

**PRELIMINARY OFFICIAL STATEMENT DATED MAY \_\_, 2019****NEW ISSUE – BOOK-ENTRY ONLY****[NOT RATED]**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2019 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2019 Bonds. See “CONCLUDING INFORMATION – Tax Exemption” herein.*

**STATE OF CALIFORNIA****COUNTY OF RIVERSIDE****\$32,150,000\***

**SAN JACINTO UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY  
SPECIAL TAX REVENUE BONDS, SERIES 2019**

Dated: Date of Delivery

Due: September 1, as shown on the inside cover

The San Jacinto Unified School District Financing Authority Special Tax Revenue Bonds, Series 2019 (the “Series 2019 Bonds”) are being issued by the San Jacinto Unified School District Financing Authority (the “Authority”) pursuant to the Marks-Roos Local Bond Pooling Act of 1985 and an Indenture, dated as of [June] 1, 2019 (the “Indenture”), by and between the Authority and Zions Bancorporation, National Association, as trustee (the “Trustee”), and will be secured as described herein. Additional bonds (“Additional Bonds”) may be issued by the Authority on a parity with the Series 2019 Bonds only for the purpose of refunding the Series 2019 Bonds or any subsequent issue of refunding bonds thereunder. The Series 2019 Bonds and any Additional Bonds are collectively referred to herein as the “Bonds.” See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS” herein.

The Series 2019 Bonds are being issued to provide funds to purchase eight series of special tax bonds to be issued, simultaneously with the Series 2019 Bonds, by certain San Jacinto Unified School District Community Facilities Districts as described herein (collectively, the “CFD Bonds”). See “SOURCES AND USES OF FUNDS” herein. Any bonds issued by a community facilities district for which the Board of Trustees of the San Jacinto Unified School District is the legislative body, as described herein, are collectively referred to herein as “Additional CFD Bonds.” Net proceeds of the CFD Bonds will be applied to finance certain School Facilities, City Facilities and EMWD Facilities (each as defined herein). See “PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS” herein.

The Series 2019 Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers will not receive certificates representing their interest in the Series 2019 Bonds. Individual purchases will be in principal amounts of \$5,000 or any integral multiple thereof. Payments of principal of, premium, if any, and interest on the Series 2019 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Series 2019 Bonds. See “THE SERIES 2019 BONDS – Book-Entry Only System” and APPENDIX H – “DTC BOOK-ENTRY ONLY SYSTEM” herein. Interest on the Series 2019 Bonds is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2019.

The Series 2019 Bonds will be subject to optional redemption, mandatory sinking fund redemption, and mandatory redemption from principal prepayments prior to maturity as described herein. See “THE SERIES 2019 BONDS – Redemption of the Series 2019 Bonds” herein.

The Bonds are special obligations of the Authority, payable solely from (i) Revenues of the Authority, consisting primarily of debt service payments on the CFD Bonds and (ii) any other amounts pledged therefor under the Indenture, all as more fully described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS” herein.

**THE BONDS ARE NOT A DEBT OR LIABILITY OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICTS, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE AUTHORITY, AND THEN ONLY TO THE LIMITED EXTENT DESCRIBED IN THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICTS, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS. THE AUTHORITY HAS NO TAXING POWER.**

**MATURITY SCHEDULE**

See Inside Cover Page

Investment in the Series 2019 Bonds involves risks which may not be appropriate for some investors. See “RISK FACTORS” for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2019 Bonds. This cover page contains information for quick reference only. It is not a complete summary of the Series 2019 Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

*The Series 2019 Bonds are offered when, as and if issued and delivered to the Underwriter, subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, and subject to certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California and for the Authority and the Community Facilities Districts by their counsel, Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation. It is anticipated that the Series 2019 Bonds will be available for delivery in book-entry form through the facilities of DTC on or about June \_\_, 2019.*

**Stifel**

Dated: May \_\_, 2019

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\* Preliminary, subject to change.

## MATURITY SCHEDULE\*

\$\_\_\_\_\_ Serial Bonds

CUSIP Prefix No.† 797860

<b>Maturity Date (September 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Suffix No.†</b>
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				

\$\_\_\_\_\_ % Term Bonds due September 1, 20\_\_ – Priced to Yield: \_\_\_\_\_% CUSIP No.† \_\_\_\_\_  
\$\_\_\_\_\_ % Term Bonds due September 1, 2049 – Priced to Yield: \_\_\_\_\_% CUSIP No.† \_\_\_\_\_

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\* Preliminary, subject to change.

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No dealer, broker, salesperson or other person has been authorized by the Authority, the Community Facilities Districts or the Underwriter to give any information or to make any representations with respect to the Authority, the Community Facilities Districts or the Series 2019 Bonds other than the information contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the Community Facilities Districts or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2019 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2019 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 a representation of facts.

Certain of the information set forth herein has been obtained from sources which the Authority, the Community Facilities Districts and the Underwriter each believes to be reliable, but such information is not guaranteed as to accuracy or completeness.

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

All summaries of the Indenture, the CFD Indentures (each as defined herein), each Rate and Method of Apportionment of Special Taxes, and other documents are made subject to the complete provisions thereof and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Authority for further information in connection therewith. This Official Statement is submitted in connection with the sale of the Series 2019 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement contains forward-looking statements within the meaning of the Federal securities laws. Such statements are based on currently available information, expectations, estimates, assumptions, projections and general economic conditions. Such words as expects, intends, plans, believes, estimates, anticipates or variations of such words or similar expressions are intended to identify forward-looking statements and include, but are not limited to, statements under the captions "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS," "SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION" and in APPENDIX A – "SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION" and elsewhere in this Official Statement. The forward-looking statements are not guarantees of future performance. Actual results may vary materially from what is contained in a forward-looking statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Community Facilities Districts' forecasts in any way, regardless of the level of optimism communicated in the information. None of the Authority, the School District or the Community Facilities Districts assumes any obligation to provide public updates of forward-looking statements.

In connection with the offering of the Series 2019 Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Series 2019 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2019 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriter.

The School District maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2019 Bonds.

[INSERT REGIONAL LOCATION MAP]

**SAN JACINTO UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY**

**Authority Board of Directors**

**John I. Norman, *Chairperson***

**Willie Hamilton, *Vice Chairperson***

**Trica Ojeda, *Director***

**Deborah Rex, *Director***

**Jasmin Rubio, *Director***

**SAN JACINTO UNIFIED SCHOOL DISTRICT**

**Board of Trustees**

**John I. Norman, *President***

**Willie Hamilton, *Clerk***

**Trica Ojeda, *Member***

**Deborah Rex, *Member***

**Jasmin Rubio, *Member***

**Administration**

**Diane Perez, *Executive Director / Superintendent***

**Seth Heeren, *Treasurer / Assistant Superintendent, Business Services***

**Sherry Smith, *Assistant Superintendent, Personnel Services***

**John Roach, *Assistant Superintendent, Educational Services***

**Luke Smith, *Executive Director of Business Services***

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Irvine, California**

**Community Facilities District Administrator**

**Willdan Financial Services  
Temecula, California**

**Trustee**

**Zions Bancorporation, National Association  
Los Angeles, California**

## TABLE OF CONTENTS

	Page
INTRODUCTION .....	1
The Community Facilities Districts .....	6
The School District .....	8
Further Information.....	9
THE SERIES 2019 BONDS .....	9
Authority for Issuance.....	9
General .....	9
Redemption of the Series 2019 Bonds .....	10
Book-Entry Only System.....	14
PLAN OF FINANCE.....	14
SOURCES AND USES OF FUNDS .....	14
The Series 2019 Bonds .....	14
The CFD Bonds .....	15
THE SERIES 2019 BONDS DEBT SERVICE REQUIREMENTS .....	17
SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS .....	19
General .....	19
Revenue Fund .....	19
Payment of the CFD Bonds .....	20
Optional Redemption of CFD Bonds .....	20
Mandatory Redemption of CFD Bonds from Principal Prepayments .....	20
Mandatory Sinking Fund Redemption .....	21
The CFD Bonds Reserve Funds.....	21
The Special Taxes .....	22
Rates and Methods of Apportionment .....	23
Additional Indebtedness.....	24
Existing Liens Community Facilities District.....	24
Covenant for Superior Court Foreclosure .....	25
No Teeter Plan .....	26
THE AUTHORITY .....	26
SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION .....	26
Special Tax Levy – Taxable Property .....	27
Special Tax Collections .....	29
Assessed Values.....	30
Property Ownership .....	31
Property Values.....	33
Debt Service Coverage .....	36
Direct and Overlapping Debt .....	36

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
<b>RISK FACTORS</b> .....	37
Risks of Real Estate Secured Investments Generally .....	37
Insufficiency of Special Taxes .....	37
The Bonds are Special Obligations of the Authority .....	38
The Special Taxes Are Not Personal Obligations of the Property Owners .....	38
Special Tax Delinquencies.....	38
Property Values.....	39
Appraised Values of Properties in CFD No. 2003-1 .....	39
Remaining Undeveloped Parcels and Land Development.....	40
Bankruptcy.....	40
Disclosures to Future Purchasers .....	41
Billing of Special Taxes.....	41
Potential Early Redemption of Series 2019 Bonds from Special Tax Prepayments.....	41
Payments by FDIC and Other Governmental Agencies .....	42
Cumulative Burden of Parity Taxes and Special Assessments .....	43
Value-to-Lien Ratios.....	43
Hazardous Substances.....	44
Natural Disasters .....	44
Limitations on Remedies .....	45
Right to Vote on Taxes Act .....	45
Ballot Initiatives and Legislative Measures .....	47
Loss of Tax Exemption; Tax Treatment of the Series 2019 Bonds .....	47
Limited Liquidity of the Series 2019 Bonds.....	48
Absence of Secondary Market .....	48
<b>CONTINUING DISCLOSURE</b> .....	48
<b>CONCLUDING INFORMATION</b> .....	49
Legal Opinions.....	49
Tax Exemption.....	49
Financial Interests .....	51
Municipal Advisor .....	51
No Litigation.....	51
Underwriting .....	52
No Ratings .....	52
Miscellaneous .....	53
<b>APPENDIX A SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION</b> .....	A-1
CFD No. 2003-1 .....	A-1
CFD No. 2003-2 .....	A-16
CFD No. 2004-3 .....	A-28
CFD No. 2005-1 .....	A-39
CFD No. 2005-2 .....	A-51
CFD No. 2005-4 .....	A-65
CFD No. 2006-1 .....	A-78
CFD No. 2006-2 .....	A-91

## TABLE OF CONTENTS

(continued)

	Page
APPENDIX B APPRAISAL OF PROPERTY IN CFD NO. 2003-1 .....	B-1
APPENDIX C RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX .....	C-1
APPENDIX C-1 CFD No. 2003-1 .....	C-1-1
APPENDIX C-2 CFD No. 2003-2 .....	C-2-1
APPENDIX C-3 CFD No. 2004-3 .....	C-3-1
APPENDIX C-4 CFD No. 2005-1 .....	C-4-1
APPENDIX C-5 CFD No. 2005-2 .....	C-5-1
APPENDIX C-6 CFD No. 2005-4 .....	C-6-1
APPENDIX C-7 CFD No. 2006-1 .....	C-7-1
APPENDIX C-8 CFD No. 2006-2 .....	C-8-1
APPENDIX D GENERAL INFORMATION ABOUT THE CITY OF SAN JACINTO AND RIVERSIDE COUNTY .....	D-1
APPENDIX E SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS .....	E-1
APPENDIX F PROPOSED FORM OF OPINION OF BOND COUNSEL .....	F-1
APPENDIX G FORM OF CONTINUING DISCLOSURE AGREEMENT .....	G-1
APPENDIX H DTC BOOK-ENTRY ONLY SYSTEM .....	H-1



## OFFICIAL STATEMENT

**\$32,150,000\***

### **SAN JACINTO UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY SPECIAL TAX REVENUE BONDS, SERIES 2019**

#### **INTRODUCTION**

The purpose of this Official Statement, including the cover page, inside cover page and the Appendices, is to provide certain information in connection with the issuance and sale by the San Jacinto Unified School District Financing Authority (the “Authority”) of its San Jacinto Unified School District Financing Authority Special Tax Revenue Bonds, Series 2019, issued in the aggregate principal amount of \$32,150,000\* (the “Series 2019 Bonds”). The Series 2019 Bonds are being issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985 (the “Bond Law”) and an Indenture, dated as of [June] 1, 2019 (the “Indenture”), by and between the Authority and Zions Bancorporation, National Association, as trustee (the “Trustee”). Zions Bancorporation, National Association is also acting as trustee under each of the CFD Indentures (as defined herein). Capitalized terms not defined elsewhere in this Official Statement have the meanings assigned to such terms in APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS.”

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of the Series 2019 Bonds to potential investors is made only by means of the entire Official Statement.

The Series 2019 Bonds are being issued to provide funds to purchase the following community facilities district bonds to be issued, simultaneously with the Series 2019 Bonds, by certain San Jacinto Unified School District Community Facilities Districts as described herein.

(i) \$4,850,000\* aggregate principal amount of Community Facilities District No. 2003-1 of the San Jacinto Unified School District (“CFD No. 2003-1”) Special Tax Bonds (Infrastructure Projects), Series B (the “CFD No. 2003-1 Bonds”). The CFD No. 2003-1 Bonds will be payable from the Special Taxes (Annual Special Tax A revenues) levied on property within CFD No. 2003-1 and the net proceeds thereof will be applied to finance certain public facilities including authorized Eastern Municipal Water District (“EMWD”) sewer and water facilities and authorized City of San Jacinto (the “City”) facilities.

(ii) \$1,600,000\* aggregate principal amount of Community Facilities District No. 2003-2 of the San Jacinto Unified School District (“CFD No. 2003-2”) Special Tax Bonds (School Facilities Projects), Series A (the “CFD No. 2003-2 Bonds”). The CFD No. 2003-2 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2003-2 and the net proceeds thereof will be applied to finance certain School Facilities (as defined herein).

(iii) \$3,040,000\* aggregate principal amount of Community Facilities District No. 2004-3 of the San Jacinto Unified School District (“CFD No. 2004-3”) Special Tax Bonds (School Facilities Projects), Series A (the “CFD No. 2004-3 Bonds”). The CFD No. 2004-3 Bonds will be payable from the Special

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\* Preliminary, subject to change.

Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2004-3 and the net proceeds thereof will be applied to finance certain School Facilities.

(iv) \$4,030,000\* aggregate principal amount of Community Facilities District No. 2005-1 of the San Jacinto Unified School District (“CFD No. 2005-1”) Special Tax Bonds (School Facilities Projects), Series A (the “CFD No. 2005-1 Bonds”). The CFD No. 2005-1 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2005-1 and the net proceeds thereof will be applied to finance certain School Facilities.

(v) \$3,215,000\* aggregate principal amount of Community Facilities District No. 2005-2 of the San Jacinto Unified School District (“CFD No. 2005-2”) Special Tax Bonds (Infrastructure Projects), Series B (the “CFD No. 2005-2 Bonds”). The CFD No. 2005-2 Bonds will be payable from the Special Taxes (Annual Special Tax A revenues) levied on property within CFD No. 2005-2 and the net proceeds thereof will be applied to finance certain public facilities including authorized EMWD sewer and water facilities and authorized City facilities.

(vi) \$4,940,000\* aggregate principal amount of Community Facilities District No. 2005-4 of the San Jacinto Unified School District (“CFD No. 2005-4”) Special Tax Bonds (School Facilities Projects), Series A (the “CFD No. 2005-4 Bonds”). The CFD No. 2005-4 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2005-4 and the net proceeds thereof will be applied to finance certain School Facilities.

(vii) \$5,000,000\* aggregate principal amount of Community Facilities District No. 2006-1 of the San Jacinto Unified School District (“CFD No. 2006-1”) Special Tax Bonds (School Facilities Projects), Series A (the “CFD No. 2006-1 Bonds”). The CFD No. 2006-1 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2006-1 and the net proceeds thereof will be applied to finance certain School Facilities.

(viii) \$5,475,000\* aggregate principal amount of Community Facilities District No. 2006-2 of the San Jacinto Unified School District (“CFD No. 2006-2”) Special Tax Bonds (School Facilities Projects), Series A (the “CFD No. 2006-2 Bonds” and, together with the CFD No. 2003-1 Bonds, CFD No. 2003-2 Bonds, CFD No. 2004-3 Bonds, CFD No. 2005-1 Bonds, CFD No. 2005-2 Bonds, CFD No. 2005-4 Bonds, and CFD No. 2006-1 Bonds, the “CFD Bonds”). The CFD No. 2006-2 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2006-2 and the net proceeds thereof will be applied to finance certain School Facilities.

Each of the CFD Bonds will be issued pursuant to a separate indenture, and in the case of each of CFD No. 2003-2, CFD No. 2004-3, CFD No. 2005-1, CFD No. 2005-4, CFD No. 2006-1 and CFD No. 2006-2, an Indenture, dated as of [June] 1, 2019, in the case of CFD No. 2003-1, an Indenture, dated as of October 1, 2016 as amended and supplemented by a First Supplemental Indenture, dated as of [June] 1, 2019, and in the case of CFD No. 2005-2, an Indenture, dated as of August 1, 2017 as amended and supplemented by a First Supplemental Indenture, dated as of [June] 1, 2019 (each a “CFD Indenture” and, together, the “CFD Indentures”), each by and between the respective Community Facilities District and Zions Bancorporation, National Association, as trustee (the “CFD Trustee”). See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE CFD INDENTURES,” for a more detailed description of certain provisions of the CFD Indentures and the CFD Bonds.

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\* Preliminary, subject to change.

As used in this Official Statement, the term “Community Facilities Districts” means, collectively, CFD No. 2003-1, CFD No. 2003-2, CFD No. 2004-3, CFD No. 2005-1, CFD No. 2005-2, CFD No. 2005-4, CFD No. 2006-1 and CFD No. 2006-2.

Net proceeds of each of the CFD Bonds will be applied to (1) finance certain School Facilities, City Facilities and/or EMWD Facilities (each as defined herein), and (2) fund a Reserve Fund to satisfy the Reserve Requirement for such CFD Bonds. “School Facilities” are generally defined in the respective CFD Indentures as school facilities and land and rights-of-way and easements necessary for any of such facilities authorized to be financed by the respective Community Facilities District, as described in the respective Resolution of Formation. “City Facilities” are generally defined in the respective CFD Indentures as street improvements including grading, paving, curbs and gutters, sidewalks, street signalizations and signage, street lights and parkway and landscaping related thereto, public parks and recreation facilities and land, fire station improvements and rights-of-way and easements necessary for any of such facilities authorized to be financed by the Community Facilities District, as described in the Resolution of Formation. “EMWD Facilities” are generally defined in the respective CFD Indentures as sewer and water facilities and rights-of-way and easements necessary for any of such facilities authorized to be financed by the Community Facilities District, as described in the Resolution of Formation. See “PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS” herein.

**The Series 2019 Bonds are payable from and secured by the Revenues of the Authority. “Revenues” is defined under the Indenture to mean all amounts derived from or with respect to the CFD Bonds, including all payments of principal thereof, premium, if any, and interest thereon (including Principal Prepayments). The Series 2019 Bonds are special obligations of the Authority, payable solely from the Revenues and any other amounts pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the San Jacinto Unified School District (the “School District”) or the State of California (the “State”) or any political subdivision thereof, is pledged to the payment of the principal of, premium, if any, and interest on the Series 2019 Bonds. The Authority has no taxing power. The Series 2019 Bonds are not general or special obligations of the School District or the Community Facilities Districts nor general obligations of the Authority but are special obligations of the Authority payable exclusively from Revenues as provided in the Indenture, as more fully described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS.”**

Pursuant to the Act, the qualified electors of each Community Facilities District approved the levy of a special tax (as to each, the “Special Taxes”) within the boundaries of such Community Facilities District. The “Special Taxes” are generally defined in the respective CFD Indentures as either (1) the special taxes defined in the respective RMA (defined below) as “Annual Special Tax A” levied within the Community Facilities District pursuant to the Act, the Ordinance Levying Special Taxes, the RMA and the applicable CFD Indenture or (2) the special taxes defined in the respective RMA as “Annual Special Tax B” levied within the Community Facilities District pursuant to the Act, the Ordinance Levying Special Taxes, the RMA and the applicable CFD Indenture.

Each CFD Indenture provides that the related CFD Bonds are payable solely from Net Special Tax Revenues and the other assets pledged therefor under such CFD Indenture. “Net Special Tax Revenues” is defined under each CFD Indenture to mean Special Tax Revenues less amounts required to pay Administrative Expenses as defined respectively in each CFD Indenture. “Special Tax Revenues” is defined under each CFD Indenture to mean the proceeds of the applicable Special Taxes received by or on behalf of a Community Facilities District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, which is limited to the amount of said lien and interest and penalties thereon.

All of the real property in a Community Facilities District, as applicable, unless exempted by law or by the provisions of the respective Rate and Method of Apportionment of Special Taxes applicable to such Community Facilities District (each, an “RMA”), shall be taxed for the purposes, to the extent and in the manner set forth in the related CFD Indenture and related RMA. The full text of the RMA for each Community Facilities District is set forth in APPENDIX C hereto.

Each RMA generally provides for the classification of property within such Community Facilities District to be classified for each Fiscal Year as Taxable Property or Exempt Property, and each Assessor’s Parcel of Taxable Property will be further classified as Developed Property or Undeveloped Property. In addition, Developed Property will be further classified based on the Building Square Footage of the Unit. “Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board. “Undeveloped Property” means all Assessors Parcels of Taxable Property that are not classified as Developed Property. Each RMA creates two separate special taxes within the related Community Facilities District, a “Special Tax A” and a “Special Tax B.” The property in each of CFD No. 2003-1 and CFD No. 2005-2 is further divided into Zone 1 and Zone 2.

In the case of the CFD No. 2003-1 Bonds and the CFD No. 2005-2 Bonds, only the Special Tax A will serve as security and source of payment for the related CFD Bonds. In the case of the CFD No. 2003-2 Bonds, CFD No. 2004-3 Bonds, CFD No. 2005-1 Bonds, CFD No. 2005-4 Bonds, CFD No. 2006-1 Bonds and the CFD No. 2006-2 Bonds, only the Special Tax B will serve as security and source of payment for the related CFD Bonds.

Annual payments of principal of, premium, if any, and interest on, each series of CFD Bonds is payable from Net Special Tax Revenues, meaning the Special Taxes collected within the related Community Facilities District, during that year and remaining after the payment of Administrative Expenses. The respective CFD Bonds are separate obligations of related Community Facilities District. The CFD Bonds are not cross-collateralized and no Community Facilities District or Special Taxes attributable thereto is liable for the obligations of another Community Facilities District. The Series 2019 Bonds are payable from and secured by the Revenues of the Authority.

*Special Tax A Revenues: CFD No. 2003-1 Bonds and the CFD No. 2005-2 Bonds are Payable from Special Tax A Revenues.* As defined under the respective CFD Indenture for the CFD No. 2003-1 Bonds and the CFD No. 2005-2 Bonds, “Special Taxes” means the special taxes defined in the respective RMA as “Annual Special Tax A” levied within the respective Community Facilities District pursuant to the Act, the respective Ordinance Levying Special Taxes, the respective RMA and the respective CFD Indenture.

The CFD No. 2003-1 Bonds and the CFD No. 2005-2 Bonds will be payable, as provided in the respective CFD Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor under such CFD Indenture. The CFD No. 2003-1 Bonds will be payable from the Special Taxes (Annual Special Tax A revenues) levied on property within CFD No. 2003-1. The CFD No. 2005-2 Bonds (Annual Special Tax A revenues) will be payable from the Special Taxes levied on property within CFD No. 2005-2.

Each RMA for CFD No. 2003-1 and the CFD No. 2005-2 provides with respect to the Annual Special Tax A for the levy of a Maximum Annual Special Tax A which (A) for each Assessor’s Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Fiscal Year or (ii) the Backup Annual Special Tax A for such Fiscal Year, and (B) for each

Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax A for such Fiscal Year.

*Special Tax B Revenues: All other CFD Bonds (the CFD No. 2003-2 Bonds, CFD No. 2004-3 Bonds, CFD No. 2005-1 Bonds, CFD No. 2005-4 Bonds, CFD No. 2006-1 Bonds and the CFD No. 2006-2 Bonds) are Payable from Special Tax B Revenues.* As defined under the respective CFD Indenture for the CFD No. 2003-2 Bonds, CFD No. 2004-3 Bonds, CFD No. 2005-1 Bonds, CFD No. 2005-4 Bonds, CFD No. 2006-1 Bonds and the CFD No. 2006-2 Bonds, "Special Taxes" means the special taxes defined in the respective RMA as "Annual Special Tax B" levied within the respective Community Facilities District pursuant to the Act, the respective Ordinance Levying Special Taxes, the respective RMA and the respective CFD Indenture. The CFD No. 2003-2 Bonds, CFD No. 2004-3 Bonds, CFD No. 2005-1 Bonds, CFD No. 2005-4 Bonds, CFD No. 2006-1 Bonds and the CFD No. 2006-2 Bonds will be payable, as provided in the respective CFD Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor under such CFD Indenture.

The CFD No. 2003-2 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2003-2. The CFD No. 2004-3 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2004-3. The CFD No. 2005-1 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2005-1. The CFD No. 2005-4 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2005-4. The CFD No. 2006-1 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2006-1. The CFD No. 2006-2 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2006-2.

Each RMA for CFD No. 2003-2, CFD No. 2004-3, CFD No. 2005-1, CFD No. 2005-4, CFD No. 2006-1 Bonds and CFD No. 2006-2 provides with respect to the Annual Special Tax B for the levy of a Maximum Annual Special Tax B which (A) for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year, and (B) for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

**The Special Tax levied in one Community Facilities District is not available to pay debt service on CFD Bonds of another Community Facilities District. Neither the faith and credit nor the taxing power of the Community Facilities Districts (except to the limited extent set forth in each CFD Indenture), the School District, the State or any political subdivision thereof, is pledged to the payment of the principal of, premium, if any, and interest on the Series 2019 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Payment of the CFD Bonds," "– The Special Taxes," and "– Rates and Methods of Apportionment" and APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX."**

Additional bonds ("Additional Bonds") may be issued by the Authority on a parity with the Series 2019 Bonds only for the purpose of refunding the Series 2019 Bonds or any subsequent issue of refunding bonds thereunder. The Series 2019 Bonds and any Additional Bonds are collectively referred to herein as the "Bonds." See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS" herein.

## **The Community Facilities Districts**

In the aggregate, the noncontiguous Community Facilities Districts described herein consist of approximately 740 gross acres of land (of which approximately 355 acres are taxable acres) located in the School District and principally within the City. Developed Property constituting 1,949 parcels (of a total of 2,129 parcels) will be subject to the 2019-20 special tax levies in the eight Community Facilities Districts as described in this Official Statement. For additional information see “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION” and in APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION.”

*CFD No. 2003-1.* CFD No. 2003-1 consists of approximately 248.13 gross acres. The property in CFD No. 2003-1 is divided into Zone 1 and Zone 2. The taxable property in Zone 1 is proposed for a build-out of 246 single-family detached homes and contains a minimum of 38.29 taxable acres, and Zone 2 is proposed for a build-out of 205 single-family detached homes and contains a minimum of 45.27 taxable acres. CFD No. 2003-1 is located in the School District and within the City, west of Warren Road and north of Cottonwood Avenue. As of March 22, 2019, 322 parcels (of a total of 369 subdivided residential lots within recorded Tract Map Nos. 30033, 30084, 30034, & 30035) of Developed Property (as defined in the CFD No. 2003-1 RMA) will be subject to the 2019-20 special tax levy for CFD No. 2003-1. As of March 22, 2019, CFD No. 2003-1 included 283 single-family homes closed to homeowners, 2 model homes, and 37 additional lots with building permits in various stages of construction. There are 43 subdivided residential lots representing 9.59 acres of taxable Undeveloped Property (as defined in the CFD No. 2003-1 RMA) in CFD No. 2003-1. There are 4 parcels that have not yet been subdivided consisting of 72.92 acres within Zone 2 and are projected to subdivide into 86 residential lots upon recordation of Tract No. 30036. The total build-out for CFD No. 2003-1 is expected to develop into 451 single-family detached homes. The Fiscal Year 2019-20 special tax levy for CFD No. 2003-1 does not include a levy on Undeveloped Property. The CFD No. 2003-1 RMA provides for an increase in the Maximum Annual Special Tax of 2.00% annually. For additional information on CFD No. 2003-1, see “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION” and in APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” at A-\_\_ with respect to CFD No. 2003-1.

*CFD No. 2003-2.* CFD No. 2003-2 consists of approximately 71.26 gross acres of land (of which approximately 45.00 acres are taxable acres) located in the School District and within the City. CFD No. 2003-2 is located along the north side of Cottonwood Avenue, to the west of Lyon Avenue and to the east of Kirby Street. Currently, 225 parcels (of a total of 229 proposed residential units) will be subject to the 2019-20 special tax levy for CFD No. 2003-2. CFD No. 2003-2 is partially developed with 225 single family homes. In addition, there are 4 subdivided residential lots on an aggregate [2.08 taxable acres] of Undeveloped Property (as defined in the CFD No. 2003-2 RMA) in CFD No. 2003-2. The Fiscal Year 2019-20 special tax levy for CFD No. 2003-2 does not include a levy on Undeveloped Property. The Maximum Annual Special Tax for CFD No. 2003-2 does not have an inflator. For additional information on CFD No. 2003-2, see “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION” and in APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” at A-\_\_ with respect to CFD No. 2003-2.

*CFD No. 2004-3.* CFD No. 2004-3 consists of approximately 78.18 gross acres of land (of which approximately 52.43 acres are taxable acres) located in the School District and within the City. CFD No. 2004-3 is located at along the west side of Cawston Avenue, extending from Cottonwood Avenue south to Seventh Street. Currently, 295 parcels will be subject to the 2019-20 special tax levy for CFD No. 2004-3. CFD No. 2004-3 is fully developed with 295 residential units (all of which are single family homes). There is no Undeveloped Property (as defined in the CFD No. 2004-3 RMA) in CFD No. 2004-3. The Maximum Annual Special Tax for CFD No. 2004-3 does not have an inflator. For additional

information on CFD No. 2004-3, see “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION” and in APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” at A-\_\_ with respect to CFD No. 2004-3.

*CFD No. 2005-1.* CFD No. 2005-1 consists of approximately 61.33 gross acres of land (of which approximately 40.98 acres are taxable acres) located in the School District and within the City. CFD No. 2005-1 is located north of Seventh Street on the east and west side of Ivy Crest Drive. Currently, 170 parcels (of a total of 207 proposed residential units) will be subject to the 2019-20 special tax levy for CFD No. 2005-1. CFD No. 2005-1 is partially developed with 170 single family homes. In addition, there are 37 subdivided residential lots located on an aggregate 7.31 taxable acres of Undeveloped Property (as defined in the CFD No. 2005-1 RMA) in CFD No. 2005-1. The Fiscal Year 2019-20 special tax levy for CFD No. 2005-1 does not include a levy on Undeveloped Property. The CFD No. 2005-1 RMA provides for an increase in the Maximum Annual Special Tax of 2.00% annually. For additional information on CFD No. 2005-1, see “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION” and in APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” at A-\_\_ with respect to CFD No. 2005-1.

*CFD No. 2005-2.* CFD No. 2005-2 consists of approximately 102.43 gross acres of land (of which approximately 70.15 acres are taxable acres) located in the School District and within the City. Properties in CFD No. 2005-2 are noncontiguous and divided into Zone 1 and Zone 2. Zone 1 is composed of approximately 72.72 gross acres and is located along Potter Drive between Ramona Boulevard and De Anza Drive. Zone 2 is composed of approximately 29.71 gross acres and is located between De Anza Drive and Lyon Avenue. Currently, 280 parcels (of a total of 351 existing residential parcels) will be classified as Developed Property and subject to the 2019-20 special tax levy for CFD No. 2005-2. CFD No. 2005-2 is partially developed with 280 single family homes and 71 partially finished lots. As of April 24, 2019, 243 of the 280 parcels of Developed Property (as defined in the CFD No. 2005-2 RMA) have been conveyed to individual homeowners. The 71 partially finished lots are subdivided residential lots on an aggregate 14.31 taxable acres of Undeveloped Property (as defined in the CFD No. 2005-2 RMA) in CFD No. 2005-2. The Fiscal Year 2019-20 special tax levy for CFD No. 2005-2 does not include a levy on Undeveloped Property. The CFD No. 2005-2 RMA provides for an increase in the Assigned Annual Special Tax of 2.00% annually. For additional information on CFD No. 2005-2, see “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION” and in APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” at A-\_\_ with respect to CFD No. 2005-2.

*CFD No. 2005-4.* CFD No. 2005-4 consists of approximately 40.12 gross acres within the boundaries of the City and approximately 18.69 gross acres within the boundaries of the City of Hemet. The property in the City is located east of Sanderson Avenue, between Cottonwood Avenue and Seventh Street. The property in the City of Hemet is located between Railroad Street and Buena Vista Avenue, south of Monte Vista Avenue. Currently, 211 parcels will be subject to the 2019-20 special tax levy for CFD No. 2005-4. CFD No. 2005-4 is fully developed with 211 residential units (all of which are single family homes). There is no Undeveloped Property (as defined in the CFD No. 2005-4 RMA) in CFD No. 2005-4. The CFD No. 2005-4 RMA provides for an increase in the Maximum Annual Special Tax of 2.00% annually. For additional information on CFD No. 2005-4, see “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION” and in APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” at A-\_\_ with respect to CFD No. 2005-4.

*CFD No. 2006-1.* CFD No. 2006-1 consists of approximately 74.82 gross acres of land (of which approximately 48.38 acres are taxable acres) located in the School District and within the City. CFD No. 2006-1 is bordered on the north by Cottonwood Drive and on the south by Seventh Street. Currently, 253 parcels will be subject to the 2019-20 special tax levy for CFD No. 2006-1. CFD No. 2006-1 is fully

developed with 253 residential units (all of which are single family homes). There is no Undeveloped Property (as defined in the CFD No. 2006-1 RMA) in CFD No. 2006-1. The Maximum Annual Special Tax for CFD No. 2006-1 does not have an inflator. For additional information on CFD No. 2006-1, see “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION” and in APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” at A-\_\_ with respect to CFD No. 2006-1.

