2047	
March 1, 2032		March 1, 2048	
September 1, 2032		September 1, 2048	
March 1, 2033		March 1, 2049	
September 1, 2033		September 1, 2049	
March 1, 2034		March 1, 2050	
September 1, 2034		September 1, 2050	
March 1, 2035		March 1, 2051	
September 1, 2035		September 1, 2051	
March 1, 2036		March 1, 2052	
September 1, 2036		September 1, 2052	
March 1, 2037		March 1, 2053	
September 1, 2037		September 1, 2053	
March 1, 2038			
September 1, 2038			