*CFD No. 2006-2.* CFD No. 2006-2 consists of approximately 63.67 gross acres of land (of which approximately 40.96 acres are taxable acres) located in the School District and within the City. CFD No. 2006-2 is bordered on the northeast by DeAnza Drive and on the southeast by Palm Avenue. Currently, 193 parcels (of a total of 214 proposed residential units) will be subject to the 2019-20 special tax levy for CFD No. 2006-2. CFD No. 2006-2 is partially developed with 193 single family homes. In addition, there are 21 subdivided residential lots on an aggregate 4.01 taxable acres of Undeveloped Property (as defined in the CFD No. 2006-2 RMA) in CFD No. 2006-2. The Fiscal Year 2019-20 special tax levy for CFD No. 2006-2 does not include a levy on Undeveloped Property. The CFD No. 2006-2 RMA provides for an increase in the Maximum Annual Special Tax of 2.00% annually. For additional information on CFD No. 2006-2, see “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION” and in APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” at A-\_\_ with respect to CFD No. 2006-2.

## **The School District**

The School District was established in 1868 and unified in 1944. The School District encompasses an area of approximately 100 square miles in the County of Riverside, California (the “County”), and provides educational services to residents in nearly all of the City and portions of the cities of Hemet, Beaumont and Moreno Valley, as well as certain unincorporated areas of the County.

The School District provides public education services for grades kindergarten through 12 (“K-12”). The School District currently operates seven kindergarten through fifth grade elementary schools, three sixth through eighth grade middle schools, one comprehensive ninth through twelfth grade high school, one alternative education ninth through twelfth grade high school, one home education program, one adult education school, five State of California preschools and one head start preschool. Total enrollment for the 2018-19 school year is 10,132 students and total enrollment for the 2019-20 school year is projected to be 10,132 students.

The School District is governed by a Board of Trustees consisting of five members, each of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The day-to-day operations are managed by a board-appointed Superintendent of Schools.

The Superintendent of the School District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the School District’s day-to-day operations and supervises the work of other key District administrators. Information concerning the Superintendent and Assistant Superintendent, Business Services, is set forth below.

Diane Perez, Superintendent. Ms. Perez has over 26 years of public education experience. Prior to starting with the School District, Ms. Perez worked for the Riverside County Office of Education for 13 years. She then came to the School District in 2004 as the Coordinator of Student Services and became Superintendent in July 2013.



Ms. Perez holds a Bachelor's Degree in Political Science with an international emphasis from the University of California, Los Angeles, and a Masters of Arts in Educational Counseling from the University of Redlands. Ms. Perez also earned her Pupil Support Services Credential and Clear Administrative Services Credential from the University of Redlands. Ms. Perez is a Past Chair of the United Way, a member of Soroptimist and is on the Inland Personnel Council Advisory Board as a liaison to all Riverside County School District personnel administrators.

Seth Heeren, Assistant Superintendent, Business Services. Mr. Heeren has over 22 years of public school experience. He has been employed with the School District since 2007. Prior to working in the School District's Finance Department, Mr. Heeren worked in the Technology Department for several years where he was promoted to the Director of Technology. In 2010, Mr. Heeren became Director of Fiscal Services. He was then promoted to Executive Director of Business Services in February of 2014, and became the Assistant Superintendent, Business Services in 2015. Mr. Heeren holds a Bachelor's Degree in Economics from the University of California, San Diego and a Master's Degree in School Business Leadership from Wilkes University.

The School District has budgeted general fund expenditures for fiscal year 2018-19 of approximately \$135.81 million. As of February 2019, the School District employed 1,042.1 full-time equivalent ("FTE") employees, consisting of approximately 551.4 FTE certificated employees, 406.8 FTE classified employees, 67 FTE management employees and 8.5 FTE confidential employees.

### **Further Information**

Brief descriptions of the Series 2019 Bonds, the CFD Bonds, the Indenture, the CFD Indentures, the Continuing Disclosure Agreement, the security for the Series 2019 Bonds, the Authority, the Community Facilities Districts, the School District and certain other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Series 2019 Bonds, the CFD Bonds, the Indentures, the CFD Indentures, the Continuing Disclosure Agreement and other documents.

Copies of such documents [may be obtained from the San Jacinto Unified School District, 2045 South San Jacinto Boulevard, San Jacinto, California 92583, Attention: Assistant Superintendent, Business Services of the San Jacinto Unified School District][are available for inspection at the School District and, following delivery of the Series 2019 Bonds, will be on file at the offices of the Trustee in Los Angeles, California].

## **THE SERIES 2019 BONDS**

### **Authority for Issuance**

The Series 2019 Bonds are authorized to be issued by the Authority under and subject to the terms of the Bond Law and the Indenture.

### **General**

The Series 2019 Bonds will be dated the date of delivery and will bear interest at the rates per annum and will mature on the dates and in the principal amounts, all as set forth on the inside cover page hereof. Interest on the Series 2019 Bonds is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2019 (each, an "Interest Payment Date"), to the persons in whose names ownership of the Series 2019 Bonds is registered on the Registration Books at the close of business on the

immediately preceding Record Date, except as otherwise provided in the Indenture. As defined in the Indenture, “Record Date” means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day. Interest on the Series 2019 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2019 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2019 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the date upon which the Series 2019 Bonds are issued (the “Closing Date”), or (iii) interest on any Series 2019 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for.

Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2019 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Interest on any Series 2019 Bond which is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2019 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

Principal of and premium, if any, and interest on the Series 2019 Bonds will be paid in lawful money of the United States of America; provided, however, that so long as DTC or its nominee is the registered owner of the Series 2019 Bonds, interest payments will be made as described in APPENDIX H – “DTC BOOK-ENTRY ONLY SYSTEM.”

The Series 2019 Bonds will be issued in fully registered 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”). DTC will act as securities depository for the Series 2019 Bonds. Ownership interests in the Series 2019 Bonds may be purchased in book-entry form only, in denominations of \$5,000 or any integral multiple thereof within a single maturity. So long as DTC is acting as securities depository for the Series 2019 Bonds, principal, premium, if any, and interest payments with respect to the Series 2019 Bonds will be made directly to DTC. See “THE SERIES 2019 BONDS – Book-Entry Only System” and APPENDIX H – “DTC BOOK-ENTRY ONLY SYSTEM.”

## **Redemption of the Series 2019 Bonds**

### ***Optional Redemption***

The Series 2019 Bonds maturing on or after September 1, 20\_\_ will be subject to optional redemption, in whole or in part, in Authorized Denominations, on any Interest Payment Date on or after September 1, 20\_\_, from any source of available funds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2019 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<b>Redemption Dates</b>	<b>Redemption Price</b>
September 1, 20__ and March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and thereafter	100

The Authority will give the Trustee written notice of its intention to redeem Series 2019 Bonds pursuant as described above not less than 45 days prior to the applicable redemption date, unless such notice shall be waived by the Trustee.

#### ***Mandatory Redemption from Principal Prepayments***

The Series 2019 Bonds will be subject to mandatory redemption, in whole or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of any Principal Prepayments with respect to the CFD Bonds as may be specified in a notice of the respective Community Facilities District, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2019 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<b>Redemption Dates</b>	<b>Redemption Price</b>
____ 1, 20__ through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and thereafter	100

The principal amount of Series 2019 Bonds to be redeemed from any Principal Prepayments with respect to CFD Bonds shall be the greatest principal amount of Series 2019 Bonds, the redemption price of which is less than or equal to such Principal Prepayments, as specified in a Written Request of the Authority delivered to the Trustee. In the event that a CFD Trustee mails notice of the redemption of any CFD Bonds that will produce Principal Prepayments with respect to such CFD Bonds, the Trustee shall concurrently mail notice of the redemption of Series 2019 Bonds, such redemption to occur on the date fixed for such redemption of such CFD Bonds. On the date of such redemption of the CFD Bonds specified in such notice, the proceeds of such redemption shall be applied by the Trustee to pay the redemption price of Series 2019 Bonds pursuant to the Indenture.

For purposes of the selection of Series 2019 Bonds for redemption pursuant to the Indenture, the Series 2019 Bonds shall be selected for redemption among maturities by the Authority (evidenced pursuant to a Written Certificate of the Authority delivered to the Trustee at least 45 days prior to the redemption date or such later date as shall be acceptable to the Trustee) on such basis that the debt service on the CFD Bonds to be received on each Interest Payment Date will be sufficient to pay debt service on the Series 2019 Bonds on such Interest Payment Date, as shall be demonstrated in a report of an Independent Consultant filed with the Trustee; provided, however, that no such report need be filed with the Trustee if, after such redemption, no Series 2019 Bonds will be Outstanding.

#### ***Mandatory Sinking Fund Redemption***

The Series 2019 Bonds maturing September 1, 20\_\_ will be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20\_\_, at a Redemption Price equal to the principal amount of the Series 2019 Bonds maturing September 1, 20\_\_ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	Principal Amount to be Redeemed
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\* Final Maturity.

If some but not all of the Series 2019 Bonds maturing on September 1, 20\_\_ are optionally redeemed under the Indenture, the principal amount of the Series 2019 Bonds maturing on September 1, 20\_\_ to be redeemed under the Indenture from mandatory sinking fund deposits on any subsequent September 1 will be reduced, by \$5,000 or an integral multiple thereof, as designated by the Authority in a Written Certificate of the Authority filed with the Trustee; provided, however, that the aggregate amount of such reductions will not exceed the aggregate amount of the Series 2019 Bonds maturing on September 1, 20\_\_ optionally redeemed under the Indenture. If some but not all of the Series 2019 Bonds maturing on September 1, 20\_\_ are redeemed under the Indenture from Principal Prepayments, the principal amount of the Series 2019 Bonds maturing on September 1, 20\_\_ to be redeemed under the Indenture from mandatory sinking fund deposits on any subsequent September 1 will be reduced by the aggregate principal amount of the Series 2019 Bonds maturing on September 1, 20\_\_ so redeemed under the Indenture from Principal Prepayments, such reduction to be allocated among redemption dates such that the remaining payments of principal of and interest on the CFD Bonds maturing on September 1, 20\_\_ will be sufficient on a timely basis to redeem on each such redemption date the Series 2019 Bonds maturing on September 1, 20\_\_ to be so redeemed under the Indenture from mandatory sinking fund deposits and to pay interest thereon through the maturity date thereof, as will be demonstrated in a written report of an Independent Consultant, which, together with a Written Request of the Authority specifying such reduction in the principal amount of Series 2019 Bonds to be redeemed on each subsequent September 1 based on such written report, will be delivered to the Trustee at the time the written report of an Independent Consultant and the Written Request of the Authority required pursuant to the Indenture for redemption from Principal Prepayments are delivered to the Trustee.

### ***Notice of Redemption***

So long as DTC is acting as securities depository for Series 2019 Bonds, notice of redemption, containing the information required by the Indenture, will be mailed by first class mail, postage prepaid, by the Trustee to DTC (not to the Beneficial Owners of any Series 2019 Bonds designated for redemption) at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice will state the date of the notice, the redemption date, the redemption place and the Redemption Price and will designate the CUSIP numbers, if any, the bond numbers and the maturity or maturities of the Series 2019 Bonds to be redeemed (except in the event of redemption of all of the Series 2019 Bonds of such maturity or maturities in whole), and will require that such Series 2019 Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Series 2019 Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Series 2019 Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. With respect to any notice of (a) any optional redemption of Series 2019 Bonds, unless at the time such notice is given the Series 2019 Bonds to be redeemed shall be deemed to have been paid within the meaning

the Indenture, (b) any mandatory redemption of Series 2019 Bonds resulting from the optional redemption of CFD Bonds, unless at the time such notice is given such CFD Bonds shall be deemed to have been paid within the meaning of the defeasance provisions of the CFD Indenture pursuant to which such CFD Bonds are issued, such notice will state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Series 2019 Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority will not be required to redeem such Series 2019 Bonds. In the event a notice of redemption of Series 2019 Bonds contains such a condition and such moneys are not so received, the redemption of Series 2019 Bonds as described in the conditional notice of redemption will not be made and the Trustee will, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Series 2019 Bonds pursuant to such notice of redemption.

### ***Selection of Series 2019 Bonds for Redemption***

Whenever provision is made in the Indenture for the redemption of less than all of the Series 2019 Bonds, the Trustee will select the Series 2019 Bonds to be redeemed from all Series 2019 Bonds not previously called for redemption (a) with respect to any optional redemption of Series 2019 Bonds, among maturities of Series 2019 Bonds as directed in a Written Request of the Authority, (b) with respect to any redemption from Principal Prepayments, from maturities by the Authority on such basis that the debt service on the CFD Bonds to be received on each Interest Payment Date will be sufficient to pay debt service on the Series 2019 Bonds on such Interest Payment Date, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Series 2019 Bonds or Additional Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all Series 2019 Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Series 2019 Bonds which may be separately redeemed.

### ***Partial Redemption of Series 2019 Bonds***

Upon surrender of any Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds surrendered.

### ***Effect of Notice of Redemption***

Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the Series 2019 Bonds will become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Series 2019 Bonds will be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Series 2019 Bonds to be redeemed, together with interest to said date, will be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Series 2019 Bonds will cease to accrue and become payable.

All Series 2019 Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Indenture will be canceled upon surrender thereof and destroyed.

### ***Transfers and Exchanges***

So long as the Series 2019 Bonds remain in book-entry form, the Series 2019 Bonds may be transferred or exchanged only as described in APPENDIX H – “DTC BOOK-ENTRY ONLY SYSTEM.” However, should the Series 2019 Bonds cease to be in book-entry form, then they may be transferred or exchanged as provided in the Indenture. See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE.”

### **Book-Entry Only System**

DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2019 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX H – “DTC BOOK-ENTRY ONLY SYSTEM.”

## **PLAN OF FINANCE**

The proceeds of the sale of the Series 2019 Bonds will be applied to purchase funds to purchase eight series of CFD Bonds being issued simultaneously with the Series 2019 Bonds. Net proceeds of each series of the CFD Bonds will be applied to (1) finance certain School Facilities, City Facilities and/or EMWD Facilities, (2) fund a Reserve Fund to satisfy the Reserve Requirement for such CFD Bonds, and (3) to pay costs of issuance. See “SOURCES AND USES OF FUNDS” herein. The School Facilities are expected to include a portion of the costs of construction of a new middle school, which will relieve some overcrowding and reliance on portable classrooms in the downtown area of the City, and which will allow the San Jacinto Leadership Academy to relocate to the existing Monte Vista Middle School campus and allow it to grow into a 6th-12th grade program, relieving some of the overcrowding at San Jacinto High School. City Facilities are expected to include public infrastructure and remaining street improvements. EMWD Facilities are expected to include costs associated with EMWD development impact fees, a booster station (which is required for build-out of the respective Community Facilities Districts), as well as remaining street improvements.

## **SOURCES AND USES OF FUNDS**

### **The Series 2019 Bonds**

The estimated sources and uses of funds with respect to the Series 2019 Bonds are set forth in the following table:

**Sources of Funds**

Principal Amount of Series 2019 Bonds

Net Original Issue Premium

Underwriter's Discount

Total Sources

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**Uses of Funds**

Deposit to Program Fund <sup>(1)</sup>

Deposit to Costs of Issuance Fund <sup>(2)</sup>

Total Uses

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<sup>(1)</sup> Amounts on deposit in the Program Fund will be used to purchase the CFD Bonds.

<sup>(2)</sup> Including deposit pursuant to the Purchase Agreement for legal, Municipal Advisor, Trustee, CFD Trustee, printing and other miscellaneous costs of issuance relating to the CFD Bonds and the Series 2019 Bonds.

**The CFD Bonds**

The sources and uses of funds with respect to the CFD Bonds are set forth in the following table:

	<u>CFD No. 2003-1 Bonds</u>	<u>CFD No. 2003-2 Bonds</u>	<u>CFD No. 2004-3 Bonds</u>	<u>CFD No. 2005-1 Bonds</u>	<u>CFD No. 2005-2 Bonds</u>	<u>CFD No. 2005-4 Bonds</u>	<u>CFD No. 2006-1 Bonds</u>	<u>CFD No. 2006-2 Bonds</u>	<u>Total</u>
<b>Sources of Funds</b>									
Principal Amount of Bonds									
Net Original Issue Premium									
Purchaser's Discount									
Total Sources									
<b>Uses of Funds, deposits to</b>									
Improvement Fund <sup>(1)</sup>									
Reserve Fund <sup>(2)</sup>									
[Interest Account]									
[Administrative Fund]									
Costs of Issuance Fund <sup>(3)</sup>									
Total Uses									

<sup>(1)</sup> Amounts to be applied to finance certain School Facilities, City Facilities and/or EMWD Facilities as specified in the respective CFD Indenture.

<sup>(2)</sup> Equal to the Reserve Requirement under the respective CFD Indenture.

<sup>(3)</sup> Includes legal, Municipal Advisor, Trustee, CFD Trustee, printing and other miscellaneous costs of issuance relating to the CFD Bonds and the Series 2019 Bonds.



## THE SERIES 2019 BONDS DEBT SERVICE REQUIREMENTS

The debt service requirements with respect to the Series 2019 Bonds are set forth on the following schedule:

Year Ending September 1	Principal	Interest	Total Debt Service
2019			
2020			
2021			
2022			
2023			
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			
Total			

*Source: Stifel, Nicolaus & Company, Incorporated.*

The table below sets forth debt service for the Series 2019 Bonds and the CFD Bonds. The CFD Bonds mature on different dates and have different debt service profiles. Consequently, the source of security for debt service on the CFD Bonds, and the concentration of the revenues derived from the different series of CFD Bonds, will change over time as the Series 2019 Bonds mature. Beginning in Fiscal Year 2042-43, the Series 2019 Bonds will be secured only by the Revenues to be derived from seven of the eight series of CFD Bonds originally issued, in Fiscal Year 2043-44 the Series 2019 Bonds will be secured only by the Revenues from six of the eight series of CFD Bonds originally issued.

For a description of the debt service coverage ratio for each CFD Bond, see the tables under the sections captioned “Estimated Schedule of CFD Bond Debt Service” in APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION.”

**Table 1**  
**San Jacinto Unified School District Financing Authority**  
**Series 2019 Bonds and CFD Bonds**  
**Estimated Debt Service Coverage**

<u>Year Ending September 1</u>	<u>CFD No. 2003-1 Bonds</u>	<u>CFD No. 2003-2 Bonds</u>	<u>CFD No. 2004-3 Bonds</u>	<u>CFD No. 2005-1 Bonds</u>	<u>CFD No. 2005-2 Bonds</u>	<u>CFD No. 2005-4 Bonds</u>	<u>CFD No. 2006-1 Bonds</u>	<u>CFD No. 2006-2 Bonds</u>	<u>Total CFD Bonds Debt Service <sup>(1)</sup></u>	<u>Series 2019 Bonds Debt Service</u>	<u>Coverage</u>
2019											100%
2020											100
2021											100
2022											100
2023											100
2024											100
2025											100
2026											100
2027											100
2028											100
2029											100
2030											100
2031											100
2032											100
2033											100
2034											100
2035											100
2036											100
2037											100
2038											100
2039											100
2040											100
2041											100
2042											100
2043											100
2044											100
2045											100
2046											100
2047											100
2048											100
2049											100

<sup>(1)</sup> Amounts have been rounded; total may not equal the sum of the components.

Source: Stifel, Nicolaus & Company, Incorporated based on revenue calculations provided by Willdan Financial Services.

## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS

### General

The Series 2019 Bonds are payable from and secured solely by the Revenues of the Authority. “Revenues” is defined under the Indenture to mean all amounts derived from or with respect to the CFD Bonds, including all payments of principal thereof, premium, if any, and interest thereon (including Principal Prepayments) as described in this Official Statement. Each series of CFD Bonds and the interest thereon are payable from Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund under the related CFD Indenture. Said pledge shall constitute a first lien on and security interest in such assets under the related CFD Indenture.

Pursuant to the Act, the qualified electors of each Community Facilities District approved the levy of the Special Tax within the boundaries of such Community Facilities Districts. The Series 2019 Bonds are special obligations of the Authority, payable solely from the Revenues and any other amounts pledged therefor under the Indenture.

In each CFD Indenture, “Net Special Tax Revenues” is defined as Special Tax Revenues, less amounts required to pay Administrative Expenses. “Principal Prepayments” is defined under the Indenture to mean, for any CFD Bonds, any amounts received by the Trustee representing a redemption (other than a mandatory sinking fund redemption, if any) of such CFD Bonds pursuant to a CFD Indenture, consisting of the principal amount of such CFD Bonds being redeemed and the premium paid upon such redemption, but excluding the amount of regularly scheduled payments (including mandatory sinking fund payments, if any) of principal of and interest on such CFD Bonds paid concurrent therewith.

The respective CFD Bonds are separate obligations of the separate Community Facilities District. The CFD Bonds are not cross-collateralized and no Community Facilities District or Special Taxes attributable thereto is liable for the obligations of another Community Facilities District. The summary information under this caption and elsewhere in this Official Statement should not be read to suggest that there is any cross collateralization among the CFD Bonds, the CFD Indentures, or the Community Facilities Districts.

**The Series 2019 Bonds are special obligations of the Authority, payable solely from the Revenues and any other amounts (including proceeds of the sale of the Bonds) pledged therefor under the Indenture. The Series 2019 Bonds are not a debt or liability of the School District, the Community Facilities Districts, the State or any political subdivision thereof other than the Authority (and then only to the limited extent described in the Indenture). Neither the faith and credit nor the taxing power of the School District, the Community Facilities Districts, the State or any political subdivision thereof, is pledged to the payment of the Series 2019 Bonds. The Authority has no taxing power. None of the School District, the Community Facilities Districts, the State or any of its political subdivisions is liable for the payment of the Series 2019 Bonds. In no event shall the Series 2019 Bonds or any interest thereon be payable out of any funds or properties other than those of the Authority as set forth in the Indenture. Neither the Series 2019 Bonds nor the CFD Bonds constitute an indebtedness of the Authority, the School District, the Community Facilities Districts, the State or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.**

### Revenue Fund

All Revenues received by the Authority are deposited into the Revenue Fund (except that any portion of Revenues that represents Principal Prepayments are deposited in the Redemption Fund). On each

Interest Payment Date for the Bonds, amounts in the Revenue Fund are required to be transferred to the Bond Fund for payment by the Trustee to the Owners of the Bonds the principal of and interest on the Bonds then due and payable. See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE.”

### **Payment of the CFD Bonds**

The CFD Bonds of each Community Facilities District have been issued under and are governed by the terms of a CFD Indenture. The Revenues are primarily composed of payments of principal and interest to be received by the Authority, as owner of the CFD Bonds. The principal of and interest on the CFD Bonds of a Community Facilities District are payable from the Net Special Tax Revenues of such Community Facilities District, as provided in the CFD Indenture of such Community Facilities District. The amount of Special Taxes that a Community Facilities District may levy in any year is strictly limited by the maximum rates approved by the qualified electors within such Community Facilities District. See “– Rates and Methods of Apportionment” below, APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.” See also APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE CFD INDENTURES,” for a more detailed description of certain provisions of the CFD Indentures.

**The Special Tax levied in one Community Facilities District may only be applied to the payment of the CFD Bonds of that Community Facilities District and is not available to pay debt service on CFD Bonds of another Community Facilities District. Each Community Facilities District is only responsible for the principal of and interest on the CFD Bonds issued by such Community Facilities District. The percentage of total Revenues that will be generated by the payment of debt service on each Community Facilities District’s CFD Bonds will vary from year to year.**

### **Optional Redemption of CFD Bonds**

Each CFD Indenture provides that the CFD Bonds issued thereunder will be subject to optional redemption. The CFD Bonds of a Community Facilities District maturing on or after \_\_\_\_ 1, 20\_\_ will be subject to optional redemption, in whole or in part, in Authorized Denominations, on any Interest Payment Date on or after \_\_\_\_ 1, 20\_\_, from any source of available funds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the CFD Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<b>Redemption Dates</b>	<b>Redemption Price</b>
____ 1, 20__ - and ____ 1, 20__	103%
____ 1, 20__ and ____ 1, 20__	102
____ 1, 20__ and ____ 1, 20__	101
____ 1, 20__ and thereafter	100

The respective Community Facilities District shall give the Trustee written notice of its intention to redeem CFD Bonds pursuant to this subsection not less than 45 days prior to the applicable redemption date, unless such notice shall be waived by the Trustee.

### **Mandatory Redemption of CFD Bonds from Principal Prepayments**

The CFD Bonds will be subject to mandatory redemption, in whole or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of prepaid Special Taxes required to be applied under the CFD Indenture with respect to the CFD Bonds, at the following respective Redemption

Prices (expressed as percentages of the principal amount of the CFD Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<b>Redemption Dates</b>	<b>Redemption Price</b>
_____ 1, 20__ through _____ 1, 20__	103%
_____ 1, 20__ and _____ 1, 20__	102
_____ 1, 20__ and _____ 1, 20__	101
_____ 1, 20__ and thereafter	100

### **Mandatory Sinking Fund Redemption**

Each CFD Indenture provides for mandatory sinking fund redemption, in part, on September 1 in each year, as to certain term maturities of CFD Bonds. If some but not all of the term CFD Bonds are optionally redeemed under the respective CFD Indenture, the principal amount of such CFD Bonds to be redeemed under the respective CFD Indenture from mandatory sinking fund deposits on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the CFD Bonds optionally redeemed under the respective CFD Indenture. If some but not all of the term CFD Bonds are redeemed pursuant to mandatory redemption of CFD Bonds from Principal Prepayments under the respective CFD Indenture, the principal amount of such CFD Bonds to be redeemed under the respective CFD Indenture from mandatory sinking fund deposits on any subsequent September 1 shall be reduced by the aggregate principal amount of the CFD Bonds so redeemed, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District.

### **The CFD Bonds Reserve Funds**

Each CFD Indenture provides that the CFD Trustee shall establish and maintain a special fund designated the "Reserve Fund." On the Closing Date, the CFD Trustee shall deposit in the Reserve Fund the amount specified above under the caption "SOURCES AND USES OF FUNDS – CFD Bonds" which is sufficient to meet the Reserve Requirement (as defined below) for the related CFD Bonds. As provided in each CFD Indenture, amounts in the Reserve Fund established under such CFD Indenture shall be used and withdrawn by the CFD Trustee solely for the purpose of (i) making transfers to the Interest Account in accordance with such CFD Indenture in the event of any deficiency at any time in the Interest Account of the amount then required for payment of the interest on the Bonds, (ii) making transfers to the Principal Account in accordance with such CFD Indenture in the event of any deficiency at any time in the Principal Account of the amount then required for payment of the principal of the Bonds, and (iii) redeeming Bonds in accordance with such CFD Indenture.

"Reserve Requirement" is defined under each CFD Indenture to mean, as of the date of any calculation, the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service (each as defined in the related CFD Indenture. As defined under each CFD Indenture, the term "Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made. The term "Annual Debt Service" means, for each Bond Year, the sum of (a) the interest due on the Outstanding CFD Bonds issued under such CFD Indenture in such Bond Year, assuming that the Outstanding CFD Bonds issued under such CFD Indenture are retired as scheduled (including by reason of mandatory sinking fund redemptions, if any), and

(b) the principal of the Outstanding CFD Bonds issued under such CFD Indenture due in such Bond Year (including by reason of mandatory sinking fund redemptions, if any). The term “Average Annual Debt Service” means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

Each CFD Indenture further provides that there shall additionally be deposited in the Reserve Fund, in connection with the issuance of Additional Bonds, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

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

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the CFD Trustee shall, upon receipt of a Written Request of the Community Facilities District, transfer the amount in the Reserve Fund to the Interest Account, Principal Account and/or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds.

If, as a result of the scheduled payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the CFD Trustee shall transfer an amount equal to the amount of such reduction to the Interest Account.

See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE CFD INDENTURES – Reserve Fund.”

### **The Special Taxes**

Each Community Facilities District has covenanted in its CFD Indenture that so long as any of its CFD Bonds are outstanding it will levy the amount of Special Taxes within the related Community Facilities District in each Fiscal Year in accordance with the related RMA and, subject to the limitations in such RMA as to the maximum Special Tax that may be levied, in an amount sufficient to yield Special Tax Revenues in the amount required for (i) the payment of principal of and interest on any Outstanding CFD Bonds issued under such CFD Indenture becoming due and payable during the Corresponding Bond Year, (ii) any necessary replenishment of the related Reserve Fund, and (iii) the payment of Administrative Expenses estimated to be paid from such Special Tax Revenues, taking into account the balances in the funds and accounts established under the related CFD Indenture. As defined under each CFD Indenture, the term “Corresponding Bond Year” means, with respect to any Fiscal Year, the Bond Year that commences in such Fiscal Year. No assurance can be given that the foregoing amount will in fact be

collected in any given year due to a variety of factors, including the limitation imposed by the maximum Special Tax rates. See “RISK FACTORS – Right to Vote on Taxes Act” and APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.”

The Special Taxes imposed by each Community Facilities District are customarily billed with *ad valorem* property taxes and collected by the County of Riverside (the “County”). When received, the Special Taxes will be deposited in the Special Tax Fund established for such Community Facilities District, to be held first for the payment of Administrative Expenses and then for payment of debt service on such Community Facilities District’s CFD Bonds or for deposit in the Reserve Fund established under the CFD Indenture for such Community Facilities District, to restore the balance therein to the Reserve Requirement, subject to the maximum annual amounts of Special Taxes authorized to be levied by the qualified electors of such Community Facilities District. See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE CFD INDENTURES” and APPENDIX C - “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.”

Although the Special Taxes of each Community Facilities District will be levied against, and constitute a lien against, taxable parcels within such Community Facilities District, they do not constitute a personal indebtedness of the respective property owners. There is no assurance that the property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so.

### **Rates and Methods of Apportionment**

Each Community Facilities District has adopted its own RMA following public hearings and an election conducted pursuant to the provisions of the Act. The full text of each RMA is set forth in APPENDIX C hereto.

Each Community Facilities District is legally authorized and has covenanted to cause the levy of the Special Taxes in an amount determined according to its RMA. The CFD No. 2003-1 Bonds and the CFD No. 2005-2 Bonds are payable from Annual Special Tax A revenues. As defined under the respective CFD Indenture for the CFD No. 2003-1 Bonds and the CFD No. 2005-2 Bonds, “Special Taxes” means the special taxes defined in the respective Rate and Method of Apportionment as “Annual Special Tax A” levied within the respective Community Facilities District pursuant to the Act, the respective Ordinance Levying Special Taxes, the respective Rate and Method of Apportionment and the respective CFD Indenture.

All other CFD Bonds (the CFD No. 2003-2 Bonds, CFD No. 2004-3 Bonds, CFD No. 2005-1 Bonds, CFD No. 2005-4 Bonds, CFD No. 2006-1 Bonds and the CFD No. 2006-2 Bonds) are payable from Annual Special Tax B revenues. As defined under the respective CFD Indenture for the CFD No. 2003-2 Bonds, CFD No. 2004-3 Bonds, CFD No. 2005-1 Bonds, CFD No. 2005-4 Bonds, CFD No. 2006-1 Bonds and the CFD No. 2006-2 Bonds, “Special Taxes” means the special taxes defined in the respective Rate and Method of Apportionment as “Annual Special Tax B” levied within the respective Community Facilities District pursuant to the Act, the respective Ordinance Levying Special Taxes, the respective Rate and Method of Apportionment and the respective CFD Indenture.

Certain types of property may be absolutely exempt from the Special Taxes. Each RMA apportions the total amount of Special Taxes to be collected among the taxable parcels in the Community Facilities District as more particularly described herein. Capitalized but undefined terms used in this section have the meanings ascribed thereto in the Community Facilities District’s RMA.

For more detail see with respect to each Community Facilities District, see the information in APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” and each RMA attached hereto in APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.”

### **Additional Indebtedness**

The Authority may, subject to the requirements of the Indenture, by Supplemental Indenture establish a Series of Additional Bonds payable on a parity with all other Bonds Outstanding thereunder, including the Series 2019 Bonds. Additional Bonds may be issued by the Authority on a parity with the Series 2019 Bonds only for the purpose of refunding the Series 2019 Bonds or any subsequent issue of refunding bonds thereunder and to cover related costs. See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE.”

Each Community Facilities District may, subject to the requirements of the related CFD Indenture, by Supplemental Indenture establish a Series of Additional CFD Bonds payable on a parity with all other CFD Bonds Outstanding thereunder, for the purpose of providing funds to pay costs of School Facilities, to refund any CFD Bonds previously issued thereunder, to provide for a reserve fund and to cover related costs. In addition, a Supplemental Indenture may be executed to establish a Series of Additional CFD Bonds for CFD No. 2003-1 and/or for CFD No. 2005-2, payable on a parity with all other CFD Bonds of such respective Community Facilities District Outstanding thereunder, for the purpose of providing funds to pay costs of authorized EMWD sewer and water facilities and authorized City facilities (in the case of CFD No. 2003-1 and/or CFD No. 2005-2), to provide for a reserve fund and providing funds to pay costs of the authorized City facilities (in the case of CFD No. 2003-1) and in each case to cover related costs. See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE CFD INDENTURES.”

Once sufficient development occurs on the Undeveloped Property within CFD No. 2003-1, it is anticipated that an additional series of bonds will be issued payable from Annual Special Tax A revenues on parity with the CFD No. 2003-1 Bonds and the CFD No. 2003-1 Special Tax A Series 2016 Bonds (defined below). The principal amount of such future bond issue is currently estimated to be approximately \$3,500,000.

Once sufficient development occurs on the remaining 71 partially finished lots with CFD No. 2005-2, it is anticipated that an additional series of bonds will be issued payable from Annual Special Tax A revenues on parity with the CFD No. 2005-2 Bonds and the CFD No. 2005-2 Special Tax A Series 2017 Bonds (defined below). The principal amount of such future bond issue is currently estimated to be approximately \$1,500,000.

Except as described above, none of the other Community Facilities Districts expects to issue Additional CFD Bonds.

### **Existing Liens Community Facilities District**

The property within the Community Facilities District, as applicable, is subject to assessment liens imposed by the City for several assessment and reassessment districts, the boundaries of which overlap some or all of the Community Facilities Districts. The residential units in the Community Facilities District, are also subject to an annual maintenance assessment levied by the City for street lighting, landscape and park maintenance and an annual recreational assessment levied by the School District for the installation, maintenance and servicing of recreational improvements. The lien for the Special Taxes is co-equal to the lien for the annual maintenance assessment, the recreation assessment and the lien for general property



taxes. See “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION – Direct and Overlapping Debt.”

The CFD Bonds for CFD No. 2003-1 and for CFD No. 2005-2 are each issued as additional bonds under the related CFD Indenture, payable on a parity with all other CFD Bonds of such respective Community Facilities District Outstanding thereunder. In 2016, CFD No. 2003-1 issued \$4,545,000 principal amount of its Special Tax Bonds (Infrastructure Projects), Series 2016 (the “CFD No. 2003-1 Special Tax A Series 2016 Bonds”) payable from Annual Special Tax A revenues on parity with the CFD No. 2003-1 Bonds. In 2017, CFD No. 2005-2 issued \$905,000 principal amount of its Special Tax Bonds (Infrastructure Projects), Series A (the “CFD No. 2005-2 Special Tax A Series 2017 Bonds”) payable from Annual Special Tax A revenues on parity with the CFD No. 2005-2 Bonds.

Except for the overlapping districts and debt described herein, the Community Facilities Districts are unaware of any present or contemplated assessment district or community facilities district that includes property within the Community Facilities Districts. See “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION – Direct and Overlapping Debt.”

### **Covenant for Superior Court Foreclosure**

In the event of a delinquency in the payment of any installment of Special Taxes of a Community Facilities District, such Community Facilities District is authorized by the Act to order institution of an action in the Superior Court of the State to foreclose any lien therefor. In such action the real property subject to the Special Taxes may be sold at a judicial foreclosure sale. Because the Community Facilities Districts do not participate in the “Teeter Plan” (which is the County’s 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), collections of Special Taxes will reflect actual delinquencies.

Such judicial foreclosure proceedings are not mandatory. Notwithstanding the foregoing, each Community Facilities District has covenanted under the CFD Indenture that it will determine or cause to be determined, on or about June 15 of each year, whether or not any owners of property within the Community Facilities District are delinquent in the payment of Special Taxes and, if such delinquencies exist, the Community Facilities District will send or cause to be sent a notice of delinquency and demand for payment thereof to the property owner within 45 days of such determination and if such delinquency remains uncured, order and cause to be commenced within 90 days of such determination of delinquency, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of any Special Taxes or installment thereof not paid when due; provided, however, that the Community Facilities District shall not be required to order the commencement of foreclosure proceedings if (a) the total Special Tax delinquency in the Community Facilities District for such Fiscal Year is less than 5% of the total Special Tax levied in such Fiscal Year, and (b) the amount then on deposit in the Reserve Fund is equal to the Reserve Requirement. Notwithstanding the foregoing, if the Community Facilities District determines that any single property owner in the Community Facilities District is delinquent in the payment of three installments of the Special Tax, then the Community Facilities District shall diligently institute, prosecute and pursue foreclosure proceedings against such property owner.

Prompt commencement of foreclosure proceedings may not, in and of itself, result in a timely or complete resolution of the arrearage. In the event of delinquencies in the payment of Special Taxes for a Community Facilities District there could be a default or a delay in payments of debt service on the related CFD Bonds and, consequently, a default or delay in payments to the Owners of the Series 2019 Bonds pending prosecution of foreclosure proceedings and receipt by such Community Facilities District, of foreclosure sale proceeds, if any.

The ability of a Community Facilities District to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the obligee in the event the property is owned by or in receivership of the Federal Deposit Insurance Corporation. See “RISK FACTORS - Bankruptcy,” “- Billing of Special Taxes” and “- Payments by FDIC and Other Governmental Agencies.”

No assurances can be given that a judicial foreclosure action, once commenced, will be completed or that it will be completed in a timely manner. If a judgment of foreclosure and order of sale is obtained, the judgment creditor (a Community Facilities District) must cause a Notice of Levy to be issued. Under current law, a judgment debtor (*i.e.*, a property owner) has 120 days from the date of service of the Notice of Levy in which to redeem the property to be sold, which period may be shortened to 20 days for parcels other than those on which a dwelling unit for not more than four persons is located. If a judgment debtor fails to 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, as a result of such an action, a foreclosure sale is 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 (Section 701.680 of the California Code of Civil Procedure). The constitutionality of the aforementioned legislation, which repeals the former one-year redemption period, has not been tested; there can be no assurance that, if tested, such legislation will be upheld.

### **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. See “Special Risk Factors – Special Tax Delinquencies.”

## **THE AUTHORITY**

The Authority is a joint exercise of powers authority, duly organized and validly existing under and pursuant to a Joint Exercise of Powers Agreement, dated June 1, 2017 (the “Joint Powers Agreement”), by and between the School District and CFD No. 2004-3. The Joint Powers Agreement was entered into pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Joint Exercise of Power Act”). The governing body of the Authority consists of the same individuals who comprise the members of the Board of Trustees of the School District.

The Authority was created for the purpose of providing financing or refinancing of Public Capital Improvements (within the meaning of the Joint Exercise of Powers Act) for the School District or any community facilities district established by the Board of Trustees of the School District pursuant to the Mello-Roos Act (each, a “Local Agency”) through the acquisition by the Authority of such public capital improvements and/or the purchase by the Authority of local obligations of any Local Agency, the lending of funds by the Authority to a Local Agency or the entering into of contractual arrangements by the Authority with a Local Agency within the meaning of the Joint Exercise of Powers Act. Pursuant to the Joint Exercise of Powers Act, the Authority has the power to issue bonds to pay the cost of any public capital improvement.

## **SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION**

Each series of CFD Bonds and the interest thereon is payable from a portion of the annual Special Taxes to be levied and collected on the real property within the related Community Facilities District, subject to the Special Taxes and the proceeds, if any, from the sale of such property for delinquency of such

Special Taxes. Annual payments of principal of, premium, if any, and interest on, each series of CFD Bonds is payable from Net Special Tax Revenues, meaning the Special Taxes collected within the related Community Facilities District, during that year and remaining after the payment of Administrative Expenses. The respective CFD Bonds are separate obligations of the related Community Facilities District. The CFD Bonds are not cross-collateralized and no Community Facilities District or Special Taxes attributable thereto is liable for the obligations of another Community Facilities District. The summary information under this caption and elsewhere in this Official Statement should not be read to suggest that there is any cross collateralization among the CFD Bonds, the CFD Indentures, or the Community Facilities Districts.

For detailed information on the Community Facilities Districts, see APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION”

### **Special Tax Levy – Taxable Property**

The Special Tax in Fiscal Year 2019-20 is projected to be levied on Developed Property only. Five of the eight Community Facilities Districts have undeveloped acreage and some parcels of Undeveloped Property, none of which are projected to be subject to the related Special Tax, as each of the Community Facilities Districts is substantially developed. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment,” APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” and APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.”

For Fiscal Year 2019-20, there are 1,949 parcels projected to be taxed in the Community Facilities Districts. The following table sets forth the projected 2019-20 Special Taxes to be levied in the Community Facilities Districts.

**Table 2**  
**San Jacinto Unified School District Financing Authority**  
**The Community Facilities Districts**  
**Aggregate Special Tax Levy by Community Facilities District**  
**2019-20 Projected Special Tax Levy**

CFD No.	Number of Taxable Parcels in the CFD	Number of Parcels Levied	Developed Only		Undeveloped Only				
			Range of Projected Assigned Rate		Projected Special Tax Levy	Total Acreage of Undeveloped Properties	Projected Special Tax Levy	Total Projected Special Tax Levy	Aggregate Percent of Special Tax Levy
			Minimum	Maximum					
2003-1 Sp Tx A <sup>(1)(3)</sup>	369	322	\$1,026.94	\$2,168.45	\$ 427,439.07	82.51	\$0.00	\$427,439.07	17.80%
2003-2 Sp Tx B	229	225	615.61	813.65	165,771.14	0.68	0.00	165,771.14	6.90
2004-3 Sp Tx B <sup>(2)</sup>	295	295	784.00	1,200.00	284,059.00	0.00	0.00	284,059.00	11.83
2005-1 Sp Tx B <sup>(1)</sup>	207	170	1,175.08	1,644.77	250,340.27	7.31	0.00	250,340.27	10.42
2005-2 Sp Tx A <sup>(1)</sup>	351	280	811.41	984.89	240,697.34	14.31	0.00	240,697.34	10.02
2005-4 Sp Tx B <sup>(1)(2)</sup>	211	211	1,120.15	1,744.50	303,634.71	0.00	0.00	303,634.71	12.64
2006-1 Sp Tx B <sup>(2)</sup>	253	253	1,397.18	1,689.44	394,162.50	0.00	0.00	394,162.50	16.43
2006-2 Sp Tx B <sup>(1)</sup>	214	193	1,472.50	2,131.61	335,248.60	4.01	0.00	335,248.60	13.96
Total	2,129	1,949			\$2,401,352.63	108.82	\$0.00	\$2,401,352.63	100.00%

(1) The Maximum Annual Assigned Special Tax increases 2.00% annually.

(2) The Community Facilities District is built out.

(3) There are 4 parcels in the CFD that have not yet subdivided consisting of 72.92 of total taxable acreage and is projected to subdivide into 86 additional units. The total build-out for CFD No. 2003-1 is expected to develop into 451 units.

Source: Willdan Financial Services.

## Special Tax Collections

The following table sets forth the Special Tax collections and delinquencies for fiscal years 2011-12 through 2018-19 on Taxable Property within the Community Facilities Districts as described in this Official Statement.

**Table 3**  
**San Jacinto Unified School District Financing Authority**  
**The Community Facilities Districts**  
**Special Tax Collections and Delinquency Rates - Aggregate**  
**Fiscal Years 2011-12 through 2018-19**

Subject Fiscal Year <sup>(1)</sup>							As of January 22, 2019		
Fiscal Year Ending 6/30	Aggregate Annual Special Tax	Aggregate Parcels Levied	Total Annual Special Taxes Collected	Fiscal Year Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2011-12	\$1,703,288	1,485	\$1,591,803	124	\$111,485	6.55%	1	\$1,057	0.06%
2012-13	1,747,670	1,506	1,670,431	85	77,239	4.42	1	1,057	0.06
2013-14	1,810,654	1,541	1,761,109	63	49,546	2.74	0	0	0.00
2014-15	1,839,248	1,549	1,777,278	71	61,970	3.37	1	869	0.05
2015-16	1,859,340	1,549	1,828,399	35	30,941	1.66	5	5,772	0.31
2016-17	1,929,931	1,588	1,888,462	60	41,469	2.15	8	8,423	0.44
2017-18	2,043,993	1,659	2,022,259	22	21,734	1.06	12	12,375	0.61
2018-19 <sup>(2)</sup>	1,130,615	1,837	1,108,365	43	22,250	1.97	43	22,250	1.97

<sup>(1)</sup> Reflects delinquency information as of June 30 of the applicable fiscal year. Does not include any penalties, interest or fees. Delinquency information does not include the Special Tax B components for CFD Nos. 2003-1 and 2005-2 and does not include the Special Tax A components for CFD Nos. 2003-2, 2004-3, 2005-1, 2005-4, 2006-1 and 2006-2.

<sup>(2)</sup> For Fiscal Year 2018-19, the dollar amounts collected and delinquent represent the first installment only.

Source: Willdan Financial Services, based on information provided by the County Tax Collector.

## Assessed Values

The Fiscal Year 2018-19 aggregate assessed valuation of the taxable property within the Community Facilities Districts was \$450,676,462. The following table shows the assessed value for taxable property in the Community Facilities Districts for Fiscal Years 2011-12 through 2018-19. Five-year average growth for Fiscal Years 2014-15 through 2018-19 is 11.26%.

**Table 4**  
**San Jacinto Unified School District Financing Authority**  
**The Community Facilities Districts**  
**Summary of Aggregate Historical Assessed Values Per CFD**  
**Fiscal Years 2011-12 through 2018-19**

<b>Fiscal Year</b>	<b>Aggregate Annual Special Tax</b>	<b>Parcels Taxable<sup>(1)</sup></b>	<b>Parcels Levied</b>	<b>Assessed Land</b>	<b>Assessed Structure</b>	<b>Total Assessed Values<sup>(1)</sup></b>	<b>Percent Change</b>
2011-12	\$1,703,288	2,014	1,485	\$66,136,677	\$181,149,915	\$247,286,592	n.a.
2012-13 <sup>(2)</sup>	1,747,670	2,014	1,506	65,564,397	180,890,444	246,454,841	(0.34)%
2013-14	1,810,654	2,014	1,541	69,234,105	196,225,923	265,460,028	7.71
2014-15	1,839,248	2,129	1,549	77,033,547	227,246,201	304,279,748	14.62
2015-16	1,859,340	2,129	1,549	79,863,639	243,623,469	323,487,108	6.31
2016-17	1,929,931	2,129	1,588	85,522,143	263,642,868	349,165,011	7.94
2017-18	2,043,993	2,129	1,659	88,408,134	292,492,055	380,900,189	9.09
2018-19	2,261,231	2,129	1,837	94,941,427	355,735,035	450,676,462	18.32

(1) Total Assessed Values include all taxable parcels.

(2) As compared to the prior year's, the reduction in total assessed value in the Community Facilities Districts is due primarily to macro-level market trends. The reduction is also due to the annual review of the Riverside County Assessor to reflect taxable values accurately in consideration of recent market declines.

Under Proposition 13, real property is reappraised upwards only when a change-in-ownership occurs, or when new construction takes place. Except for these two instances, property assessments cannot be increased by more than 2.00% annually.

Revenue and Taxation Code Section 51 requires the assessor to enroll the lower of either the property's Factored-Base-Year Value (established under Proposition 13) or its market value as of the lien date (January 1).

If the assessed value is reduced due to the market value being lower than the Factor-Base-Year Value, the assessor is required to review the market value of the property each lien date after the reduction until such time as the Factored-Base-Year Value is less than or equal to the market value. When the Factored-Base-Year Value is again enrolled, the property is no longer subject to the annual review, and will receive indexing not to exceed 2.00% per year.

Source: Riverside County Secured Roll as compiled by Willdan Financial Services.

Under Proposition 13, real property is reappraised upwards only when a change-in-ownership occurs, or when new construction takes place. Except for these two instances, property assessments cannot be increased by more than 2.00% annually.

Revenue and Taxation Code Section 51 requires the assessor to enroll the lower of either the property's Factored-Base-Year Value (established under Proposition 13) or its market value as of the lien date (January 1).

If the assessed value is reduced due to the market value being lower than the Factor-Base-Year Value, the assessor is required to review the market value of the property each lien date after the reduction until such time as the Factored-Base-Year Value is less than or equal to the market value. When the Factored-Base-Year Value is again enrolled, the property is no longer subject to the annual review, and will receive indexing not to exceed 2.00% per year.

The following table sets forth remaining parcels and acreage of Undeveloped Property in each of the Community Facilities Districts. The Special Tax in Fiscal Year 2019-20 is projected to be levied on Developed Property only. Five of the eight Community Facilities Districts have undeveloped acreage and some parcels of Undeveloped Property, none of which are projected to be subject to the related Special Tax, as each of the Community Facilities Districts is substantially developed.

**Table 5**  
**San Jacinto Unified School District Financing Authority**  
**The Community Facilities Districts**  
**Aggregate Summary of Remaining Units/Acreage to Develop per CFD**

CFD No.	Number of Undeveloped Property Parcels <sup>(1)</sup>	Total Undeveloped Property Acreage
2003-1 Sp Tx A <sup>(2)</sup>	47	82.51
2003-2 Sp Tx B	4	0.68
2004-3 Sp Tx B	0	0.00
2005-1 Sp Tx B	37	7.31
2005-2 Sp Tx A	71	14.31
2005-4 Sp Tx B	0	0.00
2006-1 Sp Tx B	0	0.00
2006-2 Sp Tx B	21	4.01
<b>Total</b>	<b>180</b>	<b>108.82</b>

<sup>(1)</sup> In accordance with the related RMA. Based on projected development status as of May 1, 2019. Undeveloped Properties consists of 108.82 of total taxable acreage.

<sup>(2)</sup> There are 4 parcels that have not yet subdivided consisting of 72.92 of total acreage and is projected to subdivide into 86 additional units. The total build-out for CFD No. 2003-1 is expected to develop into 451 units.

Source: Willdan Financial Services.

## Property Ownership

The following table depicts the principal owners (top one percent) by percent of Special Tax levy, based on the Fiscal Year 2019-20 projected Special Tax levy in the Community Facilities Districts as if combined. This information is a summary only of aggregate liabilities. The value to lien ratios in that table include combinations of ownership over the Community Facilities Districts which may not equate to a parcel's or respective ownership's share of Special Tax liability on related CFD Bonds and accordingly may overstate an applicable parcel's share of indebtedness. The respective CFD Bonds are separate obligations of the related Community Facilities District. The CFD Bonds are not cross-collateralized and no Community Facilities District or Special Taxes attributable thereto is liable for the obligations of another Community Facilities District. For information with respect to value to lien ratios on the individual CFD Bonds, see APPENDIX A – "SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION."

**Table 6**  
**San Jacinto Unified School District Financing Authority**  
**The Community Facilities Districts Aggregate Principal Owners (Top One Percent) by Percent of Special Tax Levy**

Development Status/Property Owner <sup>(1)</sup>	CFD No.	Number of Parcels/ Units	2019-20 Projected Special Tax Levy	2019-20 Percent of Special Tax Levy	2018-19 Total Assessed Values	Appraised Value <sup>(2)</sup>	2018-19 Greater of Appraisal for CFD No. 2003-1 ONLY or Total Assessed Value <sup>(2)</sup>	CFD No. 2003-1 Special Tax A Series 2016 Bonds <sup>(3)</sup>	Special Tax A Series 2017 Bonds <sup>(4)</sup>	Series 2019 Bonds <sup>(5)*</sup>	Total Overlapping Debt <sup>(6)</sup>	Total Debt Burden <sup>*</sup>	Value- to-Lien Ratio <sup>*</sup>
<u>Single Family Residence:</u>													
KB Home Coastal Inc. <sup>(7)</sup>	2003-1	39	\$ 59,253.95	2.47%	\$ 1,264,013.00	\$ 4,386,250.00	\$ 4,878,673.00	\$ 609,952.15	\$ 0.00	\$ 672,333.62	\$ 29,916.52	\$ 1,312,202.29	3.72
RSI Communities Calif <sup>(8)</sup>	2005-2 and 2005-4	41	40,114.24	1.67	3,669,929.00	0.00	3,669,929.00	0.00	195,687.21	583,597.55	83,449.22	862,733.98	4.25
Individual Owners	Various CFDs	1,869	2,301,984.44	95.86	442,269,587.00	12,760,000.00	454,149,587.00	3,790,047.85	12,364,312.79	30,894,068.83	10,019,315.90	57,067,745.37	7.96
<b>Subtotal</b>		<b>1,949</b>	<b>\$2,401,352.63</b>	<b>100.00%</b>	<b>\$447,203,529.00</b>	<b>\$17,146,250.00</b>	<b>\$462,698,189.00</b>	<b>\$4,400,000.00</b>	<b>\$12,560,000.00</b>	<b>\$32,150,000.00</b>	<b>\$10,132,681.64</b>	<b>\$59,242,681.64</b>	<b>7.81</b>
<u>Undeveloped Properties:</u>													
Cado San Jacinto	2005-2	71	\$ 0.00	0.00%	\$ 786,893.00	\$ 0.00	\$ 786,893.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 17,848.38	\$ 17,848.38	44.09
KB Home Coastal Inc. <sup>(9)</sup>	2003-1	47	0.00	0.00	2,161,780.00	2,365,000.00	3,574,000.00	0.00	0.00	0.00	50,754.26	50,754.26	70.42
JSUB Inc.	2005-1	37	0.00	0.00	395,861.00	0.00	395,861.00	0.00	0.00	0.00	9,015.71	9,015.71	43.91
City of San Jacinto <sup>(10)</sup>	2006-2	18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n/a
Goodiniss Inc	2006-2	3	0.00	0.00	43,899.00	0.00	43,899.00	0.00	0.00	0.00	995.72	995.72	44.09
Various Owners	2003-2	4	0.00	0.00	84,500.00	0.00	84,500.00	0.00	0.00	0.00	1,916.63	1,916.63	44.09
<b>Subtotal</b>		<b>180</b>	<b>\$ 0.00</b>	<b>0.00%</b>	<b>\$ 3,472,933.00</b>	<b>\$ 2,365,000.00</b>	<b>\$ 4,885,153.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 80,530.70</b>	<b>\$ 80,530.70</b>	<b>60.66</b>
<b>Total</b>		<b>2,129</b>	<b>\$2,401,352.63</b>	<b>100.00%</b>	<b>\$450,676,462.00</b>	<b>\$19,511,250.00</b>	<b>\$467,583,342.00</b>	<b>\$4,400,000.00</b>	<b>\$12,560,000.00</b>	<b>\$32,150,000.00</b>	<b>\$10,213,212.34</b>	<b>\$59,323,212.34</b>	<b>7.88</b>

(1) In accordance with the related RMA. Based on projected development status as of May 1, 2019. Undeveloped Properties consists of 108.82 of total taxable acreage.

(2) Of the 322 developed parcels/units in CFD No. 2003-1, 124 parcels were appraised. For all 124 parcels that were appraised, appraised value was greater than Fiscal Year 2018-19 Secured Roll Total Assessed Value. Therefore, for the 124 parcels, appraised value is used. For all other parcels, Fiscal Year 2018-19 Secured Roll Assessed Value is used. For specifics related to the Appraisal, see APPENDIX B - "APPRAISAL OF PROPERTY IN CFD NO. 2003-1."

(3) Calculated based on the proportionate share of the CFD No. 2003-1 Special Tax A levy multiplied by the CFD No. 2003-1 Special Tax A Series 2016 Bonds outstanding as of March 1, 2019. This debt only applies to CFD No. 2003-1.

(4) In August 2017, CFD Nos. 2003-2, 2004-3, 2005-1, 2005-2, 2005-4, 2006-1 and 2006-2 participated with the Authority in the issuance by the Authority of its San Jacinto Unified School District Financing Authority Special Tax Revenue Refunding Bonds, Series 2017 (the "Special Tax A Series 2017 Bonds") payable solely from debt service payments on individual local obligations issued at that time by CFD Nos. 2003-2, 2004-3, 2005-1, 2005-2, 2005-4, 2006-1 and 2006-2. Calculated based on the proportionate share of each individual local obligations for CFD Nos. 2003-2, 2004-3, 2005-1, 2005-2, 2005-4, 2006-1 and 2006-2 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019. This debt does not apply to CFD No. 2003-1.

(5) Calculated based on the proportionate share of the Special Tax A levy for CFD Nos. 2003-2 and 2005-2 and Special Tax B levy for CFD Nos. 2004-3, 2005-1, 2005-2, 2005-4, 2006-1 and 2006-2 multiplied by each individual projected CFD Bonds to be issued.

(6) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Tables A-6, 13, 20, 27, 34, 41, 48 and 55 for a description of overlapping debt within each of the Community Facilities Districts as of March 1, 2019.

(7) Permits have been issued for these lots however, the 2018-19 secured roll does not yet reflect full Assessed Values for structure.

(7) According to the 2018-19 Secured Roll, KB homes owned 145 parcels/units. Of the 145 parcels/units, only 39 are still owned by KB Homes as provided by KB Homes.

(8) According to the 2018-19 Secured Roll, RSI Communities California LLC owned 92 parcels/units within CFD No. 2005-2. Of the 92 parcels, only 28 are still owned by RSI Communities California LLC as provided by RSI. Western Pacific Housing Inc owned 32 parcels/units within CFD No. 2005-2. All of the 32 parcels previously owned by Western Pacific Housing Inc are sold to individual property owners as provided by Western Pacific.

(9) There are 4 parcels that have not yet subdivided consisting of 72.92 of total acreage and is projected to subdivide into 86 additional units. The total build-out for CFD No. 2003-1 is expected to develop into 451 units.

(10) Represents 18 lots owned by the City. Although the parcels are not subject to *ad valorem* taxes, the parcels are subject to the respective Special Tax but will not be levied until the parcels are developed.

\* Preliminary; subject to change.

Source: Riverside County 2018-19 Secured Roll, Appraisal by Integra Realty Resources dated March 23, 2019 and California Municipal Statistics as compiled by Willdan Financial Services.



## **Property Values**

Table 7 below depicts value-to-lien ratios including overlapping debt in the Community Facilities Districts as described in this Official Statement as of March 1, 2019. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” and APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.”

The value to lien ratios in Table 7 represents summary information of aggregate liabilities and include combinations of ownership over the Community Facilities Districts which may not equate to a parcel’s or respective ownership’s share of Special Tax liability on related CFD Bonds and accordingly may overstate an applicable parcel’s share of indebtedness. The respective CFD Bonds are separate obligations of the related Community Facilities District only. The CFD Bonds are not cross-collateralized and no Community Facilities District or Special Taxes attributable thereto is liable for the obligations of another Community Facilities District. For information with respect to value to lien ratios on the individual CFD Bonds, see APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION.”

Table 8, which follows, sets forth sample property tax bills and effective tax rates in the Community Facilities Districts, based on Fiscal Year 2018-19 tax rates.

**Table 7**  
**San Jacinto Unified School District Financing Authority**  
**The Community Facilities Districts**  
**Aggregate Value-to-Lien Ratios and Overlapping Debt**

Value-to-Lien Ratio	Number of Parcels/ Units	2019-20 Projected Special Tax Levy	2019-20 Percent of Special Tax Levy	2018-19 Assessed Land	2018-19 Assessed Structure	2018-19 Greater of Appraisal for CFD No. 2003- 1 ONLY or Total Assessed Value <sup>(1)</sup> s	CFD No. 2003-1 Special Tax A Series 2016 Bonds <sup>(2)</sup>	Special Tax A Series 2017 Bonds <sup>(3)</sup>	Series 2019 Bonds <sup>(4)*</sup>	Overlapping Debt <sup>(5)</sup>	Total Debt Burden <sup>*</sup>	Value- to- Lien Ratio <sup>*</sup>
<u>Single Family Residence:</u> <sup>(6)</sup>												
10:1 to 19.99:1	485	\$ 421,347.09	17.55%	\$24,794,061.00	\$116,361,853.00	\$137,971,526.00	\$ 105,712.08	\$ 3,124,981.88	\$ 4,759,337.95	\$ 3,099,494.37	\$11,089,526.28	12.44
5:1 to 9.99:1	1,182	1,639,746.66	68.28	53,400,633.00	222,934,612.00	295,091,949.00	3,876,353.55	7,568,952.64	22,446,775.05	6,378,707.30	40,270,788.54	7.33
4:1 to 4.99:1	109	161,589.32	6.73	4,966,624.00	14,133,089.00	18,904,900.00	14,756.36	1,093,637.72	2,607,892.70	430,255.44	4,146,542.22	4.56
3:1 to 3.99:1	103	102,551.34	4.27	6,094,167.00	2,123,972.00	7,589,506.00	0.00	512,842.03	1,456,829.52	172,367.13	2,142,038.68	3.54
2:1 to 2.99:1	29	25,617.37	1.07	256,619.00	112,577.00	1,339,986.00	10,571.21	132,398.04	319,164.69	30,373.24	492,507.18	2.72
1:1 to 1.99:1	41	50,500.85	2.10	356,390.00	68,932.00	1,800,322.00	392,606.80	127,187.69	560,000.09	21,484.16	1,101,278.74	1.63
<b>Subtotal</b>	<b>1,949</b>	<b>\$2,401,352.63</b>	<b>100.00%</b>	<b>\$91,468,494.00</b>	<b>\$355,735,035.00</b>	<b>\$462,698,189.00</b>	<b>\$4,400,000.00</b>	<b>\$12,560,000.00</b>	<b>\$32,150,000.00</b>	<b>\$10,132,681.64</b>	<b>\$59,242,681.64</b>	<b>7.81</b>
<u>Undeveloped Properties:</u> <sup>(6)</sup>												
n/a <sup>(7)</sup>	18	\$ 0.00	0.00%	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	n/a
Greater than 60.1	162	0.00	0.00	3,472,933.00	0.00	4,885,153.00	0.00	0.00	0.00	80,530.70	80,530.70	60.66
<b>Total</b>	<b>2,129</b>	<b>\$2,401,352.63</b>	<b>100.00%</b>	<b>\$94,941,427.00</b>	<b>\$355,735,035.00</b>	<b>\$467,583,342.00</b>	<b>\$4,400,000.00</b>	<b>\$12,560,000.00</b>	<b>\$32,150,000.00</b>	<b>\$10,213,212.34</b>	<b>\$59,323,212.34</b>	<b>7.88</b>

(1) Fiscal Year 2018-19 value shown is the assessed value and, in the case of CFD No. 2003-1 only, or greater of the appraised value for an appraised parcel and the assessed value. Of the 322 developed parcels/units in CFD No. 2003-1, 124 parcels were appraised. For all 124 parcels that were appraised, appraised value was greater than Fiscal Year 2018-19 Secured Roll Total Assessed Value. Therefore, for the 124 parcels, appraised value is used. For all other parcels, Fiscal Year 2018-19 Secured Roll Assessed Value is used. For specifics related to the Appraisal, see APPENDIX B - "APPRAISAL OF PROPERTY IN CFD NO. 2003-1."

(2) Calculated based on the proportionate share of the CFD No. 2003-1 Special Tax A levy multiplied by the CFD No. 2003-1 Special Tax A Series 2016 Bonds outstanding as of March 1, 2019. This debt only applies to CFD No. 2003-1.

(3) Calculated based on the proportionate share of each individual local obligations for CFD Nos. 2003-2, 2004-3, 2005-1, 2005-2, 2005-4, 2006-1 and 2006-2 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019. This debt does not apply to CFD No. 2003-1.

(4) Calculated based on the proportionate share of the Special Tax A levy for CFD Nos. 2003-2 and 2005-2 and Special Tax B levy for CFD Nos. 2004-3, 2005-1, 2005-2, 2005-4, 2006-1 & 2006-2 multiplied by each individual projected CFD Bonds to be issued.

(5) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Tables A-6, 13, 20, 27, 34, 41, 48 and 55 for a description of overlapping debt within each of the Community Facilities Districts as of March 1, 2019.

(6) In accordance with the related RMA. Based on projected development status as of May 1, 2019. Undeveloped Properties consists of 108.82 of total taxable acreage.

(7) Represents 18 lots owned by the City. Although the parcels are not subject to *ad valorem* taxes, the parcels are subject to the respective Special Tax but will not be levied until the parcels are developed.

\* Preliminary; subject to change.

Source: *Riverside County 2018-19 Secured Roll, Appraisal by Integra Realty Resources dated March 23, 2019 and California Municipal Statistics as compiled by Willdan Financial Services.*

**Table 8**  
**San Jacinto Unified School District Public Financing Authority**  
**The Community Facilities Districts**  
**Fiscal Year 2018-19 Sample Property Tax Bills<sup>(1)</sup>**

<b>Assessed Valuation and Property Taxes</b>	<b>2003-1</b>	<b>2003-2</b>	<b>2004-3</b>	<b>2005-1</b>	<b>2005-2</b>	<b>2005-4</b>	<b>2006-1</b>	<b>2006-2</b>
Assessed Values	\$272,340.00	\$237,659.00	\$270,504.00	\$248,115.00	\$253,177.00	\$234,090.00	\$230,659.00	\$258,562.00
Less: Homeowner's Exemption	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)	(7,000.00)
<b>Assessed Values</b>	<b>\$265,340.00</b>	<b>\$230,659.00</b>	<b>\$263,504.00</b>	<b>\$241,115.00</b>	<b>\$246,177.00</b>	<b>\$227,090.00</b>	<b>\$223,659.00</b>	<b>\$251,562.00</b>
<b>Tax Rate:</b>	<b>1.19%</b>	<b>1.17%</b>	<b>1.17%</b>	<b>1.17%</b>	<b>1.17%</b>	<b>1.17%</b>	<b>1.17%</b>	<b>1.17%</b>
<b>Ad Valorem Property Taxes</b>								
General Purpose/Voter-Approved Debt	\$ 3,145.90	\$ 2,697.81	\$ 3,081.97	\$ 2,820.11	\$ 2,879.31	\$ 2,656.07	\$ 2,615.94	\$ 2,942.29
<b>Assessments, Special Taxes &amp; Parcel Charges</b>								
Flood Control Stormwater/Cleanwater	\$ 3.60	\$ 3.78	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74	\$ 3.74
CSA 152 San Jacinto Stormwater	10.00	10.00	10.00	10.00	10.00	n/a	10.00	10.00
MWD Standby East	6.94	6.94	6.94	6.94	6.94	6.94	6.94	6.94
EMWD Standby – Combined Charge	25.00	30.00	30.00	30.00	30.00	25.00	30.00	30.00
City of San Jacinto – LLPD 2 (Various Zones per CFD)	306.64	619.44	656.16	639.76	608.96	n/a	839.14	662.08
City of San Jacinto – CFD No. 2003-1 <sup>(3)</sup>	363.12	519.60	519.60	519.60	519.60	n/a	519.60	519.60
City of San Jacinto – AD 2003-1 (Various Zones per CFD)	519.60	348.66	n/a	305.86	145.32	n/a	275.72	277.52
Valley Wide Regional Facility – LMD 88-1	22.14	22.14	22.14	22.14	22.14	22.14	22.14	22.14
City of Hemet – CFD No. 2005-1 Public Safety Services	n/a	n/a	n/a	n/a	n/a	408.70	n/a	n/a
City of Hemet – Lighting District 25 (Flowerwood)	n/a	n/a	n/a	n/a	n/a	85.38	n/a	n/a
City of Hemet – Landscaping District 27 (Flowerwood)	n/a	n/a	n/a	n/a	n/a	512.32	n/a	n/a
<b><u>San Jacinto USD CFD Charges:</u></b>								
Special Tax A	\$ 1,405.40	\$ 722.60	\$ 979.88	\$ 988.92	\$ 877.78	\$ 785.64	\$ 772.26	\$ 665.52
Special Tax B	1,177.50	689.60	995.00	1,393.24	1,351.14	1,252.62	1,533.30	1,664.84
<b>Subtotal: Assessments, Special Taxes &amp; Parcel Charges</b>	<b>\$ 3,839.94</b>	<b>\$ 2,972.76</b>	<b>\$ 3,223.46</b>	<b>\$ 3,920.20</b>	<b>\$ 3,575.62</b>	<b>\$ 3,102.48</b>	<b>\$ 4,012.84</b>	<b>\$ 3,862.38</b>
<b>Total Property Taxes</b>	<b>\$ 6,985.84</b>	<b>\$ 5,670.57</b>	<b>\$ 6,305.43</b>	<b>\$ 6,740.31</b>	<b>\$ 6,454.93</b>	<b>\$ 5,758.55</b>	<b>\$ 6,628.78</b>	<b>\$ 6,804.67</b>
<b>Total Effective Tax Rate</b>	<b>2.63%</b>	<b>2.46%</b>	<b>2.39%</b>	<b>2.80%</b>	<b>2.62%</b>	<b>2.54%</b>	<b>2.96%</b>	<b>2.70%</b>

<sup>(1)</sup> Fiscal Year 2018-19 Property Tax Rates for a Single Family detached unit with the median size home and median assessed values selected to represent the median effective tax rate for a home within the Community Facilities District.

Source: Willdan Financial Services.

## **Debt Service Coverage**

Each RMA as described herein provides for the levy of an annual Special Tax at a Maximum Annual Special Tax. As to each Community Facilities District, the projected Maximum Special Tax A or Maximum Special Tax B to be levied is set forth in APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” in those tables entitled “Estimated Debt Service Coverage.” As to each Community Facilities District, the actual amount of applicable Special Taxes that will be levied against each parcel in each year will be determined in accordance with the respective RMA. See APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX.”

The Special Taxes on any Taxable Property is limited to an increase of 10% for delinquencies under Section 53321 of the Act as applied to the Community Facilities District. That section at time of formation of each Community Facilities District provided that under no circumstances will the special tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within the community facilities district by more than 10%. See “RISK FACTORS – Insufficiency of Special Taxes” herein. See “RISK FACTORS – Insufficiency of Special Taxes” herein.

The respective CFD Bonds are separate obligations of the related the Community Facilities District. The CFD Bonds are not cross-collateralized and no Community Facilities District or Special Taxes attributable thereto is liable for the obligations of another Community Facilities District. The summary information under this caption and elsewhere in this Official Statement should not be read to suggest that there is any cross collateralization among the CFD Bonds, the CFD Indentures, the Community Facilities Districts.

## **Direct and Overlapping Debt**

Contained within the Community Facilities Districts are numerous overlapping local agencies providing public services. Some of such local agencies have outstanding bonds issued in the form of general obligation, special tax and special assessment bonds. Additional indebtedness could be authorized by other public agencies at any time. See the respective overlapping debt tables in APPENDIX A - “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” for a description of overlapping debt for each Community Facilities District. The Community Facilities Districts cannot predict the amount of additional debt or authorized but unissued bonds that will ultimately be issued by such local agencies, nor can it predict when such debt would be issued or the debt service payments thereon.

Not included in these descriptions over overlapping debt in Tables A-6, 13, 20, 27, 34, 41, 48 and 55 or elsewhere in this Official Statement with respect to overlapping debt are assessments which may exist on properties within the Community Facilities Districts for the benefit of the Western Riverside Council of Governments (“WRCOG”) Property Assessed Clean Energy (“PACE”) Programs, in which multiple programs the County participates as a member, through WRCOG in collaboration with its private sector partners, which provide financing for energy efficiency, renewable energy, and water conservation retrofits on residential and commercial properties. Under this program a property owner is permitted to finance the up-front cost of energy or other eligible improvements on a property, with such costs financed over a term of years through a voluntary assessment attached to the improved property. Payments for such projects and retrofits are secured by assessments on such participating residential and commercial properties. The overlapping debt information included in this Official Statement is necessarily understated by the amount of such assessments on properties within the Community Facilities Districts.

## **RISK FACTORS**

*The purchase of the Series 2019 Bonds involves certain investment risks. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Series 2019 Bonds. The discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Series 2019 Bonds, and this Official Statement should be read in its entirety for the purpose of making an informed investment decision.*

### **Risks of Real Estate Secured Investments Generally**

The Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Community Facilities Districts, the supply of or demand for competitive properties in such area, and the market value of homes or institutional facilities and/or sites in the event of sale or foreclosure, (b) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to hazardous materials) and fiscal policies, and (c) natural disasters (including, without limitation, earthquakes, wildfires, floods and droughts), which may result in uninsured losses.

### **Insufficiency of Special Taxes**

Under each RMA, the annual amount of Special Tax to be levied on each taxable parcel in the Community Facilities Districts will be based primarily on such parcel's land use classification. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment." The collection of the Special Taxes will be dependent on the willingness and ability of the owners of property to pay Special Taxes when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – The Special Taxes."

The Act provides that if any property within the community facilities districts not otherwise exempt from the special tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the special taxes will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that if property subject to the special tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the special tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operative effect of these provisions have not been tested in the courts. If for any reason a property subject to the Special Taxes 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 Special Tax rates, the Special Taxes will be reallocated to the remaining properties within the Community Facilities District in which such property is located. This would result in the owners of such remaining properties within that Community Facilities District paying a greater amount of the Special Tax and could have an adverse effect on the timely payment of the Special Tax with respect to such Community Facilities District.

Pursuant to Section 53321 of the Act as applied to each Community Facilities District, under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within such Community Facilities District, by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For such purposes, a parcel will be considered used for private residential purposes not later than the date on which

an occupancy permit for private residential use is issued. The application of this limitation to a parcel containing an apartment unit remains subject to clarification by act of the legislature or the courts.

### **The Bonds are Special Obligations of the Authority**

Funds for the payment of the principal of and interest on the Series 2019 Bonds are derived from debt service payments on the CFD Bonds, which are derived from Special Taxes levied in the Community Facilities Districts. The Special Taxes collected by one or more of the Community Facilities Districts could be insufficient to pay the principal of and interest on the related CFD Bonds and, consequently, debt service on the Series 2019 Bonds, due to non-payment of such annual Special Taxes or insufficient proceeds received from the sales of taxable parcels in the Community Facilities Districts due to delinquencies. Each Community Facilities District's obligation with respect to delinquent Special Taxes is limited to the institution of judicial foreclosure proceedings under certain circumstances with respect to parcels for which Special Taxes are delinquent. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Covenant for Superior Court Foreclosure."

### **The Special Taxes Are Not Personal Obligations of the Property Owners**

The obligation to pay Special Taxes levied within any Community Facilities District does not constitute a personal obligation of the current or subsequent owners of the property in such Community Facilities Districts. Enforcement of payment obligations by the Community Facilities Districts is limited to judicial foreclosure in the Riverside County Superior Court. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Covenant for Superior Court Foreclosure." There is no assurance that any current or subsequent owner of a parcel subject to Special Taxes will be able to pay the Special Taxes, or that such owner will choose to pay such Special Taxes, even though financially able to do so.

### **Special Tax Delinquencies**

The Special Taxes are billed to the properties within the Community Facilities Districts on the *ad valorem* property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments. Because the Community Facilities Districts do not participate in the "Teeter Plan" (which is the County's 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), collections of Special Taxes will reflect actual delinquencies. As noted in this Official Statement, for example, CFD No. 2003-1, CFD No. 2003-2 and CFD No. 2005-2 have at times experienced a level of delinquencies above 5% and CFD No. 2003-2 experienced a level of delinquencies above 10%. The level of delinquencies in CFD No. 2003-1 and CFD No. 2003-2 in 2017-18 and in the first installment of 2018-19 is not currently material to the levy of the Special Tax in CFD No. 2003-1 or CFD No. 2003-2, however, it is noted that the level of delinquencies in CFD No. 2005-2 in the first installment of 2018-19 was approximately 6%. Delinquency information in this Official Statement does not include the Special Tax B components for CFD Nos. 2003-1 and 2005-2 and does not include the Special Tax A components for CFD Nos. 2003-2, 2004-3, 2005-1, 2005-4, 2006-1 and 2006-2. See Tables A-9, A-30 and A-37 in APPENDIX A – "SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION" for additional detail with respect to CFD No. 2003-2 and CFD No. 2005-2 and CFD No. 2005-4. Likewise, a small number of principal property owners have been delinquent in the payment of Special Taxes in recent years as discussed in this Official Statement.

Significant delinquencies in the payment of annual Special Tax installments, or delays in the prosecution of foreclosure proceedings to collect such Special Taxes, could result in a default in the

payment of the debt service on the CFD Bonds and, ultimately, a default in the payment of debt service on the Series 2019 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS - Covenant for Superior Court Foreclosure,” for a discussion of the provisions that apply, and the procedures that each Community Facilities District is obligated to follow, in the event of delinquencies in the payment of Special Taxes. See “- Bankruptcy” and “- Payments by FDIC and Other Governmental Agencies” for a discussion of the limitations on the Community Facilities Districts’ ability to foreclose on the lien of the Special Taxes in certain circumstances and the policy of the Federal Deposit Insurance Corporation regarding the payment of Special Taxes.

## **Property Values**

The value of property within the Community Facilities Districts is an important factor in evaluating the investment quality of the Series 2019 Bonds. In the event that a property owner defaults in the payment of an installment of Special Taxes, a Community Facilities District’s only remedy is to judicially foreclose on that property. Prospective purchasers of the Series 2019 Bonds should not assume that the property within the Community Facilities Districts could be sold for the assessed values described under the caption, “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION – Property Values,” at a foreclosure sale for delinquent Special Taxes or for an amount adequate to pay delinquent Special Taxes. In addition to the foregoing, property values are not evenly distributed throughout the Community Facilities Districts. This disparity of values across the Community Facilities Districts is significant because, in the event of nonpayment of Special Taxes, each District’s only remedy is to foreclose against the delinquent parcel. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS.”

The assessed values for the property within the Community Facilities Districts are the property values determined by the County Assessor for property tax purposes. Such assessed value determinations may be subject to appeal by property owners. Assessment appeals are filed with the County Assessment Appeals Board for a hearing and resolution. At the time of filing, applicants are required to estimate an opinion of value. The resolution of an appeal may result in a reduction to the County Assessor’s original taxable value and a tax refund to the applicant/property owner. Although such a result would not reduce the special tax levy on the property, any reduction in the assessed taxable values of property within the Community Facilities Districts would have an adverse impact on the value-to-lien ratios discussed herein, and could lessen the ability or willingness of the owners of such property to pay their Special Taxes. Moreover, assessed values do not necessarily represent the current market value for any parcel.

## **Appraised Values of Properties in CFD No. 2003-1**

An appraisal of the property in CFD No. 2003-1, dated April 10, 2019 (the “Appraisal”), was prepared by Integra Realty Resources – San Francisco (the “Appraiser”). The Appraisal was prepared for the purpose of estimating the Minimum Market Value, as of March 23, 2019, of the land and improvements within CFD No. 2003-1 subject to the Special Tax payable from Annual Special Tax A revenues, on the basis of certain assumptions. See the Appraisal in APPENDIX B hereto for a description of the analysis used and assumptions made by the Appraiser. Of the 322 developed parcels/units in CFD No. 2003-1, 124 parcels were appraised. See APPENDIX A – “SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION” at A-\_\_\_ with respect to CFD No. 2003-1. For all 124 parcels that were appraised, appraised value was greater than Fiscal Year 2018-19 Secured Roll Total Assessed Value, and with respect to valuation for the 124 parcels, appraised value is used. For all other parcels, Fiscal Year 2018-19 Secured Roll Assessed Value is used. For specifics related to the Appraisal, see APPENDIX B - “APPRAISAL OF PROPERTY IN CFD NO. 2003-1.”

No assurance can be given that the market values of property in CFD No. 2003-1 set forth in the Appraisal will be maintained during the period of time that the CFD No. 2003-1 Bonds, payable from Annual Special Tax A revenues, and the proportionate share of the Series 2019 Bonds, are Outstanding. The market values of the property in CFD No. 2003-1 can be adversely affected by a variety of factors, including, but not limited to, the occurrence of one or more of the special risk events discussed herein. A decrease in the market values of property in CFD No. 2003-1 may lessen the ability or willingness of the owners of such property to pay the Special Tax payable from Annual Special Tax A revenues when due. Prospective purchasers of the Series 2019 Bonds should not assume that the property within CFD No. 2003-1 could be sold for the appraised amount described herein at the present time or at a foreclosure sale for delinquent Special Taxes payable from Annual Special Tax A revenues.

### **Remaining Undeveloped Parcels and Land Development**

Land values are influenced by the level of development in the area in many respects. First, partially developed land is generally less valuable than developed land and provides less security to the owners of the Series 2019 Bonds, by virtue of the related CFD Bonds, should it be necessary for the School District to foreclose on undeveloped property due to the nonpayment of Special Taxes. Moreover, failure to complete development on a timely basis could adversely affect the land values of those parcels which have been completed. Undeveloped Parcels remain in CFD No. 2003-1, CFD No. 2003-2, CFD No. 2005-1, CFD No. 2005-2 and CFD No. 2006-2. The Special Tax in Fiscal Year 2019-20 is projected to be levied on Developed Property only.

Lower land values in the Community Facilities Districts would result in less security for the payment of principal of and interest on the Series 2019 Bonds and lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of the Special Taxes levied in the respective Community Facilities Districts. Continuing development of land within the Community Facilities Districts may be adversely affected by changes in general or local economic conditions, fluctuations in the real estate market, increased construction costs, development, financing and marketing capabilities of individual property owners, water shortages and other similar factors. Development in the Community Facilities Districts may also be affected by development in surrounding areas which may compete with the Community Facilities Districts. None of the Authority, the Community Facilities Districts, or the School District has evaluated development risks. Since these are largely business risks of the type that property owners customarily evaluate individually, and inasmuch as changes in land ownership may well mean changes in the evaluation with respect to any particular parcel, the Authority is issuing the Series 2019 Bonds and by extension the Community Facilities Districts are issuing the related CFD Bonds without regard to any such evaluation. Thus, the issuance of the CFD Bonds by the Community Facilities Districts and the issuance of the Series 2019 Bonds by the Authority in no way implies that the Authority, the Community Facilities Districts or the School District has evaluated these risks or the reasonableness of these risks even though such risks may be serious and may ultimately halt or slow the progress of land development and forestall the realization of taxed parcel values.

### **Bankruptcy**

The payment of Special Taxes and the ability of the Community Facilities Districts to foreclose the lien of a delinquent Special Tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditor's rights or by the laws of the State relating to judicial foreclosure.

The various legal opinions to be delivered concurrently with the delivery of the Series 2019 Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.



Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien would then be treated as an unsecured claim by the court. Further, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the related CFD Bonds and, consequently, debt service on the Series 2019 Bonds, and the possibility of delinquent tax installments not being paid in full. The prosecution of foreclosure proceedings could also be delayed for other reasons, including crowded court calendars and procedural delaying tactics.

### **Disclosures to Future Purchasers**

Each Community Facilities District has recorded a Notice of Special Tax Lien in the Office of the County Recorder of the County. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such obligation for Special Taxes in the purchase of property within such Community Facilities Districts, or the lending of money secured thereby. Failure to disclose the existence of the Special Taxes or the full amount of the *pro rata* share of debt on the land in the Community Facilities Districts may affect the willingness and ability of future owners of land within the Community Facilities Districts, to pay the Special Taxes when due.

### **Billing of Special Taxes**

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts the taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by the community facilities district.

Under provisions of the Act, the Special Taxes are billed to the properties within each Community Facilities District which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for nonpayment, as do regular property tax installments. These 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 installment payments of Special Taxes in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Covenant for Superior Court Foreclosure,” for a discussion of the provisions which apply, and procedures which each Community Facilities District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes with respect to a Community Facilities District.

### **Potential Early Redemption of Series 2019 Bonds from Special Tax Prepayments**

Property owners within the Community Facilities Districts are permitted to prepay their Special Taxes at any time. Such payments will result in a mandatory redemption of Series 2019 Bonds from Special Tax prepayments on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of such Special Tax prepayment. The resulting redemption of Series 2019 Bonds purchased at a price greater than par could reduce the otherwise expected yield on such Series 2019 Bonds.

See “THE SERIES 2019 BONDS — Redemption of the Series 2019 Bonds — Mandatory Redemption from Principal Prepayments.”

### **Payments by FDIC and Other Governmental Agencies**

The ability of the Community Facilities Districts to collect the Special Taxes and interest and penalties specified by State law, and to foreclose the lien of delinquent Special Taxes, may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”), the Federal National Mortgage Association (Fannie Mae), Freddie Mac, the Drug Enforcement Agency, the Internal Revenue Service, or other similar federal governmental agencies has or obtains an interest.

Other laws generally affecting creditors’ rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of such military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate.

*FDIC.* Specifically, with respect to the FDIC, on June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Property Taxes (the “1991 Policy Statement”). The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the “Policy Statement”). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution’s affairs, unless abandonment of the FDIC’s interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC’s consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC’s consent.

The Policy Statement states that the FDIC generally will not pay non *ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC’s federal immunity. With respect to property in California owned by the FDIC on January 9, 1997 and that was owned by the Resolution Trust Corporation (“RTC”) on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC’s prior practice of paying special taxes imposed pursuant to the Act if the taxes were imposed prior to the RTC’s acquisition of an interest in the property. All other special taxes may be challenged by the FDIC.

The Authority and the Community Facilities Districts are unable to predict what effect the FDIC’s application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within a Community Facilities District in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would reduce or

eliminate the persons willing to purchase a parcel at a foreclosure sale. Owners of the Series 2019 Bonds should assume that the Community Facilities Districts will be unable to collect Special Taxes or to foreclose on any parcel owned by the FDIC. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, a default in payment on the Series 2019 Bonds. [Based upon the secured tax roll for Fiscal Year 2018-19, the FDIC does not presently own any of the property in the Community Facilities Districts.]

*Mortgage Interests.* Similarly, in the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution (“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, anything in the Constitution or Laws of any State to the contrary notwithstanding”), in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes and assessments levied on the parcel (including 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 a Community Facilities District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. For a discussion of risks associated with taxable parcels within a Community Facilities District becoming owned by the federal government, federal government entities or federal government sponsored entities, see “Payments by FDIC and Other Governmental Agencies” above.

### **Cumulative Burden of Parity Taxes and Special Assessments**

The Special Taxes constitute a lien against the parcels of land on which they have been levied. Such lien is on a parity with all special taxes levied by other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property.

Neither the Authority nor the Community Facilities Districts have control over the ability of other entities to issue indebtedness secured by *ad valorem* taxes, special taxes or assessments levied on all or a portion of the property within the Community Facilities Districts. In addition, the owners of property within a Community Facilities Districts may, without the consent or knowledge of the Community Facilities District, petition other public agencies to issue public indebtedness secured by *ad valorem* taxes, special taxes or assessments. Any such special taxes may have a lien on such property on a parity with the lien of the Special Taxes. See “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION – Direct and Overlapping Debt.”

### **Value-to-Lien Ratios**

The estimated value-to-lien ratios set forth herein are based on the County Assessor’s secured tax roll for Fiscal Year 2018-19, of the taxable parcels in the Community Facilities Districts, and the direct and overlapping debt allocable to property in the Community Facilities Districts as of March 1, 2019. No assurance can be given that such value-to-lien ratios will be maintained over time. As discussed herein, many factors which are beyond the control of the Authority, the School District and the Community Facilities Districts could adversely affect the property values within the Community Facilities Districts.

The Authority and the Community Facilities Districts also have no control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Special Taxes. See “– Cumulative Burden of Parity Taxes and Special Assessments” and “SUMMARY COMMUNITY FACILITIES DISTRICTS SPECIAL TAX INFORMATION - Direct and Overlapping Debt.” A decrease in the assessed values in the Community Facilities Districts or an increase in the parity liens on property in the Community Facilities Districts, or both, could result in a lowering of the value-to-lien ratios of the property in the Community Facilities Districts.

## **Hazardous Substances**

The market value of the property in the Community Facilities Districts is subject to diminution upon the future release or discovery thereon of a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or “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) had anything to do with creating or handling the hazardous substance. The effect therefore, should any of the parcels be affected by a hazardous substance, would be to reduce the marketability and value 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.

None of the Authority, the School District or the Community Facilities Districts has independently verified, and is not aware, that any owner (or operator) of any of the parcels within the Community Facilities Districts has such a current liability with respect to any such parcel. However, it is possible that such liabilities do currently exist and that the Authority and the Community Facilities Districts are not aware of them.

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

## **Natural Disasters**

The Community Facilities Districts, like all California communities, may be subject to unpredictable seismic activity, fires, or flooding in the wake of fires or in the event of unseasonable rainfall. The School District, like most regions in the State, is located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Additionally, numerous minor faults transect the area. Seismic hazards encompass both potential surface rupture and ground shaking. The occurrence of seismic activity, fires or flooding in or around the Community Facilities Districts could result in substantial damage to properties in the Community Facilities Districts which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes when due.

## **Limitations on Remedies**

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Series 2019 Bonds or to preserve the tax-exempt status of the Series 2019 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Series 2019 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or others similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the Series 2019 Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

## **Right to Vote on Taxes Act**

An initiative measure commonly referred to as the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIII C ("Article XIII C") and Article XIII D to the California Constitution. According to the "Title and Summary" of the Initiative prepared by the California Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges."

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

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

Although the matter is not free from doubt, it is likely that the exercise by the voters of the initiative power referred to in Article XIII C to reduce or terminate a special tax is subject to the same restrictions as are applicable to the Board of Education of the School District, as the legislative body for the Community Facilities Districts, pursuant to the Act. Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes, respectively, if such reduction would interfere with the timely retirement of the Series 2019 Bonds.

It may be possible, however, for voters, or the Community Facilities Districts to reduce the Special Taxes, respectively, in a manner which does not interfere with the timely repayment of the Series 2019 Bonds, but which does reduce the maximum amount of Special Taxes, respectively, that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the future levy of

the Special Taxes, respectively, in amounts greater than the amount necessary for the timely retirement of the Series 2019 Bonds in accordance with the Indenture and the CFD Indentures.

The Act also establishes time limits for initiating any challenge to the validity of special taxes levied pursuant to the Act and any challenge to the validity of bonds issued pursuant to the Act. Section 53341 of the Act provides that:

“Any action or proceeding to attack, review, set aside, void, or annul the levy of a special tax or an increase in a special tax pursuant to this chapter shall be commenced within 30 days after the special tax is approved by the voters. Any appeal from a final judgment in that action or proceeding shall be perfected within 30 days after the entry of judgment.”

Section 53359 of the Act provides that:

“An action to determine the validity of bonds issued pursuant to this chapter or the validity of any special taxes levied pursuant to this chapter may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure but shall, notwithstanding the time limits specified in Section 860 of the Code of Civil Procedure, be commenced within 30 days after the voters approve the issuance of the bonds or the special tax if the action is brought by an interested person pursuant to Section 863 of the Code of Civil Procedure. Any appeal from a judgment in that action or proceeding shall be commenced within 30 days after entry of judgment.”

Based on the forgoing, with respect to any challenge to the validity of the Special Taxes, the CFD Bonds or the Series 2019 Bonds, each Community Facilities District believes that under current State law the time for initiating any such legal challenge has expired.

Like its antecedents, the Initiative is likely to undergo both judicial and legislative scrutiny before its impact on the Community Facilities Districts and their respective obligations can be determined. Certain provisions of the Initiative may be examined by the courts for their constitutionality under both State and federal constitutional law. For example, on December 1, 2014, in *City of San Diego v. Shapiro*, an Appellate Court ruled that an election held by the City of San Diego to authorize the levying of special taxes on hotels city-wide pursuant to a City of San Diego ordinance which created a convention center facilities district and which specifically defined the electorate to consist solely of (1) the owners of real property in the City of San Diego on which a hotel is located, and (2) the lessees of real property owned by a governmental entity on which a hotel is located, was invalid under the California Constitution because such landowners and lessees are neither “qualified electors” of the City of San Diego for purposes of Articles XIII A, Section 4 of the California Constitution nor do they comprise a proper “electorate” under Article XIII C, Section 2(d). The Court specifically noted that the decision did not require the Court to consider the distinct question of whether landowner voting to impose special taxes pursuant to Section 53326(b) of the Act is constitutional under Article XIII A, Section 4 and Article XIII C, Section 2(d) in districts that lack sufficient registered voters to conduct an election among registered voters, and thus does not affect the validity of the levy of the Special Taxes with respect to the Community Facilities Districts. In addition, the provisions of the Act described above that establish time limits for initiating any challenge to the validity of the Special Taxes levied pursuant to the Act or the issuance of Series 2019 Bonds pursuant to the Act described above would provide obstacles to any party which sought to present a legal challenge to the validity of the Special Taxes or the Series 2019 Bonds based on the *City of San Diego v. Shapiro* case. The Authority and the Community Facilities Districts are not able to predict the

outcome of any such examination of the Initiative in relation to community facilities districts formed under the Act.

Each Community Facilities District generally covenants in its CFD Indenture not to initiate proceedings under the Act to modify the RMA if such modification would adversely affect the security for the related CFD Bonds. Each Community Facilities District further covenants that if an initiative is adopted that purports to modify the RMA in a manner that would adversely affect the security for the CFD Bonds, each Community Facilities District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the RMA in a manner that would adversely affect the security for the applicable CFD Bonds.

The foregoing discussion of the Initiative should not be considered an exhaustive or authoritative treatment of the issues. The Authority and the Community Facilities Districts do not expect to be in a position to control the consideration or disposition of these issues and cannot predict the timing or outcome of any judicial or legislative activity in this regard. Interim rulings, final decisions, legislative proposals and legislative enactments may all affect the impact of the Initiative on the Series 2019 Bonds as well as the market for the Bonds. Legislative and court calendar delays and other factors may prolong any uncertainty regarding the effects of the Initiative.

The interpretation and application of the Initiative 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 “RISK FACTORS – Limitations on Remedies.”

### **Ballot Initiatives and Legislative Measures**

Proposition 218 was adopted pursuant to a measure qualified for the ballot pursuant to California’s constitutional initiative process, and the State legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the State legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State or local districts to increase revenues or to increase appropriations or on the ability of a landowner to complete the development of property

### **Loss of Tax Exemption; Tax Treatment of the Series 2019 Bonds**

As discussed under the caption “CONCLUDING INFORMATION – Tax Exemption,” interest on the Series 2019 Bonds could become includable in gross income for federal income taxation purposes retroactive to the date the Series 2019 Bonds were issued, as a result of a failure of the Authority or a Community Facilities District to comply with certain provisions of the Internal Revenue Code of 1986.

In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2019 Bonds, the Authority will covenant in the Indenture and each Community Facilities District will covenant in its respective CFD Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2019 Bonds under Section 103 of the Internal Revenue Code of 1986. Should such an event of taxability occur, the Series 2019 Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the terms for redemption under the Indenture for optional redemption, mandatory redemption from principal prepayments, or mandatory sinking fund redemption provisions of the Indenture. See “THE SERIES 2019 BONDS – Redemption.”

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Series 2019 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Series 2019 Bonds. Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors regarding any enactment of any such future legislation, as to which Bond Counsel expresses no opinion.

It is possible that subsequent to the issuance of the Series 2019 Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Series 2019 Bonds or the market value of the Series 2019 Bonds. Legislative changes have been introduced in Congress, which, if enacted, could result in additional federal income or state tax being imposed on owners of tax-exempt state or local obligations, such as the Series 2019 Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Series 2019 Bonds. No assurance can be given that subsequent to the issuance of the Series 2019 Bonds such changes (or other changes) will not be introduced or enacted or interpretations will not occur. Before purchasing any of the Series 2019 Bonds, all potential purchasers should consult their tax advisors regarding possible statutory changes or judicial or regulatory changes or interpretations, and their collateral tax consequences relating to the Series 2019 Bonds.

#### **Limited Liquidity of the Series 2019 Bonds**

[The Authority has not applied for, and does not expect to receive, a rating on the Series 2019 Bonds from any nationally recognized rating organization. This fact may limit the secondary market for, and therefore the liquidity of, the Series 2019 Bonds.]

#### **Absence of Secondary Market**

No representation is made concerning the existence of any secondary market for the Series 2019 Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2019 Bonds and no assurance can be given that the initial offering prices for the Series 2019 Bonds will continue for any period of time. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances.

### **CONTINUING DISCLOSURE**

The Authority has covenanted for the benefit of the Owners and Beneficial Owners of the Series 2019 Bonds to provide certain financial information and operating data relating to the Series 2019 Bonds, the Community Facilities Districts, the Special Tax delinquency rate for each Community Facilities District, and the status of foreclosure proceedings, if any, relating to Special Tax delinquencies within each Community Facilities District (the “Annual Report”), commencing with the Annual Report for the 2018-19 Fiscal Year, by not later than the first day of the month following the ninth month after the end of the Authority’s fiscal year. The Annual Report will be filed on behalf of the Authority with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (the “EMMA System”), for purposes of Rule 15c2-12(b)(5) (the “Rule”) adopted by the U.S. Securities and Exchange Commission (“SEC”). In addition, the Authority has covenanted for the benefit of holders and Beneficial Owners of the Series 2019 Bonds to provide notices of the occurrence of certain enumerated events, which will be filed on behalf of the Community Facilities Districts with the EMMA System. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX G – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been



made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5), as amended (“Rule 15c2-12”).

[The School District, for itself, the Authority and the Community Facilities Districts and certain other community facilities districts, as to each of which the School District provides staff support and coordinates continuing disclosure, have previously entered into a number of undertakings to provide continuing disclosure (the “Previous Undertakings”). [During the five-year period preceding the offering of the Certificates, the School District or one of its related entities failed to comply with the Previous Undertakings in the following respects: the fiscal year 2013-14 annual report for the CFD No. 2005-2 Special Tax Bonds (Infrastructure Projects), Series 2013 was missing one data item required to be included therein by the related Previous Undertaking of CFD No. 2005-2.] The School District for itself and its related entities has since taken the necessary actions to comply with Previous Undertakings and the Continuing Disclosure Agreement.]

Willdan Financial Services currently serves as dissemination agent in connection with prior undertakings by the School District’s community facilities districts as well as the undertaking relating to the Series 2019 Bonds.

## **CONCLUDING INFORMATION**

### **Legal Opinions**

The validity of the Series 2019 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. See APPENDIX F – “PROPOSED FORM OF OPINION OF BOND COUNSEL.” Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain other legal matters will be passed upon for the School District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the School District, for the Underwriter by its counsel, James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California, and for the Authority and the Community Facilities Districts by their counsel, Atkinson, Andelson, Loya, Ruud & Romo, A Professional Law Corporation.

### **Tax Exemption**

In the opinion of Orrick, Herrington & Sutcliffe LLP, counsel to the Authority (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel expresses no opinion as to whether some or all of the interest on the Series 2019 Bonds is included in adjusted current earnings in calculating federal corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is included herein as APPENDIX F.

To the extent the issue price of any maturity of the Series 2019 Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2019 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2019 Bonds is the first price at which a substantial amount of such maturity of the Series 2019 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters,

placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2019 Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Series 2019 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2019 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Series 2019 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Series 2019 Bonds. The Authority and the Community Facilities Districts have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2019 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2019 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2019 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Series 2019 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2019 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2019 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2019 Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

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

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

Bond Counsel's engagement with respect to the Series 2019 Bonds ends with the issuance of the Series 2019 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the Community Facilities Districts or the Beneficial Owners regarding the tax-exempt status of the Series 2019 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and the Community Facilities Districts and their appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the Community Facilities Districts legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2019 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2019 Bonds, and may cause the Authority, the Community Facilities Districts or the Beneficial Owners to incur significant expense.

### **Financial Interests**

Payment of the fees and expenses of Bond Counsel and Underwriter's Counsel is generally contingent upon the issuance and delivery of the Series 2019 Bonds.

### **Municipal Advisor**

Fieldman, Rolapp & Associates, Inc. (the "Municipal Advisor"), has acted as municipal advisor to the Community Facilities Districts in connection with the issuance of the Series 2019 Bonds and certain other financial matters. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The Municipal Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The fees of the Municipal Advisor are contingent upon issuance of the Series 2019 Bonds.

### **No Litigation**

No litigation is pending or, to the best knowledge of Authority and the Community Facilities District, threatened, concerning the validity of the Series 2019 Bonds or the CFD Bonds and a certificate of the Authority and each Community Facilities District to that effect will be furnished to the Underwriter at the time of the original delivery of the Series 2019 Bonds. None of the Authority or the Community Facilities Districts is aware of any litigation pending or threatened which questions the existence of the Authority or the Community Facilities Districts or contests the authority of the Community Facilities Districts to levy and collect the Special Taxes or which contests the Authority's authority to issue the Series 2019 Bonds.

[In late 2018, a Riverside County Civil Grand Jury began to serve discovery subpoenas which indicate an inquiry into contracts between local agencies and developers and expenditures of community facilities districts within the County, and include issues relating to matters which were the subject of prior investigations by the Riverside County District Attorney's office. On March 11, 2019, several developers in the Community Facilities Districts including RSI Communities received a subpoena duces tecum from the 2018-19 Riverside County Grand Jury in the Superior Court of California, County of Riverside (the "Grand Jury"), ordering the production of certain documents pertaining to community facilities districts in the County in which such developer has participated, including acquisition agreements, development agreements and homeowner disclosure, among other documents. RSI Communities does not know the nature of the investigation that the Grand Jury subpoena pertains to at this time other than that it is a civil (not criminal) investigation. RSI Communities does not believe it is the target of the investigation and believes that one or more other homebuilders have received a similar subpoena.]

None of the School District, the Authority nor any of the Community Facilities Districts has been served with any subpoena or other request by the Grand Jury or the Riverside County District Attorney's office. The School District, the Authority and the Community Facilities Districts believe that the Grand Jury Request does not impact the validity of the CFD Bonds or the Series 2019 Bonds or the ability of the School District to levy the Special Taxes and pay debt service on the CFD Bonds and the Series 2019 Bonds.]

## **Underwriting**

The Series 2019 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). Pursuant to a Bond Purchase Agreement between the Underwriter and the Authority (the "Purchase Agreement"), the Underwriter has agreed to purchase the Series 2019 Bonds for an aggregate purchase price of \$\_\_\_\_\_, which represents the par amount of the Series 2019 Bonds, plus a net original issue premium of \$\_\_\_\_\_, less an Underwriter's discount of \$\_\_\_\_\_. The Purchase Agreement provides that the Underwriter will purchase all of the Series 2019 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Series 2019 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriter.

## **No Ratings**

[The Authority has not made, and does not contemplate making, any application to any rating agency for the assignment of a rating to the Series 2019 Bonds or the CFD Bonds.]

## **Miscellaneous**

The quotations from, and the summaries and explanations of the Indenture, the CFD Indentures, the Continuing Disclosure Agreement, each RMA, the Bond Law, the Act, and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for the full and complete statements of their respective provisions.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is submitted only in connection with the sale of the Series 2019 Bonds by the Authority. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers of the Series 2019 Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

### **SAN JACINTO UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY**

By: \_\_\_\_\_  
Executive Director

## APPENDIX A

### SUMMARY COMMUNITY FACILITIES DISTRICTS INFORMATION

*Annual payments of principal of, premium, if any, and interest on, each series of CFD Bonds is payable from Net Special Tax Revenues, meaning the respective Special Taxes collected within the related Community Facilities District, during that year and remaining after the payment of Administrative Expenses. The respective CFD Bonds are separate obligations of related Community Facilities District. The CFD Bonds are not cross-collateralized and no Community Facilities District or respective Special Taxes attributable thereto is liable for the obligations of another Community Facilities District. The Series 2019 Bonds are payable from and secured by the Revenues of the Authority. "Revenues" is defined under the Indenture to mean all amounts derived from or with respect to the CFD Bonds, including all payments of principal thereof, premium, if any, and interest thereon (including Principal Prepayments).*

*Each series of CFD Bonds and the interest thereon is payable from a portion of the annual Special Taxes to be levied and collected on the real property within the related Community Facilities District subject to the Special Taxes and the proceeds, if any, from the sale of such property for delinquency of such Special Taxes. In the case of the CFD No. 2003-1 Bonds and the CFD No. 2005-2 Bonds, only the Special Tax A will serve as security and source of payment for the related CFD Bonds. In the case of the CFD No. 2003-2 Bonds, CFD No. 2004-3 Bonds, CFD No. 2005-1 Bonds, CFD No. 2005-4 Bonds, CFD No. 2006-1 Bonds and the CFD No. 2006-2 Bonds, only the Special Tax B will serve as security and source of payment for the related CFD Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS."*

#### **CFD No. 2003-1**

*General.* CFD No. 2003-1 consists of approximately 248.13 gross acres. The property in CFD No. 2003-1 is divided into Zone 1 and Zone 2. The taxable property in Zone 1 is proposed for a build-out of 246 single-family detached homes and contains a minimum of 38.29 taxable acres, and Zone 2 is proposed for a build-out of 205 single-family detached homes and contains a minimum of 45.27 taxable acres. CFD No. 2003-1 is located in the School District and within the City, west of Warren Road and north of Cottonwood Avenue. As of March 22, 2019, 322 parcels (of a total of 369 subdivided residential lots within recorded Tract Map Nos. 30033, 30084, 30034, & 30035) of Developed Property (as defined in the CFD No. 2003-1 RMA) will be subject to the 2019-20 special tax levy for CFD No. 2003-1. As of March 22, 2019, CFD No. 2003-1 included 283 single-family homes closed to homeowners, 2 model homes, and 37 additional lots with building permits in various stages of construction. There are 43 subdivided residential lots representing 9.59 acres of taxable Undeveloped Property (as defined in the CFD No. 2003-1 RMA) in CFD No. 2003-1. There are 4 parcels that have not yet been subdivided consisting of 72.92 acres within Zone 2 and are projected to subdivide into 86 residential lots upon recordation of Tract No. 30036. The total build-out for CFD No. 2003-1 is expected to develop into 451 single-family detached homes. The Fiscal Year 2019-20 special tax levy for CFD No. 2003-1 does not include a levy on Undeveloped Property. The Maximum Annual Special Tax for CFD No. 2003-1 increases 2.00% annually. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment" for a discussion of the CFD No. 2003-1 RMA and "– Property Values" for a discussion of the assessed value of the Taxable Property in CFD No. 2003-1.

*Summary of CFD No. 2003-1 Formation Proceedings.* Pursuant to the Act, on November 18, 2003, the Board adopted Resolution No. 03-04-16 stating its intention to establish CFD No. 2003-1 and to authorize the levy of a special tax therein. On the same day the Board adopted Resolution No. 03-04-17 stating its intention to incur bonded indebtedness in an amount not to exceed \$15,000,000 in the aggregate within CFD No. 2003-1 for the purpose of financing authorized facilities.

*Resolution Approving Two Joint Community Facilities Agreements.* On November 18, 2003, the Board adopted Resolution No. 03-04-18, which approved a joint community facilities agreement among the School District, Cove One Partners, LLC and EMWD with respect to water and sewer facilities and a joint community facilities agreement between the School District and the City with respect to additional public facilities.

*Resolution Modifying Resolution of Intention and Approving Amended Rate and Method of Apportionment.* On December 19, 2003, the Board adopted Resolution No. 03-04-30 modifying the Resolution of Intention so as to amend the CFD No. 2003-1 RMA.

*Resolution of Formation.* Immediately following a noticed public hearing on December 19, 2003, the Board adopted Resolution No. 03-04-31 which established CFD No. 2003-1 and authorized the levy of a special tax within CFD No. 2003-1.

*Resolution of Necessity.* On December 19, 2003, the Board adopted Resolution No. 03-04-32 declaring the necessity to incur bonded indebtedness in an aggregate amount not to exceed \$15,000,000 within CFD No. 2003-1 and submitting that proposition to the qualified electors of CFD No. 2003-1.

*Resolution Calling Election.* On December 19, 2003, the Board adopted Resolution No. 03-04-33 calling an election by the landowners within CFD No. 2003-1 for the same date on the issues of the levy of the Special Tax, the incurring of bonded indebtedness and the establishment of an appropriations limit.

*Landowner Election and Declaration of Results.* On December 19, 2003, an election was held within CFD No. 2003-1 in which the qualified electors approved a ballot proposition authorizing the issuance of up to \$15,000,000 in bonds to finance the acquisition and construction of the Facilities, the levy of a special tax and the establishment of an appropriations limit for CFD No. 2003-1. On December 19, 2003, the Board adopted Resolution No. 03-04-34, under which the Board approved the canvass of the votes and declared CFD No. 2003-1 to be fully formed with the authority to levy the Special Taxes, to incur the bonded indebtedness and to have the established appropriations limit.

*Notice of Special Tax Lien.* A Notice of Special Tax Lien was recorded in the real property records of Riverside County on January 8, 2004, as Document No. 2004-0011595.

*Ordinance Levying Special Taxes.* On January 13, 2004, the Board adopted Ordinance No. 03-04-01 levying the Special Tax within CFD No. 2003-1.

*Resolution Considering Modification of Amended Rate and Method of Apportionment.* On September 27, 2005, the Board adopted Resolution No. 05-06-18 considering modification of the CFD No. 2003-1 RMA.

*Resolution to Incur Additional Bonded Indebtedness.* On September 27, 2005, the Board adopted Resolution No. 05-06-19 declaring the necessity to incur additional bonded indebtedness in an aggregate amount not to exceed \$19,000,000 within CFD No. 2003-1 and submitting that proposition to the qualified electors of CFD No. 2003-1

*Resolution Calling Election.* On December 13, 2005, the Board adopted Resolution No. 05-06-50 calling an election by the landowners within CFD No. 2003-1 for the same date on the issues of the incurring of additional bonded indebtedness and the modification of the CFD No. 2003-1 RMA.

*Landowner Election and Declaration of Results.* On December 13, 2005, an election was held within CFD No. 2003-1 in which the qualified electors approved a ballot proposition authorizing the

incurring of additional bonded indebtedness and the modification of the CFD No. 2003-1 RMA. On December 13, 2005, the Board adopted Resolution No. 05-06-51, under which the Board approved the canvass of the votes and directed the recording of an Amendment to the Notice of Special Tax Lien to amend the CFD No. 2003-1 RMA.

*Amendment to Notice of Special Tax Lien.* Amendment No. 1 to Notice of Special Tax Lien was recorded in the real property records of Riverside County on December 16, 2005, as Document No. 2005-1038001.

*Ordinance Levying Special Taxes and Rescinding Prior Ordinance.* On January 10, 2006, the Board adopted Ordinance No. 05-06-03 levying the Special Tax within CFD No. 2003-1 and rescinding Ordinance No. 03-04-01.

*Resolution Authorizing Issuance of the CFD No. 2003-1 Special Tax A Series 2016 Bonds.* On September 13, 2016, the Board adopted a resolution approving issuance of the CFD No. 2003-1 Special Tax A Series 2016 Bonds in an amount not to exceed \$5,000,000. The CFD No. 2003-1 Special Tax A Series 2016 Bonds are payable solely from Annual Special Tax A revenues.

*Resolution Authorizing Issuance of the CFD No. 2003-1 Bonds.* On May 14, 2019, the Board adopted a resolution approving issuance of the CFD No. 2003-1 Bonds in an amount not to exceed \$4,850,000. The CFD No. 2003-1 Bonds will be payable solely from Annual Special Tax A revenues on a parity basis with the CFD No. 2003-1 Special Tax A Series 2016 Bonds.

CFD No. 2003-1 is a legally constituted governmental entity established pursuant to the Act for the purpose of [financing School Facilities, authorized EMWD facilities and/or authorized City facilities]. Pursuant to the Act, the Board of Trustees of the School District is the legislative body of CFD No. 2003-1.

*CFD No. 2003-1 RMA.* The Special Tax is levied and collected according to the CFD No. 2003-1 Second Amended Rate and Method of Apportionment, which provides the means by which the Board may annually levy the Special Taxes within CFD No. 2003-1, up to the Maximum Annual Special Tax, and to determine the amount of the Special Tax that will need to be collected each Fiscal Year from the “Taxable Property” within CFD No. 2003-1.

The following is a synopsis of the provisions of the CFD No. 2003-1 RMA, which should be read in conjunction with the complete text of the CFD No. 2003-1 RMA, including its attachments, which is attached as part of APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-1-1 with respect to CFD No. 2003-1. The meaning of the defined terms used in this section are as set forth in APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-1-1 with respect to CFD No. 2003-1. This section provides only a summary of the CFD No. 2003-1 RMA, and is qualified by more complete and detailed information contained in the entire CFD No. 2003-1 RMA attached as part of APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-1-1 with respect to CFD No. 2003-1. The CFD No. 2003-1 Bonds will be payable, as provided in the respective CFD Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor under such CFD Indenture. The CFD No. 2003-1 Bonds will be payable from the Special Taxes (Annual Special Tax A revenues) levied on property within CFD No. 2003-1.

The CFD Indenture provides for the issuance of Additional Bonds for the purpose of providing funds to pay costs of authorized Eastern Municipal Water District (“EMWD”) facilities, to pay costs of authorized City facilities, to provide for a reserve fund and to cover related costs. See APPENDIX E –



“SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE CFD INDENTURES.”

The Special Tax is levied and collected according to the CFD No. 2003-1 RMA, which provides the means by which the Board may annually levy the Special Taxes within CFD No. 2003-1, up to the Maximum Annual Special Tax A and the Maximum Annual Special Tax B, respectively, and to determine the amount of the Special Tax that will need to be collected each Fiscal Year from the “Taxable Property” within CFD No. 2003-1. Property in CFD No. 2003-1 is divided into two zones: Zone 1 and Zone 2.

*Annual Special Tax A and Annual Special Tax B.* The CFD No. 2003-1 RMA creates two separate special taxes within CFD No. 2003-1: “Annual Special Tax A,” which is designated for financing Water and Sewer Facilities and City Facilities (and which will serve as the only security for the CFD No. 2003-1 Bonds), and “Annual Special Tax B,” which is designated for financing School Facilities (and which will serve as security for a future series of bonds that CFD No. 2003-1 expects to issue). This section describes only those provisions of the CFD No. 2003-1 RMA relating to the calculation and levy of Annual Special Tax A.

*Tax A Minimum Annual Special Tax Requirement.* Annually, at the time of levying the Special Tax for CFD No. 2003-1, the Board will determine the minimum amount of money to be levied on Taxable Property in CFD No. 2003-1 (the “Tax A Minimum Annual Special Tax Requirement”), which will be the amount required in any Fiscal Year to pay the following:

- (i) the debt service on the Tax A Bonds in the Calendar Year beginning in such Fiscal Year,
- (ii) other periodic costs of the Tax A Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax A Bonds due in the Calendar Year beginning in such Fiscal Year,
- (iii) the portion of the Administrative Expenses of CFD No. 2003-1 applicable to Annual Special Tax A,
- (iv) any costs associated with the release of funds from an escrow account for the Tax A Bonds, if any,
- (v) any amount required to establish or replenish any reserve funds established in association with the Tax A Bonds,

less any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above under the Indenture in such Calendar Year.

*Developed and Undeveloped Property; Exempt Property.* All Assessor’s Parcels within CFD No. 2003-1 will be assigned to Zone 1 or Zone 2 and classified for each Fiscal Year as Taxable Property or Exempt Property, and each Assessor’s Parcel of Taxable Property will be further classified as Developed Property or Undeveloped Property, all as defined below. In addition, Developed Property will be further classified based on the Building Square Footage of the Unit.

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

“Exempt Property”: the Board will classify property as Exempt Property in the following order of priority:

- (i) Assessor’s Parcels owned by the State of California, federal or other local governments,
- (ii) Assessor’s Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction,
- (iii) Assessor’s Parcels owned exclusively by a homeowners’ association or which the homeowners’ association has an easement,
- (iv) 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,
- (v) Assessor’s Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board.

However, property may not be classified as Exempt Property if that classification (1) would reduce the sum of all Taxable Property in Zone 1 to less than 38.29 acres of Acreage or (2) would reduce the sum of all Taxable Property in Zone 2 to less than 45.27 acres of Acreage. Assessor’s Parcels that cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property to 38.29 acres of Acreage in Zone 1 or 45.27 acres of Acreage in Zone 2 will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

“Undeveloped Property” means all Assessors Parcels of Taxable Property that are not classified as Developed Property.

“Taxable Property” means all Assessor’s Parcels which are not Exempt Property (as defined above).

*Maximum Annual Special Tax A, Assigned Annual Special Tax A and Backup Annual Special Tax A.* The Maximum Annual Special Tax A is defined in the CFD No. 2003-1 RMA as follows:

*Developed Property.* The Maximum Annual Special Tax A for each Assessor’s Parcel of Developed Property within a particular Zone in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Zone in such Fiscal Year or (ii) the Assigned Annual Special Tax A for such Zone in such Fiscal Year.

- Assigned Annual Special Tax A. The Assigned Annual Special Tax A for each Assessor’s Parcel of Developed Property in Zone 1 of CFD No. 2003-1 is determined by reference to Table 1 in the CFD No. 2003-1 RMA, and varies from \$1,026.94 per Unit to \$1,918.69 per Unit for Fiscal Year 2019-20, based on the number of Building Square Feet per Unit, and in Zone 2 of CFD No. 2003-1 is determined by reference to Table 1 in the CFD No. 2003-1 RMA, and varies from \$1,462.64 per Unit to \$2,168.45 per Unit for Fiscal Year 2019-20, based on the number of Building Square Feet per Unit.

On each July 1, the Assigned Annual Special Tax for all Developed Property will be increased by 2.00% of the amount in effect the prior Fiscal Year.

- Backup Annual Special Tax A. The Backup Annual Special Tax A for a Lot within a Final Map is determined for Fiscal Year 2019-20 by multiplying the Acreage of Taxable Property in such Final Map by \$[\_\_\_\_\_] for Zone 1 and by \$[\_\_\_\_\_] for Zone 2, and dividing the result by the number of Lots in such Final Map.

The Backup Annual Special Tax A is subject to adjustment if all or any portion of a Final Map is changed or modified, as set forth in the CFD No. 2003-1 RMA.

*Undeveloped Property.* The Maximum Annual Special Tax A for each Assessor's Parcel of Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax A for such Fiscal Year.

- Assigned Annual Special Tax A. The Assigned Annual Special Tax A for each Assessor's Parcel of Undeveloped Property is determined by reference to Table 2 in the CFD No. 2003-1 RMA, and for each Assessor's Parcel in Zone 1 classified as Undeveloped Property shall be the Assigned Annual Special Tax A, which is \$9,982.98 per Acre for Fiscal Year 2019-20 and for each Assessor's Parcel in Zone 2 classified as Undeveloped Property shall be the Assigned Annual Special Tax A, which is \$9,169.09 per Acre for Fiscal Year 2019-20.

On each July 1, the Assigned Annual Special Tax for all Undeveloped Property will be increased by 2.00% of the amount in effect the prior Fiscal Year.

*Method of Apportionment.* Under the CFD No. 2003-1 RMA, the Board will levy an Annual Special Tax A in both Zone 1 and Zone 2 each Fiscal Year as follows:

- Step One: The Board will levy an Annual Special Tax A on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax A applicable to that Assessor's Parcel.
- Step Two: If the sum of the amounts levied in step one is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax A applicable to each Assessor's Parcel of Undeveloped Property to satisfy the Tax A Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts levied in steps one and two is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax A up to the Maximum Annual Special Tax A applicable to each Assessor's Parcel, to satisfy the Tax A Minimum Annual Special Tax Requirement.

*Full Prepayment of Annual Special Taxes.* The Annual Special Tax A obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A obligation must provide CFD No. 2003-1 with written notice of intent to prepay. Within 30 days of receipt of such written notice, the Board will reasonably determine the prepayment amount of such Assessor's Parcel and notify such owner of the Tax A Prepayment Amount.

The Prepayment Amount is calculated as set forth in APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-1-1 with respect to CFD No. 2003-1, and generally will be determined as the present value of the Annual Special Tax A (the “Tax A Present Value of Taxes”), less a credit for the parcel’s proportionate share of the debt service reserve fund, plus the amount required to prepay the parcel’s proportionate share of administrative expenses. The CFD No. 2003-1 RMA defines “Tax A Present Value of Taxes” as the present value of Annual Special Tax A applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by CFD No. 2003-1, plus the expected Annual Special Tax A applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in the CFD No. 2003-1 RMA (35 Fiscal Years after the issuance of the last series of Bonds) using as the discount rate (i) the Bond Yield after Bond Issuance or (ii) the most recently published Bond Index prior to the Bond Issuance.

*Appeals.* Any property owner claiming that the amount or application of any Special Tax is not correct may file a written notice of appeal with the Board not later than 12 months after having paid the Second installment of the Special Tax that is disputed. A representative of CFD No. 2003-1 will promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative’s decision requires that the Special Tax for an Assessor’s Parcel be modified or changed in favor of the property owner, a cash refund will not be made (except for the last year of levy), but an adjustment will be made to the Annual Special Tax on that Assessor’s Parcel in the subsequent Fiscal Year(s) as the representative’s decisions indicate.

*Duration of Special Tax Levy.* The Annual Special Tax A and the Annual Special Tax B will be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax A Bonds or Tax B Bonds (each as defined in the CFD No. 2003-1 RMA), whichever is later, by CFD No. 2003-1, but in no event may the Annual Special Tax A and Annual Special Tax B be levied later than Fiscal Year 2049-50.

For Fiscal Year 2019-20, 322 parcels (of a total of 369 proposed residential units) will be subject to the 2019-20 special tax levy for CFD No. 2003-1. As of March 22, 2019, CFD No. 2003-1 is partially developed with 283 single family homes closed to homeowners and 39 lots for which building permits were issued and which were in various stages of construction. In addition, there are 47 subdivided residential lots on an aggregate 82.51 taxable acres of Undeveloped Property as defined in the CFD No. 2003-1 RMA (of these, there are 4 parcels that have not yet subdivided consisting of 72.92 of total acreage and projected to subdivide into 86 additional units). The Fiscal Year 2019-20 special tax levy for CFD No. 2003-1 does not include a levy on Undeveloped Property. The Maximum Annual Special Tax for CFD No. 2003-1 increases 2.00% annually. The following table sets forth a projection of the Special Taxes to be levied for Fiscal Year 2019-20.

Table A-1  
**Community Facilities District No. 2003-1 (Special Tax A)**  
**2019-20 Projected Special Tax Levy**

<b>Land Use Class</b>	<b>Building Square Feet<sup>(1)</sup></b>	<b>Number of Parcels</b>	<b>Total Acreage</b>	<b>Maximum Assigned Rate<sup>(2)</sup></b>	<b>Projected Assigned Rate</b>	<b>Projected Special Tax Levy</b>	<b>Percent of Special Tax Levy</b>
<u>Zone 1:</u>							
1	Less than 1,900	134	23.99	\$1,026.94	\$1,026.94	\$137,610.30	32.19%
2	1,901 to 2,100	9	1.61	1,297.99	1,297.99	11,681.93	2.73
3	2,101 to 2,300	38	6.49	1,433.51	1,433.51	54,473.39	12.74
4	2,301 to 2,500	24	4.78	1,569.03	1,569.03	37,656.68	8.81
5	2,501 to 2,700	35	6.97	1,747.03	1,747.03	61,146.00	14.31
6	Greater than 2,700	2	0.47	1,918.69	1,918.69	3,837.38	0.90
<u>Zone 2:</u>							
1	Less than 2,500	57	12.57	\$1,462.64	\$1,462.64	83,370.61	19.50%
2	2,501 to 2,700	23	5.04	1,637.51	1,637.51	37,662.78	8.82
3	2,701 to 2,900	0	0.00	1,803.65	1,803.65	0.00	0.00
4	2,901 to 3,100	0	0.00	1,958.60	1,958.60	0.00	0.00
5	3,101 to 3,300	0	0.00	2,098.50	2,098.50	0.00	0.00
6	Greater than 3,300	0	0.00	2,168.45	2,168.45	0.00	0.00
<b>Subtotal</b>		<b>322</b>	<b>61.92</b>			<b>\$427,439.07</b>	<b>100.00%</b>
<u>Zone 1:</u>							
Undeveloped		4	0.88	\$9,982.98	\$ 0.00	\$ 0.00	0.00%
<u>Zone 2:</u>							
Undeveloped <sup>(3)</sup>		43	81.63	\$9,169.06	\$ 0.00	\$ 0.00	0.00%
<b>Total</b>		<b>369</b>	<b>144.43</b>			<b>\$427,439.07</b>	<b>100.00%</b>

<sup>(1)</sup> In accordance with the CFD No. 2003-1 RMA. Based on projected development status as of May 1, 2019.

<sup>(2)</sup> The Maximum Annual Special Tax increases 2.00% annually.

<sup>(3)</sup> There are 4 parcels in CFD No. 2003-1 that have not yet subdivided consisting of 72.92 of total acreage and is projected to subdivide into 86 additional units. The total build-out for CFD No. 2003-1 is expected to develop into 451 units.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.

### **Special Tax Levy – Taxable Property**

Each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The property in CFD No. 2003-1 is further divided into Zone 1 and Zone 2. The Maximum Annual Special Tax A for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Fiscal Year or (ii) the Backup Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax A for such Fiscal Year.

A synopsis of the provisions of the CFD No. 2003-1 RMA is set forth above. See also, "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment" and APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-1-1 with respect to CFD No. 2003-1.

## Special Tax Collections

Historically, the Special Tax has been levied within CFD No. 2003-1. The following table sets forth the Special Tax collections and delinquencies for fiscal years 2011-12 through 2018-19 within CFD No. 2003-1. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” and APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-1-1 with respect to CFD No. 2003-1.

Table A-2  
**Community Facilities District No. 2003-1 (Special Tax A)**  
**Special Tax Collections, Delinquencies and Delinquency Rates**  
**Fiscal Years 2011-12 through 2018-19**

Subject Fiscal Year <sup>(1)</sup>							As of January 22, 2019		
Fiscal Year Ending 6/30	Annual Special Tax Levy	Parcels Levied	Total Annual Special Taxes Collected	Fiscal Year Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2011-12	\$104,760	102	\$102,544	2	\$2,216	2.11%	0	\$ 0	0.00%
2012-13	118,762	114	116,831	2	1,931	1.63	0	0	0.00
2013-14	143,181	134	141,813	2	1,368	0.96	0	0	0.00
2014-15	155,120	142	146,293	9	8,827	5.69	1	869	0.56
2015-16	158,223	142	155,501	2	2,721	1.72	2	2,721	1.72
2016-17	212,828	182	208,261	5	4,567	2.15	2	2,631	1.24
2017-18	294,376	241	289,605	3	4,771	1.62	1	1,844	0.63
2018-19 <sup>(2)</sup>	183,728	281	181,428	3	2,300	1.25	3	2,300	1.25

<sup>(1)</sup> Reflects delinquency information as of June 30 of the applicable fiscal year. Does not include any penalties, interest or fees. Delinquency information does not include the Special Tax B component of the CFD No. 2003-1 RMA.

<sup>(2)</sup> For Fiscal Year 2018-19, the amount represents the first installment only.

Source: Willdan Financial Services, based on information provided by the County Tax Collector.

## Property Values

An appraisal of the property in CFD No. 2003-1, dated April 10, 2019 (the “Appraisal”), was prepared by Integra Realty Resources – San Francisco (the “Appraiser”). The Appraisal Report was prepared to estimate the market value of the fee simple interest in the developed and undeveloped properties in CFD No. 2003-1 subject to the Special Tax payable from Annual Special Tax A revenues in its “as is” condition (the “Minimum Market Value”) as of March 23, 2019 date of value. Any properties within CFD No. 2003-1 not subject to the lien of the Special Tax securing the CFD No. 2003-1 Bonds (public and quasi-public land use sites) are not a part of the Appraisal. Of the 322 developed parcels/units in CFD No. 2003-1, 124 parcels were appraised. For all 124 parcels that were appraised, appraised value was greater than Fiscal Year 2018-19 Secured Roll Total Assessed Value. See the Appraisal included in APPENDIX B hereto for a description of the assumptions made and the valuation methodology used by the Appraiser.

Of the 124 parcels appraised, the Appraiser determined an aggregate value of \$19,511,250, with \$17,146,250 constituting Developed Property (of which \$12,760,000 constituted ownership by individual property owners) and \$2,365,000 constituting Undeveloped Property. The aggregate value includes costs associated with EMWD Facilities, including approximately \$3,200,000 to be paid from proceeds of the CFD No. 2003-1 Bonds; consequently, the master developer is obligated for approximately \$1,700,000 in remaining infrastructure improvements within CFD No. 2003-1, which the Appraiser accounted for in the valuation analysis. The appraiser determined an aggregate retail value of existing homes based on assessed

value (Fiscal Year 2018- 19) at \$61,488,471, and an aggregate value of appraised and assessed properties in CFD No. 2003-1 at \$82,208,721. See APPENDIX B.

See APPENDIX B for a description of the assumptions made and a more detailed description of the valuation methodologies used by the Appraiser to arrive at the “as is” Minimum Market Value of the property within CFD No. 2003-1 subject to the Special Tax payable from Annual Special Tax A revenues.

The Fiscal Year 2018-19 assessed valuation of the Taxable Property within CFD No. 2003-1 is \$65,301,841. The following table shows the assessed value for Taxable Property in CFD No. 2003-1 for tax years 2011-12 through 2018-19.

Table A-3  
**Community Facilities District No. 2003-1**  
**Historical Assessed Values**  
**Fiscal Years 2011-12 through 2018-19**

<b>Fiscal Year</b>	<b>Annual Special Tax A</b>	<b>Parcels Taxable<sup>(1)</sup></b>	<b>Parcels Levied</b>	<b>Assessed Value Land</b>	<b>Assessed Value Structure</b>	<b>Total Assessed Value</b>	<b>Percent Change</b>
2011-12	\$104,760	254	102	\$ 6,490,521	\$11,440,107	\$17,930,628	n/a
2012-13	118,762	254	114	6,974,202	14,897,648	21,871,850	21.98%
2013-14	143,181	254	134	7,431,268	16,832,481	24,263,749	10.94
2014-15	155,120	369	142	9,724,119	22,506,895	32,231,014	32.84
2015-16	158,223	369	142	10,969,152	23,199,543	34,168,695	6.01
2016-17	212,828	369	182	14,227,970	30,362,387	44,590,357	30.50
2017-18	294,376	369	241	14,582,110	40,648,734	55,230,844	23.86
2018-19	367,456	369	281	14,336,995	50,964,846	65,301,841	18.23

<sup>(1)</sup> Total Assessed Values include all taxable parcels in CFD No. 2003-1 (regardless if levied in the Fiscal Year shown).

Source: *Riverside County Secured Roll as compiled by Willdan Financial Services.*

## Property Ownership

The following table depicts the principal owners in CFD No. 2003-1 based on the Fiscal Year 2019-20 projected Special Tax levy.

Table A-4  
**Community Facilities District No. 2003-1 (Special Tax A)**  
**Principal Owners/Taxpayers by Percent of Special Tax Levy**

Development Status/ Owner Name <sup>(1)</sup>	Number of Parcels/ Units	2019-20 Projected Special Tax Levy	2019-20 Percent of Special Tax Levy	2018-19 Total Assessed Value	Appraised Value <sup>(2)</sup>	Greater of Assessed Value and Appraised Value <sup>(2)</sup>	CFD No. 2003-1 Special Tax A Series 2016 Bonds <sup>(3)</sup>	CFD No. 2003-1 Special Tax A Series 2019 Bonds <sup>(4)*</sup>	Overlapping Debt <sup>(5)</sup>	Total Debt Burden*	Value- to-Lien Ratio*
<u>Single Family Residence:</u>											
KB Home Coastal Inc. <sup>(6)</sup>	39	\$ 59,253.95	13.86%	\$ 1,264,013.00	\$ 4,386,250.00	\$ 4,878,673.00	\$ 609,952.15	\$ 672,333.62	\$ 29,916.52	\$ 1,312,202.29	3.72
Individual Property Owners	283	368,185.12	86.14	61,876,048.00	12,760,000.00	73,756,048.00	3,790,047.85	4,177,666.38	1,453,476.03	9,421,190.26	7.83
<b>Total</b>	<b>322</b>	<b>\$427,439.07</b>	<b>100.00%</b>	<b>\$63,140,061.00</b>	<b>\$17,146,250.00</b>	<b>\$78,634,721.00</b>	<b>\$4,400,000.00</b>	<b>\$4,850,000.00</b>	<b>\$1,483,392.55</b>	<b>\$10,733,392.55</b>	<b>7.33</b>
<u>Undeveloped Properties:</u>											
KB Home Coastal Inc. <sup>(7)</sup>	47	\$ 0.00	0.00%	\$ 2,161,780.00	\$ 2,365,000.00	\$ 3,574,000.00	\$ 0.00	\$ 0.00	\$ 50,754.26	\$ 50,754.26	70.42
<b>Total</b>	<b>369</b>	<b>\$427,439.07</b>	<b>100.00%</b>	<b>\$65,301,841.00</b>	<b>\$19,511,250.00</b>	<b>\$82,208,721.00</b>	<b>\$4,400,000.00</b>	<b>\$4,850,000.00</b>	<b>\$1,534,146.81</b>	<b>\$10,784,146.81</b>	<b>7.62</b>

(1) In accordance with the CFD No. 2003-1 RMA. Based on projected development status as of May 1, 2019. Undeveloped Properties consists of 82.51 total taxable acreage.

(2) [Fiscal Year 2018-19 value shown is the greater of the appraised value for an appraised parcel and the assessed value.] Of the 322 developed parcels/units in CFD No. 2003-1, 124 parcels were appraised. For all 124 parcels that were appraised, appraised value was greater than Fiscal Year 2018-19 Secured Roll Total Assessed Value. Therefore, for the 124 parcels, appraised value is used. For all other parcels, Fiscal Year 2018-19 Secured Roll Assessed Value is used. For specifics related to the Appraisal, see APPENDIX B - "APPRAISAL OF PROPERTY IN CFD NO. 2003-1."

(3) Calculated based on the proportionate share of the CFD No. 2003-2 Special Tax A levy multiplied by the Special Tax A Series 2016 Bonds outstanding as of March 1, 2019.

(4) Calculated based on the proportionate share of the CFD No. 2003-1 Special Tax A levy multiplied by the projected Series 2019 Bonds to be issued.

(5) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-6 for a description of overlapping debt within CFD No. 2003-1.

(6) According to the 2018-19 Secured Roll, KB homes owned 145 parcels/units. Of the 145 parcels/units, only 39 are still owned by KB Homes as provided by KB Homes.

(7) There are 4 parcels that have not yet subdivided consisting of 72.92 of total acreage and is projected to subdivide into 86 additional units. The total build-out for CFD No. 2003-1 is expected to develop into 451 units.

\* Preliminary subject to change.

Source: Riverside County 2018-19 Secured Roll, Appraisal by Integra Realty Resources dated March 23, 2019 and California Municipal Statistics as compiled by Willdan Financial Services.



Table A-5  
Community Facilities District No. 2003-1 (Special Tax A)  
Value-to-Lien Ratios and Overlapping Debt

Value-to-Lien Ratio	Number of Parcels/ Units	2019-20 Projected Special Tax Levy	2019-20 Percent of Special Tax Levy	Greater of Total Assessed Values and Appraisal Value <sup>(1)</sup>	CFD No. 2003-1 Special Tax A Series 2016 Bonds <sup>(2)</sup>	CFD No. 2003-1 Special Tax A Series 2019 Bonds <sup>(3)*</sup>	Overlapping Debt <sup>(4)</sup>	Total Debt Burden <sup>*</sup>	Value -to- Lien Ratio <sup>*</sup>
<u>Single Family Residence:</u> <sup>(5)</sup>									
10:1 to 19.99:1	10	\$ 10,269.43	2.40%	\$ 2,973,103.00	\$ 105,712.08	\$ 116,523.54	\$ 65,744.16	\$ 287,979.78	10.32
5:1 to 9.99:1	285	376,569.30	88.10	74,066,107.00	3,876,353.55	4,272,798.80	1,400,676.12	9,549,828.47	7.76
4:1 to 4.99:1	1	1,433.51	0.34	165,511.00	14,756.36	16,265.53	3,917.30	34,939.19	4.74
2:1 to 2.99:1 <sup>(6)</sup>	1	1,026.94	0.24	55,000.00	10,571.21	11,652.35	1,221.03	23,444.59	2.35
1 to 1.99:1 <sup>(6)</sup>	25	38,139.88	8.92	1,375,000.00	392,606.80	432,759.77	11,833.94	837,200.52	1.64
<b>Subtotal</b>	<b>322</b>	<b>\$427,439.07</b>	<b>100.00%</b>	<b>\$78,634,721.00</b>	<b>\$4,400,000.00</b>	<b>\$4,850,000.00</b>	<b>\$1,483,392.55</b>	<b>\$10,733,392.55</b>	<b>7.33</b>
<u>Undeveloped Properties:</u> <sup>(5)</sup>									
Greater than 70:1 <sup>(7)</sup>	47	\$ 0.00	0.00%	\$ 3,574,000.00	\$ 0.00	\$ 0.00	\$ 50,754.26	\$ 50,754.26	70.42
<b>Total</b>	<b>369</b>	<b>\$427,439.07</b>	<b>100.00%</b>	<b>\$82,208,721.00</b>	<b>\$4,400,000.00</b>	<b>\$4,850,000.00</b>	<b>\$1,534,146.81</b>	<b>\$10,784,146.81</b>	<b>7.62</b>

- (1) Of the 322 developed parcels/units in CFD No. 2003-1, 124 parcels were appraised. For all 124 parcels that were appraised, appraised value was greater than Fiscal Year 2018-19 Secured Roll Total Assessed Value. Therefore, for the 124 parcels, appraised value is used. For all other parcels, Fiscal Year 2018-19 Secured Roll Assessed Value is used. For specifics related to the Appraisal, see APPENDIX B - "APPRAISAL OF PROPERTY IN CFD NO. 2003-1."
- (2) Calculated based on the proportionate share of the CFD No. 2003-1 Special Tax A levy multiplied by the CFD No. 2003-1 Special Tax A Series 2016 Bonds outstanding as of March 1, 2019.
- (3) Calculated based on the proportionate share of the CFD No. 2003-1 Special Tax A levy multiplied by the projected Series 2019 Bonds to be issued.
- (4) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-6 for a description of overlapping debt within CFD No. 2003-1.
- (5) In accordance with the CFD No. 2003-1 RMA. Based on projected development status as of May 1, 2019. Undeveloped Properties consists of 82.51 of total taxable acreage.
- (6) Permits have been issued for these 26 lots however, the 2018-19 secured roll and updated appraisal does not yet reflect full Structure value.
- (7) There are 4 parcels that have not yet subdivided consisting of 72.92 of total taxable acreage and is projected to subdivide into 86 additional units. The total build-out for CFD No. 2003-1 is expected to develop into 451 units.
- \* Preliminary subject to change.

Source: Riverside County 2018-19 Secured Roll, Appraisal by Integra Realty Resources dated March 23, 2019 and California Municipal Statistics as compiled by Willdan Financial Services.

## Direct and Overlapping Debt

Contained within CFD No. 2003-1 are numerous overlapping local agencies providing public services. Some of such local agencies have outstanding bonds issued in the form of general obligation, special tax and special assessment bonds. Additional indebtedness could be authorized by other public agencies at any time. The following table illustrates the direct and overlapping debt within CFD No. 2003-1 as of March 1, 2019.

Table A-6  
**Community Facilities District No. 2003-1  
Direct and Overlapping Debt**

2018-19 Local Secured Assessed Valuation: \$65,301,841

	%	
	Applicable	Debt 3/1/19
<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>		
Metropolitan Water District General Obligation Bonds	0.002%	\$ 1,068
Riverside County Flood Control and Water Conservation District Promissory Notes	0.127	18,483 <sup>(1)</sup>
Eastern Municipal Water District Improvement District U5	76.513	63,506
Mount San Jacinto Unified School District General Obligation Bonds	0.071	122,791
San Jacinto Unified School District General Obligation Bonds	2.092	1,346,781
<b>San Jacinto Unified School District Community Facilities District No. 2003-1 (Special Tax A)</b>	<b>100.000</b>	<b>4,440,000<sup>(2)</sup></b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$5,992,630</b>
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>		
Riverside County General Fund Obligations	0.023%	\$ 179,797
Riverside County Pension Obligation Bonds	0.023	56,400
San Jacinto Unified School District Certificates of Participation	2.092	868,123
City of San Jacinto Pension Obligation Bonds	2.123	14,611
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>		<b>\$1,118,932</b>
Less: Riverside County supported obligations		592
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>		<b>\$1,118,340</b>
<b>GROSS COMBINED TOTAL DEBT</b>		<b>\$7,111,562<sup>(3)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$7,110,970</b>

(1) 2015 Negotiable Promissory Notes secured by the 1% *ad valorem* property tax revenues collected on properties within Zone 4 located in CFD No. 2003-1. The Notes are not secured by a direct property tax lien.

(2) CFD No. 2003-1 Special Tax A Series 2016 Bonds. Excludes the parity CFD No. 2003-1 Bonds to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

### Ratios to 2018-19 Local Secured Assessed Valuation:

<b>Direct Debt (\$4,440,000)</b>	<b>6.80%</b>
Total Direct and Overlapping Tax and Assessment Debt	9.18%
Gross Combined Total Debt	10.89%
Net Combined Total Debt	10.89%

Source: California Municipal Statistics, Inc. and Willdan Financial Services.

## Debt Service Coverage

The CFD No. 2003-1 RMA provides for, and the table below assumes, the Special Tax levy on Taxable Property at a Maximum Annual Special Tax A B (including an inflator). As to CFD No. 2003-1, the actual amount of Special Tax that will be levied against each parcel in each year will be determined in accordance with the CFD No. 2003-1 RMA. See APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-1-1 with respect to CFD No. 2003-1.

Table A-7  
**CFD No. 2003-1 Bonds**  
**Estimated Debt Service Coverage**

<b>Year Ended September 1</b>	<b>Net Special Tax A Revenues</b>	<b>CFD No. 2003-1 Special Tax A Series 2016 Bonds Debt Service<sup>(1)</sup></b>	<b>CFD No. 2003-1 Bonds Debt Service<sup>(1)</sup></b>	<b>Coverage</b>
2019				
2020				
2021				
2022				
2023				
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				
<b>Totals</b>				

<sup>(1)</sup> Assuming no optional redemptions. In no event may the Annual Special Tax A be levied later than June 30, 2050.  
Source: Stifel, Nicolaus & Company, Incorporated based on revenue calculations provided by Willdan Financial Services.

The Special Tax on any Taxable Property is limited to an increase of 10% for delinquencies under Section 53321 of the Act as applied to CFD No. 2003-1. That section provides that under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within CFD No. 2003-1, by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. See “RISK FACTORS – Insufficiency of Special Taxes” herein.

## **CFD No. 2003-2**

*General.* CFD No. 2003-2 consists of approximately 71.26 gross acres of land (of which approximately 45.00 acres are taxable acres) located in the School District and within the City. CFD No. 2003-2 is located along the north side of Cottonwood Avenue, to the west of Lyon Avenue and to the east of Kirby Street. Currently, 225 parcels (of a total of 229 proposed residential units) will be subject to the 2019-20 special tax levy for CFD No. 2003-2. CFD No. 2003-2 is partially developed with 225 single family homes. In addition, there are 4 subdivided residential lots on an aggregate [2.08 taxable acres] of Undeveloped Property (as defined in the CFD No. 2003-2 RMA) in CFD No. 2003-2. The Fiscal Year 2019-20 special tax levy for CFD No. 2003-2 does not include a levy on Undeveloped Property. The Maximum Annual Special Tax for CFD No. 2003-2 does not have an inflator. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” for a discussion of the CFD No. 2003-2 RMA and “– Assessed Values” for a discussion of the assessed value of the Taxable Property in CFD No. 2003-2.

*Summary of CFD No. 2003-2 Formation Proceedings.* Pursuant to the Act, on November 18, 2003, the Board adopted Resolution No. 03-04-20 stating its intention to establish CFD No. 2003-2 and to authorize the levy of a special tax therein. On the same day the Board adopted Resolution No. 03-04-21 stating its intention to incur bonded indebtedness in an amount not to exceed \$7,000,000 in the aggregate within CFD No. 2003-2 for the purpose of financing authorized facilities.

*Resolution Approving Two Joint Community Facilities Agreements.* On November 18, 2003, the Board adopted Resolution No. 03-04-22, which approved a joint community facilities agreement between CFD No. 2003-2 and EMWD with respect to water and sewer facilities and a joint community facilities agreement between CFD No. 2003-2 and the City with respect to additional public facilities.

*Resolution Modifying Resolution of Intention and Approving Amended Rate and Method of Apportionment.* On December 19, 2003, the Board adopted Resolution No. 03-04-35 modifying the Resolution of Intention so as to amend the CFD No. 2003-2 RMA.

*Resolution of Formation.* Immediately following a noticed public hearing on December 19, 2003, the Board adopted Resolution No. 03-04-36 which established CFD No. 2003-2 and authorized the levy of a special tax within CFD No. 2003-2.

*Resolution of Necessity.* On December 19, 2003, the Board adopted Resolution No. 03-04-37 declaring the necessity to incur bonded indebtedness in an aggregate amount not to exceed \$7,000,000 within CFD No. 2003-2 and submitting that proposition to the qualified electors of CFD No. 2003-2.

*Resolution Calling Election.* On December 19, 2003, the Board adopted Resolution No. 03-04-38 calling an election by the landowners within CFD No. 2003-2 for the same date on the issues of the levy of the Special Tax, the incurring of bonded indebtedness and the establishment of an appropriations limit.

*Landowner Election and Declaration of Results.* On December 19, 2003, an election was held within CFD No. 2003-2 in which the qualified electors approved a ballot proposition authorizing the issuance of up to \$7,000,000 in bonds to finance the acquisition and construction of the Facilities, the levy of a special tax and the establishment of an appropriations limit for CFD No. 2003-2. On December 19, 2003, the Board adopted Resolution No. 03-04-39, under which the Board approved the canvass of the votes and declared CFD No. 2003-2 to be fully formed with the authority to levy the Special Taxes, to incur the bonded indebtedness and to have the established appropriations limit.

*Notice of Special Tax Lien.* A Notice of Special Tax Lien was recorded in the real property records of Riverside County on January 8, 2004, as Document No. 2004-0011597.

*Ordinance Levying Special Taxes.* On January 13, 2004, the Board adopted Ordinance No. 03-04-02 levying the Special Tax within CFD No. 2003-2.

*Resolution Authorizing Issuance of the CFD No. 2003-2 Bonds Relating to the Special Tax A Series 2017 Bonds.* On August 8, 2017, the Board adopted a resolution approving issuance of the CFD No. 2003-2 Bonds relating to the Special Tax A Series 2017 Bonds in an amount not to exceed \$2,200,000. The CFD No. 2003-2 Bonds relating to the Special Tax A Series 2017 Bonds are payable solely from Annual Special Tax A revenues.

*Resolution Authorizing Issuance of the CFD No. 2003-2 Bonds.* On May 14, 2019, the Board adopted a resolution approving issuance of the CFD No. 2003-2 Bonds in an amount not to exceed \$1,600,000. The CFD No. 2003-2 Bonds will be payable solely from Annual Special Tax B revenues.

CFD No. 2003-2 is a legally constituted governmental entity established pursuant to the Act for the purpose of [financing School Facilities, authorized EMWD facilities and/or authorized City facilities]. Pursuant to the Act, the Board of Trustees of the School District is the legislative body of CFD No. 2003-2.

*CFD No. 2003-2 RMA.* The Special Tax is levied and collected according to the CFD No. 2003-2 RMA, which provides the means by which the Board may annually levy the Special Taxes within CFD No. 2003-2, up to the Maximum Annual Special Tax, and to determine the amount of the Special Tax that will need to be collected each Fiscal Year from the “Taxable Property” within CFD No. 2003-2.

The following is a synopsis of the provisions of the CFD No. 2003-2 RMA, which should be read in conjunction with the complete text of the CFD No. 2003-2 RMA, including its attachments, which is attached as part of APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-2-1 with respect to CFD No. 2003-2. The meaning of the defined terms used in this section are as set forth in APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-2-1 with respect to CFD No. 2003-2. This section provides only a summary of the CFD No. 2003-2 RMA, and is qualified by more complete and detailed information contained in the entire CFD No. 2003-2 RMA attached as part of APPENDIX C. The CFD No. 2003-2 Bonds will be payable, as provided in the respective CFD Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor under such CFD Indenture. The CFD No. 2003-2 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2003-2.

*Special Tax A and Special Tax B.* The CFD No. 2003-2 RMA creates two separate special taxes within CFD No. 2003-2: “Special Tax A,” which is designated for financing water and sewer facilities and authorized City facilities (and which will serve as security for the CFD No. 2003-2 Bonds), and “Special Tax B,” which is designated for financing School Facilities (and which may serve as security and source of payment for other indebtedness that CFD No. 2003-2 may hereafter issue). The CFD Indenture provides for the issuance of Additional Bonds for the purpose of providing funds to pay costs of School Facilities, to refund any CFD Bonds previously issued under the CFD Indenture and to cover related costs. This section describes only those provisions of the CFD No. 2003-2 RMA relating to the calculation and levy of Special Tax B.

*Tax B Minimum Annual Special Tax Requirement.* Annually, at the time of levying the Special Tax for CFD No. 2003-2, the Board will determine the minimum amount of money to be levied on Taxable

Property in CFD No. 2003-2 (the “Tax B Minimum Annual Special Tax Requirement”), which will be the amount required in any Fiscal Year to pay the following:

- (i) the debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year,
- (ii) other periodic costs of the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year,
- (iii) the portion of the Administrative Expenses of CFD No. 2003-2 applicable to Annual Special Tax B,
- (iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, if any, and
- (v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds,

less any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above under any applicable Indenture in such Calendar Year.

*Developed and Undeveloped Property; Exempt Property.* All Assessor’s Parcels within CFD No. 2003-2 will be classified for each Fiscal Year as Taxable Property or Exempt Property, and each Assessor’s Parcel of Taxable Property will be further classified as Developed Property or Undeveloped Property, all as defined below. In addition, Developed Property will be further classified based on the Building Square Footage of the Unit. The classification of Taxable Property shall not fall below the Minimum Taxable Acreage of 39.56 as depicted in Table 6 of the CFD No. 2003-2 RMA.

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

“Exempt Property” the Board will classify property as Exempt Property in the following order of priority:

- (i) Assessor’s Parcels owned by the State of California, Federal or other local governments,
- (ii) Assessor’s Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction,
- (iii) Assessor’s Parcels owned exclusively by a homeowners’ association or which the homeowners’ association has an easement,
- (iv) 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,
- (v) Assessor’s Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board.

However, no such classification may reduce the Acreage of all Taxable Property to less than a Minimum Taxable Acreage of 39.56 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

"Annual Special Tax B" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G of the CFD No. 2003-2 RMA.

"Maximum Annual Special Tax B" means for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C of the CFD No. 2003-2 RMA that can be levied by CFD No. 2003-2 in such Fiscal Year on any Assessor's Parcel.

"Undeveloped Property" means all Assessors Parcels of Taxable Property that are not classified as Developed Property.

"Taxable Property" means all Assessor's Parcels that are not Exempt Property (as defined below).

*Maximum Annual Special Tax B, Assigned Annual Special Tax B and Backup Annual Special Tax B.* The Maximum Annual Special Tax B is defined in the CFD No. 2003-2 RMA as follows:

Developed Property: The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year, or (ii) the applicable Backup Annual Special Tax B for such Fiscal Year.

- *Assigned Annual Special Tax B.* The Assigned Annual Special Tax B for each Assessor's Parcel of Developed Property is determined by reference to Table 1 in the CFD No. 2003-2 RMA, and varies from \$615.61 per Unit to \$813.61, based on the number of Building Square Feet per Unit.
- *Backup Annual Special Tax B.* The Backup Annual Special Tax B for Developed Property will be the rate per Lot determined by multiplying the Acreage of Taxable Property expected to exist in the applicable Final Subdivision Map as determined by the Board pursuant to Section L the CFD No. 2003-2 RMA, times the Assigned Annual Special Tax B per Acre of Undeveloped Property for the applicable Fiscal Year, and dividing the result by the total number of Lots in the Final Subdivision Map.

The Backup Annual Special Tax B is subject to adjustment if all or any portion of a Final Subdivision Map is changed or modified, as set forth in the CFD No. 2003-2 RMA.

Undeveloped Property: The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B, which is \$4,407.67 per Acre.

*Method of Apportionment.* Under the CFD No. 2003-2 RMA, the Board will levy an Annual Special B in each Fiscal Year as follows:

- Step One: The Board will levy an Annual Special Tax B on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel.



Step Two: If the sum of the amounts levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax B up to the Maximum Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

*Full Prepayment of Annual Special Taxes.* The Annual Special Tax B obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid, provided that the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax B obligation for such Assessor's Parcel and provided further provided that the terms set forth under the CFD No. 2003-2 RMA are satisfied, including (among others) the following conditions:

- An owner of an Assessor's Parcel intending to prepay the Annual Special Tax B obligation must provide CFD No. 2003-2 with written notice of intent to prepay. Within 30 days of receipt of such written notice, the Board will reasonably determine the prepayment amount of such Assessor's Parcel and notify such owner of the Tax B Prepayment Amount.
- No prepayment shall be allowed unless the amount of Annual Special Tax B that may be levied on Taxable Property both prior to and after the proposed prepayment net of on allocable portion of Administrative Expenses is at least 1.1 times annual debt service in each Fiscal Year on all outstanding Tax B Bonds.

The Prepayment Amount is calculated as set forth in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-2-1 with respect to CFD No. 2003-2.

*Partial Prepayment of Annual Special Taxes.* Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the property within such Final Subdivision Map may elect to prepay any portion of the applicable Annual Special Tax B obligation for all of the Assessor's Parcels within such Final Subdivision Map. The Partial Prepayment Amount is calculated as the Prepayment Amount determined for full prepayment of Special Taxes, multiplied by the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation, all as set forth in further detail in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-2-1 with respect to CFD No. 2003-2.

*Appeals.* Any property owner claiming that the amount or application of any Special Tax is not correct may file a written notice of appeal with the Board not later than 12 months after having paid the Special Tax that is disputed. The Board will promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Board's decision requires that the Special Taxes for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund will not be made (except for the last year of levy or in other special cases, as determined by the Board), but an adjustment will be made to the Special Taxes on that Assessor's Parcel in the subsequent Fiscal Year(s).

*Duration of Special Tax Levy.* The Annual Special Tax B will be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax A Bonds or Tax B Bonds (each as defined in the CFD No. 2003-2 RMA), whichever is later, by CFD No. 2003-2, but in no event may the Annual Special Tax A be levied later than Fiscal Year 2041-42.

For Fiscal Year 2019-20, 225 parcels (of a total of 229 proposed residential units) will be subject to the 2019-20 special tax levy for CFD No. 2003-2. CFD No. 2003-2 is partially developed with 225 single family homes. In addition, there are 4 undeveloped parcels based on projected development status as of May 1, 2019. Undeveloped Properties consists of [2.08][0.68] of taxable acreage. The Fiscal Year 2019-20 special tax levy for CFD No. 2003-2 does not include a levy on Undeveloped Property. The Maximum Annual Special Tax for CFD No. 2003-2 does not have an inflator. The following table sets forth a projection of the Special Taxes to be levied for Fiscal Year 2019-20.

Table A-8  
**Community Facilities District No. 2003-2 (Special Tax B)**  
**2019-20 Projected Special Tax Levy**

<b>Land Use Class</b>	<b>Building Square Feet<sup>(1)</sup></b>	<b>Number of Parcels</b>	<b>Total Acreage</b>	<b>Maximum Assigned Rate <sup>(2)</sup></b>	<b>Projected Assigned Rate</b>	<b>Projected Special Tax Levy</b>	<b>Percent of Special Tax Levy</b>
1	Less than 1,600	16	2.93	\$ 615.61	\$615.61	\$ 9,849.76	5.94%
2	1,600 to 1,800	27	5.23	639.29	639.29	17,260.83	10.41
3	1,801 to 2,200	45	8.15	689.60	689.60	31,032.00	18.72
4	2,201 to 2,600	46	9.93	734.00	734.00	33,764.00	20.37
5	2,601 to 3,000	4	0.68	769.25	769.25	3,077.00	1.86
6	Greater than 3,000	87	17.40	813.65	813.65	70,787.55	42.70
<b>Subtotal</b>		<b>225</b>	<b>44.32</b>			<b>\$165,771.14</b>	<b>100.00%</b>
Undeveloped		4	0.68	\$4,407.67	\$ 0.00	\$ 0.00	0.00%
<b>Total</b>		<b>229</b>	<b>45.00</b>			<b>\$165,771.14</b>	<b>100.00%</b>

<sup>(1)</sup> In accordance with the CFD No. 2003-2 RMA. Based on projected development status as of May 1, 2019.

<sup>(2)</sup> The Maximum Annual Assigned Special Tax does not have an inflator.

Source: Willdan Financial Services.

### **Special Tax Levy – Taxable Property**

Each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

A synopsis of the provisions of the CFD No. 2003-2 RMA is set forth above. See also, "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of

Apportionment” and APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-2-1 with respect to CFD No. 2003-2.

## Special Tax Collections

Historically, the Special Tax has been levied within CFD No. 2003-2. The following table sets forth the Special Tax collections and delinquencies for fiscal years 2011-12 through 2018-19 within CFD No. 2003-2. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” and APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-2-1 with respect to CFD No. 2003-2.

Table A-9  
**Community Facilities District No. 2003-2 (Special Tax B)**  
**Special Tax Collections, Delinquencies and Delinquency Rates**  
**Fiscal Years 2011-12 through 2018-19**

Subject Fiscal Year <sup>(1)</sup>							As of January 22, 2019		
Fiscal Year Ending 6/30	Annual Special Tax Levy	Parcels Levied	Total Annual Special Taxes Collected	Fiscal Year Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2011-12	\$156,500	211	\$135,279	37	\$21,222	13.56%	0	\$0	0.00%
2012-13	156,500	211	140,802	22	15,698	10.03	0	0	0.00
2013-14	156,500	211	140,819	22	15,681	10.02	0	0	0.00
2014-15	156,500	211	140,653	21	15,848	10.13	0	0	0.00
2015-16	156,500	211	149,744	12	6,757	4.32	1	814	0.52
2016-17	156,500	211	142,751	30	13,750	8.79	1	814	0.52
2017-18	156,500	211	152,025	6	4,475	2.86	4	2,848	1.82
2018-19 <sup>(2)</sup>	80,269	217	75,961	11	4,308	5.37	11	4,308	5.37

<sup>(1)</sup> Reflects delinquency information as of June 30 of the applicable fiscal year. Does not include any penalties, interest or fees. Delinquency information does not include the Special Tax A component of the CFD No. 2003-2 RMA.

<sup>(2)</sup> For Fiscal Year 2018-19, the amount represents the first installment only.

Source: Willdan Financial Services, based on information provided by the County Tax Collector.

## Assessed Values

The Fiscal Year 2018-19 assessed valuation of the Taxable Property within CFD No. 2003-2 is \$50,607,664. The following table shows the assessed value for Taxable Property in CFD No. 2003-2 for tax years 2011-12 through 2018-19.

Table A-10  
**Community Facilities District No. 2003-2**  
**Historical Assessed Values**  
**Fiscal Years 2011-12 through 2018-19**

<b>Fiscal Year</b>	<b>Annual Special Tax B</b>	<b>Parcels Taxable<sup>(1)</sup></b>	<b>Parcels Levied</b>	<b>Assessed Value Land</b>	<b>Assessed Value Structure</b>	<b>Total Assessed Value</b>	<b>Percent Change</b>
2011-12	\$156,500	229	211	\$ 7,704,509	\$22,405,228	\$30,109,737	n/a
2012-13	156,500	229	211	7,792,055	22,673,933	30,465,988	1.18%
2013-14	156,500	229	211	8,142,134	23,661,035	31,803,169	4.39
2014-15	156,500	229	211	9,056,886	27,386,106	36,442,992	14.59
2015-16	156,500	229	211	9,282,374	29,237,777	38,520,151	5.70
2016-17	156,500	229	211	9,724,886	30,774,308	40,499,194	5.14
2017-18	156,500	229	211	10,204,609	33,752,369	43,956,978	8.54
2018-19	160,537	229	217	10,649,412	39,958,252	50,607,664	15.13

<sup>(1)</sup> Total Assessed Values include all taxable parcels.

Source: *Riverside County Secured Roll as compiled by Willdan Financial Services.*

### **Property Ownership**

The following table depicts the principal owners in CFD No. 2003-2 based on the Fiscal Year 2019-20 projected Special Tax levy.

Table A-11  
**Community Facilities District No. 2003-2 (Special Tax B)**  
**Principal Owners/Taxpayers by Percent of Special Tax Levy**

Development Status/ Owner Name <sup>(1)</sup>	Number of Parcels/ Units	2019-20 Projected Special Tax Levy	2019-20 Percent of Special Tax Levy	2018-19 Total Assessed Value	CFD No. 2003-2 Special Tax A Series 2017 Bonds <sup>(2)</sup>	CFD No. 2003-2 Special Tax B Series 2019 Bonds <sup>(3)*</sup>	Overlapping Debt <sup>(4)</sup>	Total Debt Burden <sup>*</sup>	Value -to- Lien Ratio <sup>*</sup>
<b>Single Family Residence:</b>									
Stallions Crossings	9	\$ 6,244.11	3.77%	\$ 1,323,900.00	\$ 62,054.61	\$ 60,267.28	\$ 30,028.82	\$ 152,350.71	8.69
RJS Inv. Inc. <sup>(5)</sup>	6	4,722.60	2.85	208,080.00	53,160.36	45,581.88	4,719.69	103,461.93	2.01
Repic Venture <sup>(6)</sup>	4	2,758.40	1.66	84,500.00	27,227.81	26,623.69	1,916.64	55,768.14	1.52
Gutierrez, Jorge <sup>(6)</sup>	4	2,708.09	1.63	90,084.00	26,168.24	26,138.11	2,043.29	54,349.64	1.66
Ordaz, Francisco Javier <sup>(5)</sup>	3	2,440.95	1.47	120,000.00	28,257.42	23,559.71	2,721.85	54,538.98	2.20
S & G Homes	3	1,968.18	1.19	660,465.00	18,301.72	18,996.60	14,980.73	52,279.04	12.63
Individual Property Owners	196	144,928.81	87.43	48,036,135.00	1,539,829.84	1,398,832.73	1,078,865.90	4,017,528.48	11.96
<b>Subtotal</b>	<b>225</b>	<b>\$165,771.14</b>	<b>100.00%</b>	<b>\$50,523,164.00</b>	<b>\$1,755,000.00</b>	<b>\$1,600,000.00</b>	<b>\$1,135,276.92</b>	<b>\$4,490,276.92</b>	<b>11.25</b>
<b>Undeveloped Properties:</b>									
Various Owners/ Individual Owners	4	\$ 0.00	0.00%	\$ 84,500.00	\$ 0.00	\$ 0.00	\$ 1,916.64	\$ 1,916.64	44.09
<b>Total</b>	<b>229</b>	<b>\$165,771.14</b>	<b>100.00%</b>	<b>\$50,607,664.00</b>	<b>\$1,755,000.00</b>	<b>\$1,600,000.00</b>	<b>\$1,137,193.56</b>	<b>\$4,492,193.56</b>	<b>11.27</b>

(1) In accordance with the CFD No. 2003-2 RMA. Based on projected development status as of May 1, 2019. [Undeveloped Properties consists of 2.08 total taxable acreage.]

(2) Calculated based on the proportionate share of the CFD No. 2003-2 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

(3) Calculated based on the proportionate share of the CFD No. 2003-2 Special Tax B levy multiplied by the projected Series 2019 Bonds to be issued.

(4) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-13 for a description of overlapping debt within CFD No. 2003-2.

(5) Represents, in the aggregate, 9 parcels of the remaining 16 parcels for which building permits were issued and which were partially developed with slabs, however, these properties have not yet been further developed and the building permits have expired.

(6) Permits have been issued for 8 lots. However, the 2018-19 secured roll does not yet reflect full Assessed Values for structure.

\* Preliminary, subject to change.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics as compiled by Willdan Financial Services.

Table A-12  
Community Facilities District No. 2003-2 (Special Tax B)  
Value-to-Lien Ratios and Overlapping Debt

Value-to-Lien Ratio	Number of Parcels/ Units	2019-20 Projected Special Tax Levy	2019-20 Percent of Special Tax Levy	2018-19 Total Assessed Value	CFD No. 2003-2 Special Tax A Series 2017 Bonds <sup>(1)</sup>	CFD No. 2003-2 Special Tax B Series 2019 Bonds <sup>(2)*</sup>	Overlapping Debt <sup>(3)</sup>	Total Debt Burden <sup>*</sup>	Value -to- Lien Ratio <sup>*</sup>
<u>Single Family Residence:</u> <sup>(4)</sup>									
10:1 to 19.99:1	145	\$106,799.43	64.43%	\$40,159,503.00	\$1,130,350.68	\$1,030,813.24	\$ 900,207.44	\$3,061,371.38	13.12
5:1 to 9.99:1	56	41,068.58	24.77	9,618,407.00	432,797.64	396,388.23	218,165.56	1,047,351.42	9.18
3:1 to 3.99:1 <sup>(5)</sup>	2	1,379.20	0.83	100,000.00	13,613.90	13,311.85	2,268.21	29,193.96	3.43
2:1 to 2.99:1 <sup>(5)</sup>	7	5,361.89	3.23	252,485.00	58,907.74	51,752.22	5,726.89	116,386.84	2.17
1:1 to 1.99:1 <sup>(6)</sup>	15	11,162.04	6.73	392,769.00	119,330.04	107,734.46	8,908.82	235,973.32	1.66
<b>Subtotal</b>	<b>225</b>	<b>\$165,771.14</b>	<b>100.00%</b>	<b>\$50,523,164.00</b>	<b>\$1,755,000.00</b>	<b>\$1,600,000.00</b>	<b>\$1,135,276.92</b>	<b>\$4,490,276.92</b>	<b>11.25</b>
<u>Undeveloped Properties:</u> <sup>(4)</sup>									
Greater than 40:1	4	\$ 0.00	0.00	\$ 84,500.00	\$ 0.00	\$ 0.00	\$ 1,916.64	\$ 1,916.64	44.09
<b>Total</b>	<b>229</b>	<b>\$165,771.14</b>	<b>100.00%</b>	<b>\$50,607,664.00</b>	<b>\$1,755,000.00</b>	<b>\$1,600,000.00</b>	<b>\$1,137,193.56</b>	<b>\$4,492,193.56</b>	<b>11.27</b>

<sup>(1)</sup> Calculated based on the proportionate share of the CFD No. 2003-2 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

<sup>(2)</sup> Calculated based on the proportionate share of the CFD No. 2003-2 Special Tax B levy multiplied by the projected Series 2019 Bonds to be issued.

<sup>(3)</sup> Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-13 for a description of overlapping debt within CFD No. 2003-2.

<sup>(4)</sup> In accordance with the CFD No. 2003-2 RMA. Based on projected development status as of May 1, 2019. [Undeveloped Properties consists of 0.68 of taxable acreage].

<sup>(5)</sup> Represents, in the aggregate, 9 of the 16 parcels for which building permits were issued and which were partially developed with slabs, however, these properties have not yet been further developed and the building permits have expired.

<sup>(6)</sup> Represents, in the aggregate, 7 parcels for which building permits were issued and which were partially developed with slabs, however, these properties have not yet been further developed and the building permits have expired. As well as 8 parcels that have building permits issued, however, the 2018-19 secured roll does not yet reflect full Assessed Values for structure.

\* Preliminary, subject to change.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics as compiled by Willdan Financial Services.

## Direct and Overlapping Debt

Contained within CFD No. 2003-2 are numerous overlapping local agencies providing public services. Some of such local agencies have outstanding bonds issued in the form of general obligation, special tax and special assessment bonds. Additional indebtedness could be authorized by other public agencies at any time. The following table illustrates the direct and overlapping debt within CFD No. 2003-2 as of March 1, 2019.

Table A-13  
**Community Facilities District No. 2003-2**  
**Direct and Overlapping Debt**

2018-19 Local Secured Assessed Valuation: \$50,607,664

	%	Debt 3/1/19
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Applicable</u>	
Metropolitan Water District General Obligation Bonds	0.002%	\$ 826
Riverside County Flood Control and Water Conservation District Promissory Notes	0.097	14,292 <sup>(1)</sup>
Mount San Jacinto Community College District General Obligation Bonds	0.055	94,950
San Jacinto Unified School District General Obligation Bonds	1.617	1,041,417
<b>San Jacinto Unified School District Community Facilities District No. 2003-2 (Special Tax A)</b>	<b>100.000</b>	<b>1,755,000<sup>(2)</sup></b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$2,906,485</b>
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	0.018%	\$ 139,031
Riverside County Pension Obligation Bonds	0.018	43,612
San Jacinto Unified School District Certificates of Participation	1.617	671,288
City of San Jacinto Pension Obligation Bonds	1.641	11,299
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 865,230</b>
Less: Riverside County supported obligations		458
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 864,772</b>
 <b>GROSS COMBINED TOTAL DEBT</b>		 <b>\$3,771,715<sup>(3)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$3,771,257</b>

<sup>(1)</sup> 2015 Negotiable Promissory Notes secured by the 1% *ad valorem* property tax revenues collected on properties within Zone 4 located in CFD No. 2003-2. The Notes are not secured by a direct property tax lien.

<sup>(2)</sup> CFD No. 2003-2 Bonds relating to the Special Tax A Series 2017 Bonds. Excludes CFD No. 2003-2 Bonds to be sold.

<sup>(3)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

### Ratios to 2018-19 Local Secured Assessed Valuation:

<b>Direct Debt (\$1,755,000)</b> .....	<b>3.47%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	5.74%
Gross Combined Total Debt.....	7.45%
Net Combined Total Debt .....	7.45%

Source: California Municipal Statistics, Inc. and Willdan Financial Services.

## Debt Service Coverage

The CFD No. 2003-2 RMA provides for, and the table below assumes, the Special Tax levy on Taxable Property at a Maximum Annual Special Tax B (without any inflator). As to CFD No. 2003-2, the actual amount of Special Tax that will be levied against each parcel in each year will be determined in accordance with the CFD No. 2003-2 RMA. See APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-2-1 with respect to CFD No. 2003-2.

Table A-14  
**CFD No. 2003-2 Bonds**  
**Estimated Debt Service Coverage**

<b>Year Ended September 1</b>	<b>Net Special Tax B Revenues</b>	<b>CFD No. 2003-2 Bonds Debt Service<sup>(1)</sup></b>	<b>Coverage</b>
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
<b>Totals</b>			

<sup>(1)</sup> Assuming no optional redemptions. In no event may the Annual Special Tax B be levied later than June 30, 2042.  
Source: Stifel, Nicolaus & Company, Incorporated based on revenue calculations provided by Willdan Financial Services.

The Special Tax on any Taxable Property is limited to an increase of 10% for delinquencies under Section 53321 of the Act as applied to CFD No. 2003-2. That section provides that under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within CFD No. 2003-2, by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. See “RISK FACTORS – Insufficiency of Special Taxes” herein.



### **CFD No. 2004-3**

*General.* CFD No. 2004-3 consists of approximately 78.18 gross acres of land (of which approximately 52.43 acres are taxable acres) located in the School District and within the City. CFD No. 2004-3 is located along the west side of Cawston Avenue, extending from Cottonwood Avenue south to Seventh Street. Currently, 295 parcels will be subject to the 2019-20 special tax levy for CFD No. 2004-3. CFD No. 2004-3 is fully developed with 295 residential units (all of which are single family homes). There is no Undeveloped Property (as defined in the CFD No. 2004-3 RMA) in CFD No. 2004-3. The Maximum Annual Special Tax for CFD No. 2004-3 does not have an inflator. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” for a discussion of the CFD No. 2004-3 RMA and “– Assessed Values” for a discussion of the assessed value of the Taxable Property in CFD No. 2004-3.

*Summary of CFD No. 2004-3 Formation Proceedings.* Pursuant to the Act, on July 27, 2004, the Board adopted Resolution No. 04-05-03 stating its intention to establish CFD No. 2004-3 and to authorize the levy of a special tax therein. On the same day the Board adopted Resolution No. 04-05-04 stating its intention to incur bonded indebtedness in an amount not to exceed \$12,000,000 in the aggregate within CFD No. 2004-3 for the purpose of financing authorized facilities.

*Resolution Approving Joint Community Facilities Agreement.* On July 27, 2004, the Board adopted Resolution No. 04-05-05, which approved a joint community facilities agreement between CFD No. 2004-3 and EMWD with respect to water and sewer facilities.

*Resolution of Formation.* Immediately following a noticed public hearing on September 14, 2004, the Board adopted Resolution No. 04-05-23 which established CFD No. 2004-3 and authorized the levy of a special tax within CFD No. 2004-3.

*Resolution of Necessity.* On September 14, 2004, the Board adopted Resolution No. 04-05-24 declaring the necessity to incur bonded indebtedness in an aggregate amount not to exceed \$12,000,000 within CFD No. 2004-3 and submitting that proposition to the qualified electors of CFD No. 2004-3.

*Resolution Calling Election.* On September 14, 2004, the Board adopted Resolution No. 04-05-25 calling an election by the landowners within CFD No. 2004-3 for the same date on the issues of the levy of the Special Tax, the incurring of bonded indebtedness and the establishment of an appropriations limit.

*Landowner Election and Declaration of Results.* On September 14, 2004, an election was held within CFD No. 2004-3 in which the qualified electors approved a ballot proposition authorizing the issuance of up to \$12,000,000 in bonds to finance the acquisition and construction of the Facilities, the levy of a special tax and the establishment of an appropriations limit for CFD No. 2004-3. On September 14, 2004, the Board adopted Resolution No. 04-05-26, under which the Board approved the canvass of the votes and declared CFD No. 2004-3 to be fully formed with the authority to levy the Special Taxes, to incur the bonded indebtedness and to have the established appropriations limit.

*Notice of Special Tax Lien.* A Notice of Special Tax Lien was recorded in the real property records of Riverside County on September 27, 2004, as Document No. 2004-0763914.

*Ordinance Levying Special Taxes.* On September 28, 2004, the Board adopted Ordinance No. 04-05-01 levying the Special Tax within CFD No. 2004-3.

*Resolution Authorizing Issuance of the CFD No. 2004-3 Bonds Relating to the Special Tax A Series 2017 Bonds.* On August 8, 2017, the Board adopted a resolution approving issuance of the CFD No. 2004-

3 Bonds relating to the Special Tax A Series 2017 Bonds in an amount not to exceed \$3,300,000. The CFD No. 2004-3 Bonds relating to the Special Tax A Series 2017 Bonds are payable solely from Annual Special Tax A revenues.

*Resolution Authorizing Issuance of the CFD No. 2004-3 Bonds.* On May 14, 2019, the Board adopted a resolution approving issuance of the CFD No. 2004-3 Bonds in an amount not to exceed \$3,040,000. The CFD No. 2004-3 Bonds will be payable solely from Annual Special Tax B revenues.

CFD No. 2004-3 is a legally constituted governmental entity established pursuant to the Act for the purpose of [financing School Facilities and/or authorized EMWD facilities]. Pursuant to the Act, the Board of Trustees of the School District is the legislative body of CFD No. 2004-3.

*CFD No. 2004-3 RMA.* The Special Tax is levied and collected according to the CFD No. 2004-3 RMA, which provides the means by which the Board may annually levy the Special Taxes within CFD No. 2004-3, up to the Maximum Special Tax, and to determine the amount of the Special Tax that will need to be collected each Fiscal Year from the “Taxable Property” within CFD No. 2004-3.

The following is a synopsis of the provisions of the CFD No. 2004-3 RMA, which should be read in conjunction with the complete text of the CFD No. 2004-3 RMA, including its attachments, which is attached as part of APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-3-1 with respect to CFD No. 2004-3. The meaning of the defined terms used in this section are as set forth in APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-3-1 with respect to CFD No. 2004-3. This section provides only a summary of the CFD No. 2004-3 RMA, and is qualified by more complete and detailed information contained in the entire CFD No. 2004-3 RMA attached as part of APPENDIX C. The CFD No. 2004-3 Bonds will be payable, as provided in the respective CFD Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor under such CFD Indenture. The CFD No. 2004-3 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2004-3.

*Special Tax A and Special Tax B.* The CFD No. 2004-3 RMA creates two separate special taxes within CFD No. 2004-3: “Annual Special Tax A,” which is designated for financing water and sewer facilities and authorized City facilities, and “Annual Special Tax B,” which is designated for financing School Facilities (and which will serve as security for the CFD No. 2004-3 Bonds). The CFD Indenture provides for the issuance of Additional Bonds for the purpose of providing funds to pay costs of School Facilities, to refund any CFD Bonds previously issued under the CFD Indenture and to cover related costs. This section describes only those provisions of the CFD No. 2004-3 RMA relating to the calculation and levy of Special Tax B.

*Tax B Minimum Annual Special Tax Requirement.* Annually, at the time of levying the Special Tax for CFD No. 2004-3, the Board will determine the minimum amount of money to be levied on Taxable Property in CFD No. 2004-3 (the “Tax B Minimum Annual Special Tax Requirement”), which will be the amount required in any Fiscal Year to pay the following:

- (i) the debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year,
- (ii) other periodic costs of the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year,
- (iii) the portion of the Administrative Expenses of CFD No. 2004-3 applicable to Annual Special Tax B,

(iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, if any, and

(v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds,

less any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above under any applicable Indenture in such Calendar Year.

*Developed and Undeveloped Property; Exempt Property.* All Assessor's Parcels within CFD No. 2004-3 will be classified for each Fiscal Year as Taxable Property or Exempt Property, and each Assessor's Parcel of Taxable Property will be further classified as Developed Property or Undeveloped Property, all as defined below. In addition, Developed Property will be further classified based on the Building Square Footage of the Unit. The classification of Taxable Property shall not fall below the Minimum Taxable Acreage of 43.66 as depicted in Table 3 of the CFD No. 2004-3 RMA.

"Developed Property" means, for each Fiscal Year, all Assessor's Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"Exempt Property" the Board will classify property as Exempt Property in the following order of priority:

- (i) Assessor's Parcels owned by the State of California, Federal or other local governments,
- (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction,
- (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement,
- (iv) 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,
- (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board.

However, no such classification may reduce the Acreage of all Taxable Property to less than a Minimum Taxable Acreage of 43.66 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

"Annual Special Tax B" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G of the CFD No. 2004-3 RMA.

"Maximum Annual Special Tax B" means for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C of the CFD No. 2004-3 RMA that can be levied by CFD No. 2004-3 in such Fiscal Year on any Assessor's Parcel.

“Undeveloped Property” means all Assessors Parcels of Taxable Property that are not classified as Developed Property.

“Taxable Property” means all Assessor’s Parcels that are not Exempt Property (as defined below).

*Maximum Annual Special Tax B, Assigned Annual Special Tax B and Backup Annual Special Tax B.* The Maximum Annual Special Tax B is defined in the CFD No. 2004-3 RMA as follows:

Developed Property: The Maximum Annual Special Tax B for each Assessor’s Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year, or (ii) the applicable Backup Annual Special Tax B for such Fiscal Year.

- *Assigned Annual Special Tax B.* The Assigned Annual Special Tax B for each Assessor’s Parcel of Developed Property is determined by reference to Table 1 in the CFD No. 2004-3 RMA, and varies from \$784.00 per Unit to \$1,200.00 per Unit, based on the number of Building Square Feet per Unit.
- *Backup Annual Special Tax B.* The Backup Annual Special Tax B for Developed Property will be the rate per Lot determined by multiplying the Acreage of Taxable Property expected to exist in the applicable Final Subdivision Map as determined by the Board pursuant to Section K of the CFD No. 2004-3 RMA, times the Assigned Annual Special Tax B per Acre of Undeveloped Property for the applicable Fiscal Year, and dividing the result by the total number of Lots in the Final Subdivision Map.

The Backup Annual Special Tax B is subject to adjustment if all or any portion of a Final Subdivision Map is changed or modified, as set forth in the CFD No. 2004-3 RMA.

Undeveloped Property: The Maximum Annual Special Tax B for each Assessor’s Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B, which is \$6,550.69 per Acre.

*Method of Apportionment.* Under the CFD No. 2004-3 RMA, the Board will levy an Annual Special B in each Fiscal Year as follows:

- Step One: The Board will levy an Annual Special Tax B on each Assessor’s Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to each such Assessor’s Parcel.
- Step Two: If the sum of the amounts levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax B on each Assessor’s Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each Assessor’s Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor’s Parcel of Developed Property whose Maximum Annual Special Tax B is derived by application of the Backup Annual Special Tax B, up to the Maximum Annual Special Tax B applicable to each such Assessor’s Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

*Full Prepayment of Annual Special Taxes.* The Annual Special Tax B obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid, provided that the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel, and provided further that the terms set forth under the CFD No. 2004-3 RMA are satisfied, including (among others) the following conditions:

- An owner of an Assessor's Parcel intending to prepay the Annual Special Tax B obligation must provide CFD No. 2004-3 with written notice of intent to prepay. Within 30 days of receipt of such written notice, the Board will reasonably determine the prepayment amount of such Assessor's Parcel and notify such owner of the Tax B Prepayment Amount.
- No prepayment will be allowed unless the amount of Annual Special Tax A and Annual Special B that may be levied in CFD No. 2004-3, net of an allocable portion of Administrative Expenses, is at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding CFD No. 2004-3 Bonds.

The Prepayment Amount is calculated as set forth in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-3-1 with respect to CFD No. 2004-3.

*Partial Prepayment of Annual Special Taxes.* Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the property within such Final Subdivision Map may elect to prepay any portion of the applicable Annual Special Tax B obligation for all of the Assessor's Parcels within such Final Subdivision Map. The Partial Prepayment Amount is calculated as the Prepayment Amount determined for full prepayment of Special Taxes, multiplied by the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation, all as set forth in further detail in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-3-1 with respect to CFD No. 2004-3.

*Appeals.* Any property owner claiming that the amount or application of any Special Tax is not correct may file a written notice of appeal with the Board not later than 12 months after having paid the Special Tax that is disputed. The Board will promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Board's decision requires that the Special Taxes for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund will not be made (except for the last year of levy or in other special cases, as determined by the Board), but an adjustment will be made to the Special Taxes on that Assessor's Parcel in the subsequent Fiscal Year(s).

*Duration of Special Tax Levy.* The Annual Special Tax B will be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax A Bonds or Tax B Bonds (each as defined in the CFD No. 2004-3 RMA), whichever is later, by CFD No. 2004-3, but in no event may the Annual Special Tax B be levied later than Fiscal Year 2042-43.

For Fiscal Year 2019-20, 295 parcels will be subject to the 2019-20 special tax levy for CFD No. 2004-3. CFD No. 2004-3 is fully developed with 295 residential units (all of which are single family homes). There is no Undeveloped Property (as defined in the CFD No. 2004-3 RMA) in CFD No. 2004-3. The Maximum Annual Special Tax for CFD No. 2004-3 does not have an inflator. The following table sets forth a projection of the Special Taxes to be levied for Fiscal Year 2019-20.

Table A-15  
**Community Facilities District No. 2004-3 (Special Tax B)**  
**2019-20 Projected Special Tax Levy**

<b>Land Use Class</b>	<b>Building Square Feet<sup>(1)</sup></b>	<b>Number of Parcels</b>	<b>Total Acreage</b>	<b>Maximum Assigned Rate<sup>(2)</sup></b>	<b>Projected Assigned Rate</b>	<b>Projected Special Tax Levy</b>	<b>Percent of Special Tax Levy</b>
1	Less than 2,600	70	12.51	\$ 784.00	\$ 784.00	\$ 54,880.00	19.32%
2	2,601 to 2,900	67	11.57	925.00	925.00	61,975.00	21.82
3	2,901 to 3,200	66	11.60	995.00	995.00	65,670.00	23.12
4	3,201 to 3,500	62	11.17	1,057.00	1,057.00	65,534.00	23.07
5	Greater than 3,500	30	5.58	1,200.00	1,200.00	36,000.00	12.67
<b>Total</b>		<b>295</b>	<b>52.43</b>			<b>\$284,059.00</b>	<b>100.00%</b>

(1) In accordance with the CFD No. 2004-3 RMA. CFD No. 2004-3 is built out.

(2) The Maximum Annual Assigned Special Tax does not have an inflator.

Source: Willdan Financial Services.

### **Special Tax Levy – Taxable Property**

Each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

A synopsis of the provisions of the CFD No. 2004-3 RMA is set forth above. See also, "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment" and APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-3-1 with respect to CFD No. 2004-3.

### **Special Tax Collections**

Historically, the Special Tax has been levied within CFD No. 2004-3. The following table sets forth the Special Tax collections and delinquencies for fiscal years 2011-12 through 2018-19 within CFD No. 2004-3. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment" and APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-3-1 with respect to CFD No. 2004-3.



Table A-16  
**Community Facilities District No. 2004-3 (Special Tax B)**  
**Special Tax Collections, Delinquencies and Delinquency Rates**  
**Fiscal Years 2011-12 through 2018-19**

Subject Fiscal Year <sup>(1)</sup>							As of January 22, 2019		
Fiscal Year Ending 6/30	Annual Special Tax Levy	Parcels Levied	Total Annual Special Taxes Collected	Fiscal Year Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2011-12	\$284,059	295	\$274,702	12	\$9,358	3.29%	1	\$1,057	0.37%
2012-13	\$284,059	295	277,104	11	6,956	2.45	1	1,057	0.37
2013-14	\$284,059	295	279,087	10	4,972	1.75	0	0	0.00
2014-15	\$284,059	295	280,514	6	3,546	1.25	0	0	0.00
2015-16	\$284,059	295	281,410	3	2,649	0.93	1	1,057	0.37
2016-17	\$284,059	295	280,363	6	3,696	1.30	1	463	0.16
2017-18	\$284,059	295	282,077	2	1,982	0.70	2	1,982	0.70
2018-19 <sup>(2)</sup>	\$142,030	295	139,189	6	2,841	2.00	6	2,841	2.00

<sup>(1)</sup> Reflects delinquency information as of June 30 of the applicable fiscal year. Does not include any penalties, interest or fees. Delinquency information does not include the Special Tax A component of the CFD No. 2004-3 RMA.

<sup>(2)</sup> For Fiscal Year 2018-19, the amount represents the first installment only.

Source: Willdan Financial Services, based on information provided by the County Tax Collector.

## Assessed Values

The Fiscal Year 2018-19 assessed valuation of the Taxable Property within CFD No. 2004-3 is \$75,470,615. The following table shows the assessed value for Taxable Property in CFD No. 2004-3 for tax years 2011-12 through 2018-19.

Table A-17  
**Community Facilities District No. 2004-3**  
**Historical Assessed Values**  
**Fiscal Years 2011-12 through 2018-19**

Fiscal Year	Annual Special Tax B	Parcels Taxable <sup>(1)</sup>	Parcels Levied	Assessed Value Land	Assessed Value Structure	Assessed Value	Percent Change
2011-12	\$284,059	295	295	\$11,162,940	\$37,279,632	\$48,442,572	n/a
2012-13	284,059	295	295	11,357,489	37,117,893	48,475,382	0.07%
2013-14	284,059	295	295	12,094,169	39,203,451	51,297,620	5.82
2014-15	284,059	295	295	13,405,280	45,500,075	58,905,355	14.83
2015-16	277,675	295	295	13,960,744	49,123,226	63,083,970	7.09
2016-17	284,059	295	295	14,042,971	51,595,046	65,638,017	4.05
2017-18	284,059	295	295	14,405,899	55,834,818	70,240,717	7.01
2018-19	284,059	295	295	15,002,716	60,467,899	75,470,615	7.45

<sup>(1)</sup> Total Assessed Values include all taxable parcels.

Source: Riverside County Secured Roll as compiled by Willdan Financial Services.

## Property Ownership

The following table depicts the principal owners in CFD No. 2004-3 based on the Fiscal Year 2019-20 projected Special Tax levy.

Table A-18  
**Community Facilities District No. 2004-3 (Special Tax B)**  
**Principal Owners/Taxpayers by Percent of Special Tax Levy**

<b>Development Status/ Owner Name<sup>(1)</sup></b>	<b>Number of Parcels/ Units</b>	<b>2019-20 Projected Special Tax Levy</b>	<b>2019-20 Percent of Special Tax Levy</b>	<b>2018-19 Total Assessed Value</b>	<b>CFD No. 2004-3 Special Tax A Series 2017 Bonds<sup>(2)</sup></b>	<b>CFD No. 2004-3 Special Tax B Series 2019 Bonds<sup>(3)*</sup></b>	<b>Overlapping Debt<sup>(4)</sup></b>	<b>Total Debt Burden<sup>*</sup></b>	<b>Value- to-Lien Ratio<sup>*</sup></b>
<u>Single Family Residence:</u>									
Bethel Norman Maitland & Bethel Fereshteh T	4	\$ 3,902.00	1.37%	\$ 676,511.00	\$ 34,593.10	\$ 41,759.21	\$ 15,407.50	\$ 91,759.81	7.37
Individual Property Owners	291	280,157.00	98.63	74,794,104.00	2,470,406.90	2,998,240.79	1,692,693.56	7,161,341.25	10.44
<b>Total</b>	<b>295</b>	<b>\$284,059.00</b>	<b>100.00%</b>	<b>\$75,470,615.00</b>	<b>\$2,505,000.00</b>	<b>\$3,040,000.00</b>	<b>\$1,708,101.06</b>	<b>\$7,253,101.06</b>	<b>10.41</b>

(1) In accordance with the CFD No. 2004-3 RMA. CFD No. 2004-3 is built out.

(2) Calculated based on the proportionate share of the CFD No. 2004-3 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

(3) Calculated based on the proportionate share of the CFD No. 2004-3 Special Tax B levy multiplied by the projected Series 2019 Bonds to be issued.

(4) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-20 for a description of overlapping debt within CFD No. 2004-3.

\* Preliminary subject to change.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.



Table A-19  
**Community Facilities District No. 2004-3 (Special Tax B)**  
**Value-to-Lien Ratios and Overlapping Debt**

<b>Value –to-Lien Ratio</b>	<b>Number of Parcels/ Units</b>	<b>2019-20 Projected Special Tax Levy</b>	<b>2019-20 Percent of Special Tax Levy</b>	<b>2018-19 Assessed Land</b>	<b>2018-19 Assessed Structure</b>	<b>2018-19 Total Assessed Value</b>	<b>CFD No. 2004-3 Special Tax A Series 2017 Bonds<sup>(1)</sup></b>	<b>CFD No. 2004-3 Special Tax B Series 2019 Bonds<sup>(2)*</sup></b>	<b>Overlapping Debt<sup>(3)</sup></b>	<b>Total Debt Burden<sup>*</sup></b>	<b>Value- to-Lien Ratio<sup>*</sup></b>
<u>Single Family Residence:<sup>(1)</sup></u>											
10:1 to 19.99:1	175	\$169,277.00	59.59%	\$9,346,390.00	\$43,479,630.00	\$52,325,278.00	\$1,492,224.01	\$1,811,602.80	\$1,180,967.38	\$4,484,794.19	11.67
5:1 to 9.99:1	120	114,782.00	40.41	5,656,326.00	16,988,269.00	23,145,337.00	1,012,775.99	1,228,397.20	527,133.68	2,768,306.87	8.36
<b>Total</b>	<b>295</b>	<b>\$284,059.00</b>	<b>100.00%</b>	<b>\$15,002,716.00</b>	<b>\$60,467,899.00</b>	<b>\$75,470,615.00</b>	<b>\$2,505,000.00</b>	<b>\$3,040,000.00</b>	<b>\$1,708,101.06</b>	<b>\$7,253,101.06</b>	<b>10.41</b>

<sup>(1)</sup> Calculated based on the proportionate share of the CFD No. 2004-3 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

<sup>(2)</sup> Calculated based on the proportionate share of the CFD No. 2004-3 Special Tax B levy multiplied by the projected Series 2019 Bonds to be issued.

<sup>(3)</sup> Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-20 for a description of overlapping debt within CFD No. 2004-3.

<sup>(4)</sup> In accordance with the CFD No. 2004-3 RMA. CFD No. 2004-3 is built out.

\* Preliminary subject to change.

Source: *Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.*

## Direct and Overlapping Debt

Contained within CFD No. 2004-3 are numerous overlapping local agencies providing public services. Some of such local agencies have outstanding bonds issued in the form of general obligation, special tax and special assessment bonds. Additional indebtedness could be authorized by other public agencies at any time. The following table illustrates the direct and overlapping debt within CFD No. 2004-3 as of March 1, 2019.

Table A-20  
**Community Facilities District No. 2004-3**  
**Direct and Overlapping Debt**

2018-19 Local Secured Assessed Valuation: \$75,470,615

	%	
	Applicable	Debt 3/1/19
<u><b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</b></u>		
Metropolitan Water District General Obligation Bonds	0.003%	\$ 1,236
Riverside County Flood Control and Water Conservation District Promissory Notes	0.146	21,380 <sup>(1)</sup>
Eastern Municipal Water District Improvement District No. 24	2.478	6,964
Mount San Jacinto Community College District General Obligation Bonds	0.082	142,036
San Jacinto Unified School District General Obligation Bonds	2.419	1,557,865
<b>San Jacinto Unified School District Community Facilities District No. 2004-3 (Special Tax A)</b>	<b>100.000</b>	<b>2,505,000<sup>(2)</sup></b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$4,234,481</b>
<u><b>OVERLAPPING GENERAL FUND DEBT:</b></u>		
Riverside County General Fund Obligations	0.027%	\$ 207,977
Riverside County Pension Obligation Bonds	0.027	65,240
San Jacinto Unified School District Certificates of Participation	2.419	1,004,185
City of San Jacinto Pension Obligation Bonds	2.455	16,902
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>		<b>\$1,294,304</b>
Less: Riverside County supported obligations		685
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>		<b>\$1,293,619</b>
 <b>GROSS COMBINED TOTAL DEBT</b>		 <b>\$5,528,785<sup>(3)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$5,528,100</b>

<sup>(1)</sup> 2015 Negotiable Promissory Notes secured by the 1% *ad valorem* property tax revenues collected on properties within Zone 4 located in CFD No. 2004-3. The Notes are not secured by a direct property tax lien.

<sup>(2)</sup> CFD No. 2004-3 Bonds relating to the Special Tax A Series 2017 Bonds. Excludes CFD No. 2004-3 Bonds to be sold.

<sup>(3)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

### Ratios to 2018-19 Local Secured Assessed Valuation:

<b>Direct Debt (\$2,505,000)</b>	<b>3.32%</b>
Total Direct and Overlapping Tax and Assessment Debt	5.61%
Gross Combined Total Debt	7.33%
Net Combined Total Debt	7.32%

Source: California Municipal Statistics, Inc. and Willdan Financial Services.

## Debt Service Coverage

The CFD No. 2004-3 RMA provides for, and the table below assumes, the Special Tax levy on Taxable Property at a Maximum Annual Special Tax B (without any inflator). As to CFD No. 2004-3, the actual amount of Special Tax that will be levied against each parcel in each year will be determined in accordance with the CFD No. 2004-3 RMA. See APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-3-1 with respect to CFD No. 2004-3.

Table A-21  
**CFD No. 2004-3 Bonds**  
**Estimated Debt Service Coverage**

<b>Year Ended September 1</b>	<b>Net Special Tax B Revenues</b>	<b>CFD No. 2004-3 Bonds Debt Service<sup>(1)</sup></b>	<b>Coverage</b>
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
<b>Totals</b>			

<sup>(1)</sup> Assuming no optional redemptions. In no event may the Annual Special Tax B be levied later than June 30, 2043.  
Source: *Stifel, Nicolaus & Company, Incorporated* based on revenue calculations provided by *Willdan Financial Services*.

The Special Tax on any Taxable Property is limited to an increase of 10% for delinquencies under Section 53321 of the Act as applied to CFD No. 2004-3. That section provides that under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within CFD No. 2004-3, by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. See “RISK FACTORS – Insufficiency of Special Taxes” herein.

## **CFD No. 2005-1**

*General.* CFD No. 2005-1 consists of approximately 61.33 gross acres of land (of which approximately 40.98 acres are taxable acres) located in the School District and within the City. CFD No. 2005-1 is located north of Seventh Street on the east and west side of Ivy Crest Drive. Currently, 170 parcels (of a total of 207 proposed residential units) will be subject to the 2019-20 special tax levy for CFD No. 2005-1. CFD No. 2005-1 is partially developed with 170 single family homes. In addition, there are 37 subdivided residential lots located on an aggregate 7.31 taxable acres of Undeveloped Property (as defined in the CFD No. 2005-1 RMA). The Fiscal Year 2019-20 special tax levy for CFD No. 2005-1 does not include a levy on Undeveloped Property. The CFD No. 2005-1 RMA provides for an increase in the Maximum Annual Special Tax of 2.00% annually. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” for a discussion of the CFD No. 2005-1 RMA and “– Assessed Values” for a discussion of the assessed value of the Taxable Property in CFD No. 2005-1.

*Summary of CFD No. 2005-1 Formation Proceedings.* Pursuant to the Act, on July 19, 2005, the Board adopted Resolution No. 05-06-04 stating its intention to establish CFD No. 2005-1 and to authorize the levy of a special tax therein. On the same day the Board adopted Resolution No. 05-06-05 stating its intention to incur bonded indebtedness in an amount not to exceed \$11,000,000 in the aggregate within CFD No. 2005-1 for the purpose of financing authorized facilities.

*Resolution Approving Joint Community Facilities Agreement.* On July 19, 2005, the Board adopted Resolution No. 05-06-06, which approved a joint community facilities agreement between CFD No. 2005-1 and EMWD with respect to water and sewer facilities.

*Resolution of Formation.* Immediately following a noticed public hearing on September 13, 2005, the Board adopted Resolution No. 05-06-27 which established CFD No. 2005-1 and authorized the levy of special taxes within CFD No. 2005-1.

*Resolution of Necessity.* On September 13, 2005, the Board adopted Resolution No. 05-06-28 declaring the necessity to incur bonded indebtedness in an aggregate amount not to exceed \$11,000,000 within CFD No. 2005-1 and submitting that proposition to the qualified electors of CFD No. 2005-1.

*Resolution Calling Election.* On September 13, 2005, the Board adopted Resolution No. 05-06-29 calling an election by the landowners within CFD No. 2005-1 for the same date on the issues of the levy of the Annual Special Tax A and Annual Special Tax B, the incurring of bonded indebtedness and the establishment of an appropriations limit.

*Landowner Election and Declaration of Results.* On September 13, 2005, an election was held within CFD No. 2005-1 in which the qualified electors approved a ballot proposition authorizing the issuance of up to \$11,000,000 in bonds to finance the acquisition and construction of the Facilities, the levy of the Annual Special Tax A and Annual Special Tax B and the establishment of an appropriations limit for CFD No. 2005-1. On September 13, 2005, the Board adopted Resolution No. 05-06-30, under which the Board approved the canvass of the votes and declared CFD No. 2005-1 to be fully formed with the authority to levy the Annual Special Tax A and Annual Special Tax B, to incur the bonded indebtedness and to have the established appropriations limit.

*Notice of Special Tax Lien.* A Notice of Special Tax Lien was recorded in the real property records of Riverside County on September 23, 2005, as Document No. 2005-0788545.

*Ordinance Levying Special Taxes.* On September 27, 2005, the Board adopted Ordinance No. 05-06-03 levying the Annual Special Tax A and Annual Special Tax B within CFD No. 2005-1.

*Resolution Authorizing Issuance of the CFD No. 2005-1 Bonds.* On August 8, 2017, the Board adopted a resolution approving issuance of the CFD No. 2005-1 Bonds in an amount not to exceed \$2,800,000. The CFD No. 2005-1 Bonds are payable solely from Annual Special Tax A revenues.

*Resolution Authorizing Issuance of the CFD No. 2005-1 Bonds.* On May 14, 2019, the Board adopted a resolution approving issuance of the CFD No. 2005-1 Bonds in an amount not to exceed \$4,030,000. The CFD No. 2005-1 Bonds will be payable solely from Annual Special Tax B revenues.

CFD No. 2005-1 is a legally constituted governmental entity established pursuant to the Act for the purpose of [financing School Facilities and/or authorized EMWD facilities]. Pursuant to the Act, the Board of Trustees of the School District is the legislative body of CFD No. 2005-1.

*CFD No. 2005-1 RMA.* The Special Tax is levied and collected according to the CFD No. 2005-1 RMA, which provides the means by which the Board may annually levy the Special Taxes within CFD No. 2005-1, up to the Maximum Annual Special Tax, and to determine the amount of the Special Tax that will need to be collected each Fiscal Year from the “Taxable Property” within CFD No. 2005-1.

The following is a synopsis of the provisions of the CFD No. 2005-1 RMA, which should be read in conjunction with the complete text of the CFD No. 2005-1 RMA, including its attachments, which is attached as part of APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-4-1 with respect to CFD No. 2005-1. The meaning of the defined terms used in this section are as set forth in APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-4-1 with respect to CFD No. 2005-1. This section provides only a summary of the CFD No. 2005-1 RMA, and is qualified by more complete and detailed information contained in the entire CFD No. 2005-1 RMA attached as part of APPENDIX C. The CFD No. 2005-1 Bonds will be payable, as provided in the respective CFD Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor under such CFD Indenture. The CFD No. 2005-1 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2005-1.

*Special Tax A and Special Tax B.* The CFD No. 2005-1 RMA creates two separate special taxes within CFD No. 2005-1: “Special Tax A,” which is designated for financing water and sewer facilities and authorized City facilities (and which will serve as security for the CFD No. 2005-1 Bonds), and “Special Tax B,” which is designated for financing School Facilities (and which may serve as security and source of payment for other indebtedness that CFD No. 2005-1 may hereafter issue). The CFD Indenture provides for the issuance of Additional Bonds for the purpose of providing funds to pay costs of School Facilities, to refund any CFD Bonds previously issued under the CFD Indenture and to cover related costs. This section describes only those provisions of the CFD No. 2005-1 RMA relating to the calculation and levy of Special Tax B.

*Tax B Minimum Annual Special Tax Requirement.* Annually, at the time of levying the Special Tax for CFD No. 2005-1, the Board will determine the minimum amount of money to be levied on Taxable Property in CFD No. 2005-1 (the “Tax B Minimum Annual Special Tax Requirement”), which will be the amount required in any Fiscal Year to pay the following:

- (i) the debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year,

(ii) other periodic costs of the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year,

(iii) the portion of the Administrative Expenses of CFD No. 2005-1 applicable to Annual Special Tax B,

(iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, if any, and

(v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds,

less any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above under any applicable Indenture in such Calendar Year.

*Developed and Undeveloped Property; Exempt Property.* All Assessor's Parcels within CFD No. 2005-1 will be classified for each Fiscal Year as Taxable Property or Exempt Property, and each Assessor's Parcel of Taxable Property will be further classified as Developed Property or Undeveloped Property, all as defined below. In addition, Developed Property will be further classified based on the Building Square Footage of the Unit. The classification of Exempt Property shall take into consideration Minimum Taxable Acreage as determined pursuant to Section K of the CFD No. 2005-1 RMA.

"Developed Property" means, for each Fiscal Year, all Assessor's Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"Exempt Property" the Board will classify property as Exempt Property in the following order of priority:

- (i) Assessor's Parcels owned by the State of California, Federal or other local governments,
- (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction,
- (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement,
- (iv) 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,
- (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board.

However, no such classification may reduce the Acreage of all Taxable Property to less than 36.65 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 36.65 Acres will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

“Annual Special Tax B” means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G of the CFD No. 2005-1 RMA.

“Maximum Annual Special Tax B” means for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C of the CFD No. 2005-1 RMA that can be levied by CFD No. 2005-1 in such Fiscal Year on any Assessor's Parcel.

“Undeveloped Property” means all Assessors Parcels of Taxable Property that are not classified as Developed Property.

“Taxable Property” means all Assessor’s Parcels that are not Exempt Property (as defined below).

*Maximum Annual Special Tax B, Assigned Annual Special Tax B and Backup Annual Special Tax B.* The Maximum Annual Special Tax B is defined in the CFD No. 2005-1 RMA as follows:

Developed Property: The Maximum Annual Special Tax B for each Assessor’s Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year, or (ii) the applicable Backup Annual Special Tax B for such Fiscal Year.

- *Assigned Annual Special Tax B.* The Assigned Annual Special Tax B for each Assessor’s Parcel of Developed Property is determined by reference to Table 1 in the CFD No. 2005-1 RMA, and varies from \$1,175.08 per Unit to \$1,644.77 per Unit for Fiscal Year 2019-20, based on the number of Building Square Feet per Unit.
- *Backup Annual Special Tax B.* The Backup Annual Special Tax B for a Lot of Developed Property for each Fiscal Year is determined by multiplying the Acreage of Taxable Property expected to exist in such Final Subdivision Map at the time of calculation as determined by the Board pursuant to Section K of the CFD No. 2005-1 RMA times the Assigned Annual Special Tax B per Acre of Undeveloped Property for the applicable Fiscal Year (\$[\_\_\_\_\_] for Fiscal Year 2018-19), and dividing the result by the total number of Lots in the applicable Final Subdivision Map at the time of calculation.

The Assigned Annual Special Tax and the Backup Annual Special Tax rate for each Assessor’s Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

The Backup Annual Special Tax B is subject to adjustment if all or any portion of a Final Map is changed or modified, as set forth in the CFD No. 2005-1 RMA.

Undeveloped Property: The Maximum Annual Special Tax B for each Assessor’s Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B, which is \$8,439.23 per Acre for Fiscal Year 2019-20. On each July 1, the Assigned Annual Special Tax for all Undeveloped Property will be increased by 2.00% of the amount in effect the prior Fiscal Year.

*Method of Apportionment.* Under the CFD No. 2005-1 RMA, the Board will levy an Annual Special B in each Fiscal Year as follows:

- Step One: The Board will levy an Annual Special Tax B on each Assessor’s Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to that Assessor’s Parcel.

Step Two: If the sum of the amounts levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each Assessor's Parcel of Undeveloped Property to satisfy the Tax B Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property whose Maximum Annual Special Tax B is derived by application of the Backup Annual Special Tax B up to the Maximum Annual Special Tax B applicable to such Assessor's Parcel, to satisfy the Tax B Minimum Annual Special Tax Requirement.

*Full Prepayment of Annual Special Taxes.* The Annual Special Tax obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel.

The Prepayment Amount is calculated as set forth in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-4-1 with respect to CFD No. 2005-1.

*Partial Prepayment of Annual Special Taxes.* Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the property within such Final Subdivision Map may elect to prepay any portion of the applicable Annual Special Tax B obligation for all of the Assessor's Parcels within such Final Subdivision Map. The Partial Prepayment Amount is calculated as the Prepayment Amount determined for full prepayment of Special Taxes, multiplied by the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation, all as set forth in further detail in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-4-1 with respect to CFD No. 2005-1.

*Appeals.* Any property owner claiming that the amount or application of any Special Tax is not correct may file a written notice of appeal with the Board not later than 12 months after having paid the Special Tax that is disputed. The Board will promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Board's decision requires that the Special Taxes for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund will not be made (except for the last year of levy), but an adjustment will be made to the Annual Special Taxes on that Assessor's Parcel in the subsequent Fiscal Year(s).

*Duration of Special Tax Levy.* The Annual Special Tax B will be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax B Bonds (as defined in the CFD No. 2005-1 RMA) by CFD No. 2005-1, but in no event may the Annual Special Tax B be levied later than Fiscal Year 2049-50.

For Fiscal Year 2019-20, 170 parcels (of a total of 207 proposed residential units) will be subject to the 2019-20 special tax levy for CFD No. 2005-1. CFD No. 2005-1 is partially developed with 170 single family homes. In addition, there are 37 subdivided residential lots located on an aggregate 7.31 taxable acres of Undeveloped Property (as defined in the CFD No. 2005-1 RMA). The Fiscal Year 2019-20 special tax levy for CFD No. 2005-1 does not include a levy on Undeveloped Property. The CFD No. 2005-1 RMA provides for an increase in the Maximum Annual Special Tax of 2.00% annually. The following table sets forth a projection of the Special Taxes to be levied for Fiscal Year 2019-20.



Table A-22  
**Community Facilities District No. 2005-1 (Special Tax B)**  
**2019-20 Projected Special Tax Levy**

<b>Land Use Class</b>	<b>Building Square Feet<sup>(1)</sup></b>	<b>Number of Parcels</b>	<b>Total Acreage</b>	<b>Maximum Assigned Rate<sup>(2)</sup></b>	<b>Projected Assigned Rate</b>	<b>Projected Special Tax Levy</b>	<b>Percent of Special Tax Levy</b>
1	Less than 1,650	17	3.07	\$1,175.08	\$1,175.08	\$ 19,976.28	7.98%
2	1,650 to 1,900	19	3.39	1,249.63	1,249.63	23,742.89	9.48
3	1,901 to 2,150	0	0.00	1,335.37	0.00	0.00	0.00
4	2,151 to 2,400	42	8.21	1,421.11	1,421.11	59,686.41	23.84
5	2,401 to 2,650	42	8.53	1,540.39	1,540.39	64,696.21	25.84
6	Greater than 2,650	50	10.47	1,644.77	1,644.77	82,238.49	32.86
<b>Subtotal</b>		<b>170</b>	<b>33.67</b>			<b>\$250,340.27</b>	<b>100.00%</b>
Undeveloped		37	7.31	\$8,439.23	\$0.00	\$0.00	0.00%
<b>Total</b>		<b>207</b>	<b>40.98</b>			<b>\$250,340.27</b>	<b>100.00%</b>

<sup>(1)</sup> In accordance with the CFD No. 2005-1 RMA. Based on projected development status as of May 1, 2019.

<sup>(2)</sup> The Maximum Annual Assigned Special Tax increases 2.00% annually.

Source: Willdan Financial Services.

### **Special Tax Levy – Taxable Property**

Each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

A synopsis of the provisions of the CFD No. 2005-1 RMA is set forth above. See also, "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment" and APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-4-1 with respect to CFD No. 2005-1.

### **Special Tax Collections**

Historically, the Special Tax has been levied within CFD No. 2005-1. The following table sets forth the Special Tax collections and delinquencies for fiscal years 2011-12 through 2018-19 within CFD No. 2005-1. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment" and APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-4-1 with respect to CFD No. 2005-1.

Table A-23  
**Community Facilities District No. 2005-1 (Special Tax B)**  
**Special Tax Collections, Delinquencies and Delinquency Rates**  
**Fiscal Years 2011-12 through 2018-19**

Subject Fiscal Year <sup>(1)</sup>							As of January 22, 2019		
Fiscal Year Ending 6/30	Annual Special Tax Levy	Parcels Levied	Total Annual Special Taxes Collected	Fiscal Year Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2011-12	\$213,690	171	\$202,916	11	\$10,774	5.04%	0	\$ 0	0.00%
2012-13	219,171	171	211,974	8	7,197	3.28	0	0	0.00
2013-14	223,555	171	217,450	7	6,106	2.73	0	0	0.00
2014-15	228,026	171	219,146	9	8,879	3.89	0	0	0.00
2015-16	232,587	171	230,130	3	2,457	1.06	0	0	0.00
2016-17	235,900	170	235,174	1	726	0.31	0	0	0.00
2017-18	240,619	170	240,619	0	0	0.00	0	0	0.00
2018-19 <sup>(2)</sup>	122,715	170	121,296	2	1,419	1.16	2	\$1,419	1.16

<sup>(1)</sup> Reflects delinquency information as of June 30 of the applicable fiscal year. Does not include any penalties, interest or fees. Delinquency information does not include the Special Tax A component of the CFD No. 2005-1 RMA.

<sup>(2)</sup> For Fiscal Year 2018-19, the amount represents the first installment only.

Source: Willdan Financial Services, based on information provided by the County Tax Collector.

## Assessed Values

The Fiscal Year 2018-19 assessed valuation of the Taxable Property within CFD No. 2005-1 is \$41,145,600. The following table shows the assessed value for Taxable Property in CFD No. 2005-1 for tax years 2011-12 through 2018-19.

Table A-24  
**Community Facilities District No. 2005-1**  
**Historical Assessed Values**  
**Fiscal Years 2011-12 through 2018-19**

Fiscal Year	Annual Special Tax B	Parcels Taxable <sup>(1)</sup>	Parcels Levied	Assessed Value Land	Assessed Value Structure	Total Assessed Value	Percent Change
2011-12	\$213,690	207	171	\$7,152,575	\$19,483,949	\$26,636,524	n/a
2012-13	219,171	207	171	7,207,340	19,506,591	26,713,931	0.29%
2013-14	223,555	207	171	7,679,904	21,268,851	28,948,755	8.37
2014-15	228,026	207	171	8,126,091	23,707,679	31,833,770	9.97
2015-16	232,587	207	171	8,425,609	25,204,717	33,630,326	5.64
2016-17	235,900	207	170	8,662,165	27,527,281	36,189,446	7.61
2017-18	240,619	207	170	8,848,506	29,871,703	38,720,209	6.99
2018-19	245,430	207	170	9,138,740	32,006,860	41,145,600	6.26

<sup>(1)</sup> Total Assessed Values include all taxable parcels.

Source: Riverside County Secured Roll as compiled by Willdan Financial Services.

## Property Ownership

The following table depicts the principal owners in CFD No. 2005-1 based on the Fiscal Year 2019-20 projected Special Tax levy.

Table A-25  
**Community Facilities District No. 2005-1 (Special Tax B)**  
**Principal Owners/Taxpayers by Percent of Special Tax Levy**

<b>Development Status/ Owner Name<sup>(1)</sup></b>	<b>Number of Parcels/ Units</b>	<b>2019-20 Projected Special Tax Levy</b>	<b>2019-20 Percent of Special Tax Levy</b>	<b>2018-19 Total Assessed Value</b>	<b>CFD No. 2005-1 Special Tax A Series 2017 Bonds<sup>(2)</sup></b>	<b>CFD No. 2005-1 Special Tax B Series 2019 Bonds<sup>(3)*</sup></b>	<b>Overlapping Debt<sup>(4)</sup></b>	<b>Total Debt Burden*</b>	<b>Value- to-Lien Ratio*</b>
<u>Single Family Residence:</u>									
Samadani Saghi	2	\$ 2,790.01	1.11%	\$ 366,742.00	\$ 25,521.88	\$ 44,913.85	\$ 8,352.53	\$ 78,788.27	4.65
Individual Owners	168	247,550.26	98.89	40,382,997.00	2,264,478.12	3,985,086.15	912,203.96	7,161,768.22	5.64
<b>Subtotal</b>	<b>170</b>	<b>\$250,340.27</b>	<b>100.00%</b>	<b>\$40,749,739.00</b>	<b>\$2,290,000.00</b>	<b>\$4,030,000.00</b>	<b>\$920,556.49</b>	<b>\$7,240,556.49</b>	<b>5.63</b>
<u>Undeveloped Properties:</u>									
JSUB Inc.	37	\$ 0.00	0.00%	\$ 395,861.00	\$ 0.00	\$ 0.00	\$ 9,015.71	\$ 9,015.71	43.91
<b>Total</b>	<b>207</b>	<b>\$250,340.27</b>	<b>100.00%</b>	<b>\$41,145,600.00</b>	<b>\$2,290,000.00</b>	<b>\$4,030,000.00</b>	<b>\$929,572.20</b>	<b>\$7,249,572.20</b>	<b>5.68</b>

- (1) In accordance with the CFD No. 2005-1 RMA. Based on projected development status as of May 1, 2019. Undeveloped Properties consists of 7.31 of total taxable acreage.  
(2) Calculated based on the proportionate share of the CFD No. 2005-1 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.  
(3) Calculated based on the proportionate share of the CFD No. 2005-1 Special Tax B levy multiplied by the projected Series 2019 Bonds to be issued.  
(4) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-27 for a description of overlapping debt within CFD No. 2005-1.  
\* Preliminary subject to change.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.

Table A-26  
**Community Facilities District No. 2005-1 (Special Tax B)**  
**Value-to-Lien Ratios and Overlapping Debt**

Value -to-Lien Ratio	Number of Parcels/ Units	2019-20 Projected Special Tax Levy	2019-20 Percent of Special Tax Levy	Total Assessed Value	CFD No. 2005-1 Special Tax A Series 2017 Bonds <sup>(1)</sup>	CFD No. 2005-1 Special Tax B Series 2019 Bonds <sup>(2)*</sup>	Overlapping Debt <sup>(3)</sup>	Total Debt Burden <sup>*</sup>	Value -to- Lien Ratio <sup>*</sup>
<u>Single Family Residence:</u> <sup>(4)</sup>									
5:1 to 9.99:1	107	\$157,955.30	63.10%	\$29,605,410.00	\$1,444,904.04	\$2,542,778.55	\$666,745.05	\$4,654,427.64	6.36
4:1 to 4.99:1	48	69,696.62	27.84	8,761,137.00	637,553.14	1,121,982.45	199,534.38	1,959,069.97	4.47
3: to 3.99:1	15	22,688.35	9.06	2,383,192.00	207,542.82	365,239.00	54,277.06	627,058.88	3.80
<b>Subtotal</b>	<b>170</b>	<b>\$250,340.27</b>	<b>100.00%</b>	<b>\$40,749,739.00</b>	<b>\$2,290,000.00</b>	<b>\$4,030,000.00</b>	<b>\$920,556.49</b>	<b>\$7,240,556.49</b>	<b>5.63</b>
<u>Undeveloped Properties:</u> <sup>(4)</sup>									
Greater than 40:1	37	\$0.00	0.00%	\$ 395,861.00	\$ 0.00	\$ 0.00	\$ 9,015.71	\$ 9,015.71	43.91
<b>Total</b>	<b>207</b>	<b>\$250,340.27</b>	<b>100.00%</b>	<b>\$41,145,600.00</b>	<b>\$2,290,000.00</b>	<b>\$4,030,000.00</b>	<b>\$929,572.20</b>	<b>\$7,249,572.20</b>	<b>5.68</b>

(1) Calculated based on the proportionate share of the CFD No. 2005-1 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

(2) Calculated based on the proportionate share of the CFD No. 2005-2 Special Tax A levy multiplied by the projected Series 2019 Bonds to be issued.

(3) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-27 for a description of overlapping debt within CFD No. 2005-1.

(4) In accordance with the CFD No. 2005-1 RMA. Based on projected development status as of May 1, 2019. Undeveloped Properties consists of 7.31 total taxable acreage.

\* Preliminary subject to change.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.

## Direct and Overlapping Debt

Contained within CFD No. 2005-1 are numerous overlapping local agencies providing public services. Some of such local agencies have outstanding bonds issued in the form of general obligation, special tax and special assessment bonds. Additional indebtedness could be authorized by other public agencies at any time. The following table illustrates the direct and overlapping debt within CFD No. 2005-1 as of March 1, 2019.

Table A-27  
**Community Facilities District No. 2005-1**  
**Direct and Overlapping Debt**

2018-19 Local Secured Assessed Valuation: \$41,145,600

	%	Debt 3/1/19
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Applicable</u>	
Metropolitan Water District General Obligation Bonds	0.001%	\$ 673
Riverside County Flood Control and Water Conservation District Promissory Notes	0.079	11,635 <sup>(1)</sup>
Mount San Jacinto Community College District General Obligation Bonds	0.045	77,298
San Jacinto Unified School District General Obligation Bonds	1.317	847,812
Eastern Municipal Water District Improvement District No. 24 General Obligation Bonds	1.349	3,790
<b>San Jacinto Unified School District Community Facilities District No. 2005-1 (Special Tax A)</b>	<b>100.000</b>	<b>2,290,000<sup>(2)</sup></b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$3,231,208</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	0.015%	\$ 113,184
Riverside County Pension Obligation Bonds	0.015	35,504
San Jacinto Unified School District Certificates of Participation	1.317	546,492
City of San Jacinto Pension Obligation Bonds	1.336	9,198
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 704,378</b>
Less: Riverside County supported obligations		373
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 704,005</b>
 <b>GROSS COMBINED TOTAL DEBT</b>		<b>\$3,935,586<sup>(3)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$3,935,213</b>

(1) 2015 Negotiable Promissory Notes secured by the 1% *ad valorem* property tax revenues collected on properties within Zone 4 located in CFD No. 2005-1. The Notes are not secured by a direct property tax lien.

(2) CFD No. 2005-1 Bonds relating to the Special Tax A Series 2017 Bonds. Excludes CFD No. 2005-1 Bonds to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

### Ratios to 2018-19 Local Secured Assessed Valuation:

<b>Direct Debt (\$2,290,000)</b> .....	<b>5.57%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	7.85%
Gross Combined Total Debt .....	9.57%
Net Combined Total Debt.....	9.56%

*Source: California Municipal Statistics, Inc. and Willdan Financial Services.*

## Debt Service Coverage

The CFD No. 2005-1 RMA provides for, and the table below assumes, the Special Tax levy on Taxable Property at a Maximum Annual Special Tax B (including an inflator). As to CFD No. 2005-1, the

actual amount of Special Tax that will be levied against each parcel in each year will be determined in accordance with the CFD No. 2005-1 RMA. See APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-4-1 with respect to CFD No. 2005-1.

Table A-28  
**CFD No. 2005-1 Bonds**  
**Estimated Debt Service Coverage**

<b>Year Ended September 1</b>	<b>Net Special Tax B Revenues on Developed Property</b>	<b>Net Special Tax B Revenues on Undeveloped Property</b>	<b>CFD No. 2005-1 Bonds Debt Service<sup>(1)</sup></b>	<b>Coverage from Developed Property Only</b>	<b>Coverage from Taxable Property</b>
2019					
2020					
2021					
2022					
2023					
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					
<b>Totals</b>					

<sup>(1)</sup> Assuming no optional redemptions. In no event may the Annual Special Tax B be levied later than June 30, 2050.  
Source: Stifel, Nicolaus & Company, Incorporated based on revenue calculations provided by Willdan Financial Services.

The Special Tax on any Taxable Property is limited to an increase of 10% for delinquencies under Section 53321 of the Act as applied to CFD No. 2005-1. That section provides that under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within CFD No. 2005-1, by more than 10% above the amount that would have been levied in that fiscal

year had there never been any such delinquencies or defaults. See “RISK FACTORS – Insufficiency of Special Taxes” herein.

## **CFD No. 2005-2**

*General.* CFD No. 2005-2 consists of approximately 102.43 gross acres of land (of which approximately 70.15 acres are taxable acres) located in the School District and within the City. Properties in CFD No. 2005-2 are noncontiguous and divided into Zone 1 and Zone 2. Zone 1 is composed of approximately 72.72 gross acres and is located along Potter Drive between Ramona Boulevard and De Anza Drive. Zone 2 is composed of approximately 29.71 gross acres and is located between De Anza Drive and Lyon Avenue. Currently, 280 parcels (of a total of 351 existing residential parcels) will be classified as Developed Property and subject to the 2019-20 special tax levy for CFD No. 2005-2. CFD No. 2005-2 is partially developed with 280 single family homes and 71 partially finished lots. As of April 24, 2019, 243 of the 280 parcels of Developed Property (as defined in the CFD No. 2005-2 RMA) have been conveyed to individual homeowners. The 71 partially finished lots are subdivided residential lots on an aggregate 14.31 taxable acres of Undeveloped Property (as defined in the CFD No. 2005-2 RMA) in CFD No. 2005-2. The Fiscal Year 2019-20 special tax levy for CFD No. 2005-2 does not include a levy on Undeveloped Property. The CFD No. 2005-2 RMA provides for an increase in the Maximum Annual Special Tax of 2.00% annually with respect to the Assigned Annual Special Tax. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” for a discussion of the CFD No. 2005-2 RMA and “– Assessed Values” for a discussion of the assessed value of the Taxable Property in CFD No. 2005-2.

*Summary of CFD No. 2005-2 Formation Proceedings.* Pursuant to the Act, on April 12, 2005, the Board adopted Resolution No. 04-05-73 stating its intention to establish CFD No. 2005-2 and to authorize the levy of a special tax therein. On the same day, the Board adopted Resolution No. 04-05-74 stating its intention to incur bonded indebtedness in an amount not to exceed \$14,800,000 in the aggregate within CFD No. 2005-2 for the purpose of financing authorized facilities.

*Resolution Approving Joint Community Facilities Agreement.* On April 12, 2005, the Board adopted Resolution No. 04-05-75, which approved a joint community facilities agreement between CFD No. 2005-2 and EMWD with respect to water and sewer facilities.

*Resolution Modifying Resolution of Intention and Approving Amended Rate and Method of Apportionment.* On June 21, 2005, the Board adopted Resolution No. 04-05-100 modifying the Resolution of Intention so as to amend the CFD No. 2005-2 RMA.

*Resolution of Formation.* Immediately following a noticed public hearing on June 21, 2005, the Board adopted Resolution No. 04-05-101, which established CFD No. 2005-2 and authorized the levy of special taxes to fund authorized public facilities.

*Resolution of Necessity.* On June 21, 2005, the Board adopted Resolution No. 04-05-102 declaring the necessity to incur bonded indebtedness in an aggregate amount not to exceed \$14,800,000 within CFD No. 2005-2 and submitting that proposition to the qualified electors of CFD No. 2005-2.

*Resolution Calling Election.* On June 21, 2005, the Board adopted Resolution No. 04-05-103 calling an election by the landowners within CFD No. 2005-2 for the same date on the issues of the levy of the Annual Special Tax A and Annual Special Tax B, the incurring of bonded indebtedness and the establishment of an appropriations limit.

*Landowner Election and Declaration of Results.* On June 21, 2005, an election was held within CFD No. 2005-2 in which the qualified electors approved a ballot proposition authorizing the issuance of up to \$14,800,000 to finance the acquisition and construction of the School Facilities and the authorized EMWD facilities, the levy of the Annual Special Tax A and Annual Special Tax B and the



establishment of an appropriations limit for CFD No. 2005-2. On June 21, 2005, the Board adopted Resolution No. 04-05-104, under which the Board approved the canvass of the votes and declared CFD No. 2005-2 to have the authority to levy the Annual Special Tax A and Annual Special Tax B, to incur the bonded indebtedness and to have the established appropriations limit.

*Notice of Special Tax Lien.* A Notice of Special Tax Lien was recorded in the real property records of Riverside County on June 23, 2005, as Document No. 2005-0496285.

*Ordinance Levying Special Taxes.* On July 19, 2005, the Board adopted Ordinance No. 04-05-05 levying the Annual Special Tax A and Annual Special Tax B within CFD No. 2005-2.

*Resolution Authorizing Issuance of the CFD No. 2005-2 Special Tax A Series 2017 Bonds.* On August 8, 2017, the Board adopted a resolution approving issuance of the CFD No. 2005-2 Special Tax A Series 2017 Bonds in an amount not to exceed \$1,100,000. The CFD No. 2005-2 Special Tax A Series 2017 Bonds are payable solely from Annual Special Tax A revenues.

*Resolution Authorizing Issuance of the CFD No. 2005-2 Bonds.* On May 14, 2019, the Board adopted a resolution approving issuance of the CFD No. 2005-2 Bonds in an amount not to exceed \$3,215,000. The CFD No. 2005-2 Bonds will be payable solely from Annual Special Tax A revenues on a parity basis with the CFD No. 2005-2 Special Tax A Series 2017 Bonds.

CFD No. 2005-2 is a legally constituted governmental entity established pursuant to the Act for the purpose of [financing School Facilities and/or authorized EMWD facilities]. Pursuant to the Act, the Board of Trustees of the School District is the legislative body of CFD No. 2005-2.

*CFD No. 2005-2 RMA.* The Special Tax is levied and collected according to the CFD No. 2005-2 RMA, which provides the means by which the Board may annually levy the Special Taxes within CFD No. 2005-2, up to the Maximum Annual Special Tax, and to determine the amount of the Special Tax that will need to be collected each Fiscal Year from the “Taxable Property” within CFD No. 2005-2. Property in CFD No. 2005-2 is divided into two zones: Zone 1 and Zone 2.

The following is a synopsis of the provisions of the CFD No. 2005-2 RMA, which should be read in conjunction with the complete text of the CFD No. 2005-2 RMA, including its attachments, which is attached as part of APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-5-1 with respect to CFD No. 2005-2. The meaning of the defined terms used in this section are as set forth in APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-5-1 with respect to CFD No. 2005-2. This section provides only a summary of the CFD No. 2005-2 RMA, and is qualified by more complete and detailed information contained in the entire CFD No. 2005-2 RMA attached as part of APPENDIX C. The CFD No. 2005-2 Bonds will be payable, as provided in the respective CFD Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor under such CFD Indenture. The CFD No. 2005-2 Bonds will be payable from the Special Taxes (Annual Special Tax A revenues) levied on property within CFD No. 2005-2.

The Special Tax is levied and collected according to the CFD No. 2005-2 RMA, which provides the means by which the Board may annually levy the Special Taxes within CFD No. 2005-2, up to the Maximum Annual Special Tax A and the Maximum Annual Special Tax B, respectively, and to determine the amount of the Special Tax that will need to be collected each Fiscal Year from the “Taxable Property” within CFD No. 2005-2. Property in CFD No. 2005-2 is divided into two zones: Zone 1 and Zone 2.

*Annual Special Tax A and Annual Special Tax B.* The CFD No. 2005-2 RMA creates two separate special taxes within CFD No. 2005-2: “Annual Special Tax A,” which is designated for financing Water

and Sewer Facilities (and which will serve as the only security for the CFD No. 2005-2 Bonds), and “Annual Special Tax B,” which is designated for financing School Facilities (and which will serve as security for a future series of bonds that CFD No. 2005-2 expects to issue). This section describes only those provisions of the CFD No. 2005-2 RMA relating to the calculation and levy of Annual Special Tax A. The CFD Indenture provides for the issuance of Additional Bonds for the purpose of providing funds to pay costs of authorized Eastern Municipal Water District (“EMWD”) facilities, to refund any CFD Bonds previously issued under the CFD Indenture and to cover related costs, to provide for a reserve fund and to cover related costs. See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS – THE CFD INDENTURES.”

*Tax A Minimum Annual Special Tax Requirement.* Annually, at the time of levying the Special Tax for CFD No. 2005-2, the Board will determine the minimum amount of money to be levied on Taxable Property in CFD No. 2005-2 (the “Tax A Minimum Annual Special Tax Requirement”), which will be the amount required in any Fiscal Year to pay the following:

- (i) the debt service on the Tax A Bonds in the Calendar Year beginning in such Fiscal Year,
- (ii) other periodic costs of the Tax A Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax A Bonds due in the Calendar Year beginning in such Fiscal Year,
- (iii) the portion of the Administrative Expenses of CFD No. 2005-2 applicable to Annual Special Tax A,
- (iv) any costs associated with the release of funds from an escrow account for the Tax A Bonds, if any,
- (v) any amount required to establish or replenish any reserve funds established in association with the Tax A Bonds,

less any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above under the Indenture in such Calendar Year.

*Developed and Undeveloped Property; Exempt Property.* All Assessor’s Parcels within CFD No. 2005-2 will be assigned to Zone 1 or Zone 2 and classified for each Fiscal Year as Taxable Property or Exempt Property, and each Assessor’s Parcel of Taxable Property will be further classified as Developed Property or Undeveloped Property, all as defined below. In addition, Developed Property will be further classified based on the Building Square Footage of the Unit.

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

“Exempt Property”: the Board will classify property as Exempt Property in the following order of priority:

- (i) Assessor’s Parcels owned by the State of California, federal or other local governments,
- (ii) Assessor’s Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction,

(iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement,

(iv) 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,

(v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board.

However, property may not be classified as Exempt Property if that classification (1) would reduce the sum of all Taxable Property in Zone 1 to less than 39.95 acres of Acreage or (2) would reduce the sum of all Taxable Property in Zone 2 to less than 19.95 acres of Acreage. Assessor's Parcels that cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property to 39.95 acres of Acreage in Zone 1 or 19.95 acres of Acreage in Zone 2 will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

"Undeveloped Property" means all Assessors Parcels of Taxable Property that are not classified as Developed Property.

"Taxable Property" means all Assessor's Parcels which are not Exempt Property (as defined above).

*Maximum Annual Special Tax A, Assigned Annual Special Tax A and Backup Annual Special Tax A.* The Maximum Annual Special Tax A is defined in the CFD No. 2005-2 RMA as follows:

*Developed Property.* The Maximum Annual Special Tax A for each Assessor's Parcel of Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Fiscal Year or (ii) the Backup Annual Special Tax A for such Fiscal Year.

- Assigned Annual Special Tax A. The Assigned Annual Special Tax A for each Assessor's Parcel of Developed Property in Zone 1 of CFD No. 2005-2 is determined by reference to Table 1 in the CFD No. 2005-2 RMA, and varies from \$811.41 per Unit to \$984.89 per Unit for Fiscal Year 2019-20, based on the number of Building Square Feet per Unit, and in Zone 2 of CFD No. 2005-2 is determined by reference to Table 1 in the CFD No. 2005-2 RMA, and varies from \$839.41 per Unit to \$929.81 per Unit for Fiscal Year 2019-20, based on the number of Building Square Feet per Unit.

On each July 1, the Assigned Annual Special Tax A for all Developed Property will be increased by 2.00% of the amount in effect the prior Fiscal Year.

- Backup Annual Special Tax A. The Backup Annual Special Tax A for a Lot within a Final Map is determined for Fiscal Year 2019-20 by multiplying the Acreage of Taxable Property in such Final Map by \$[ ] for Zone 1 and by \$[ ] for Zone 2, and dividing the result by the number of Lots in such Final Map.

The Backup Annual Special Tax A is subject to adjustment if all or any portion of a Final Map is changed or modified, as set forth in the CFD No. 2005-2 RMA.

*Undeveloped Property.* The Maximum Annual Special Tax A for each Assessor's Parcel of Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax A for such Fiscal Year.

- Assigned Annual Special Tax A. The Assigned Annual Special Tax A for each Assessor's Parcel of Undeveloped Property is determined by reference to Table 2 in the CFD No. 2005-2 RMA, and for each Assessor's Parcel in Zone 1 classified as Undeveloped Property shall be the Assigned Annual Special Tax A, which is \$5,902.20 per Acre for Fiscal Year 2019-20.

On each July 1, the Assigned Annual Special Tax for all Undeveloped Property will be increased by 2.00% of the amount in effect the prior Fiscal Year.

*Method of Apportionment.* Under the CFD No. 2005-2 RMA, the Board will levy an Annual Special Tax A in both Zone 1 and Zone 2 each Fiscal Year as follows:

- Step One: The Board will levy an Annual Special Tax A on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax A applicable to that Assessor's Parcel.
- Step Two: If the sum of the amounts levied in step one is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax A applicable to each Assessor's Parcel of Undeveloped Property to satisfy the Tax A Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts levied in steps one and two is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax A up to the Maximum Annual Special Tax A applicable to each Assessor's Parcel, to satisfy the Tax A Minimum Annual Special Tax Requirement.

*Full Prepayment of Annual Special Taxes.* The Annual Special Tax A obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A obligation must provide CFD No. 2005-2 with written notice of intent to prepay. Within 30 days of receipt of such written notice, the Board will reasonably determine the prepayment amount of such Assessor's Parcel and notify such owner of the Tax A Prepayment Amount.

The Prepayment Amount is calculated as set forth in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-5-1 with respect to CFD No. 2005-2, and generally will be determined as the present value of the Annual Special Tax A (the "Tax A Present Value of Taxes"), less a credit for the parcel's proportionate share of the debt service reserve fund, plus administrative fees related to the prepayment. The CFD No. 2005-2 RMA defines "Tax A Present Value of Taxes" as the present value of Annual Special Tax A applicable to such Assessor's Parcel in the current Fiscal Year not yet received by CFD No. 2005-2, plus the expected Annual Special Tax A applicable to such Assessor's Parcel in each remaining Fiscal Year until the termination date specified in the CFD No. 2005-2 RMA (35 Fiscal Years after the issuance of the last series of Bonds but not later than Fiscal Year 2049-50) using as the discount

rate (i) the Bond Yield after Bond Issuance or (ii) the most recently published Bond Index prior to the Bond Issuance.

*Appeals.* Any property owner claiming that the amount or application of any Special Tax is not correct may file a written notice of appeal with the Board not later than 12 months after having paid the Second installment of the Special Tax that is disputed. A representative of CFD No. 2005-2 will promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund will not be made (except for the last year of levy), but an adjustment will be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the representative's decisions indicate.

*Duration of Special Tax Levy.* The Annual Special Tax A and the Annual Special Tax B will be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax A Bonds or Tax B Bonds (each as defined in the CFD No. 2005-2 RMA), whichever is later, by CFD No. 2005-2, but in no event may the Annual Special Tax A and Annual Special Tax B be levied later than Fiscal Year 2049-50.

For Fiscal Year 2019-20, 280 parcels (of a total of 351 proposed residential units) will be classified as Developed Property and subject to the Fiscal Year 2019-20 special tax levy for CFD No. 2005-2. CFD No. 2005-2 is partially developed with 280 single family homes and 71 partially finished lots. As of April 24, 2019, 243 of the 280 parcels of Developed Property (as defined in the CFD No. 2005-2 RMA) have been conveyed to individual homeowners. The 71 partially finished lots are subdivided residential lots on an aggregate 14.31 taxable acres of Undeveloped Property (as defined in the CFD No. 2005-2 RMA) in CFD No. 2005-2. The Fiscal Year 2019-20 special tax levy for CFD No. 2005-2 does not include a levy on Undeveloped Property. The CFD No. 2005-2 RMA provides for an increase in the Assigned Annual Special Tax of 2.00% annually. The following table sets forth a projection of the Special Taxes to be levied for Fiscal Year 2019-20.

Table A-29  
**Community Facilities District No. 2005-2 (Special Tax A)**  
**2019-20 Projected Special Tax Levy**

<b>Land Use Class</b>	<b>Building Square Feet<sup>(1)</sup></b>	<b>Number of Parcels</b>	<b>Total Acreage</b>	<b>Maximum Assigned Rate<sup>(2)</sup></b>	<b>Projected Assigned Rate</b>	<b>Projected Special Tax Levy</b>	<b>Percent of Special Tax Levy</b>
<u>Zone 1:</u>							
1	Less than 2,300	119	22.16	\$ 811.41	\$ 811.41	\$ 96,558.20	40.12%
2	2,301 to 2,500	8	1.63	853.37	853.37	6,826.98	2.84
3	2,501 to 2,700	34	6.29	881.36	881.36	29,966.21	12.45
4	2,701 to 2,900	2	0.34	895.35	895.35	1,790.69	0.74
5	2,901 to 3,100	1	0.18	923.31	923.31	923.31	0.38
6	3,101 to 3,300	17	3.35	951.28	951.28	16,171.73	6.72
7	Greater than 3,300	11	2.18	984.89	984.89	10,833.74	4.50
<u>Zone 2:</u>							
1	Less than 2,000	19	3.99	\$ 839.41	\$ 839.41	\$ 15,948.84	6.63%
2	2,001 to 2,400	18	4.15	865.25	865.25	15,574.47	6.47
3	2,401 to 2,800	34	7.79	891.07	891.07	30,296.39	12.59
4	Greater than 2,800	17	3.78	929.81	929.81	15,806.78	6.56
<b>Subtotal</b>		<b>280</b>	<b>55.84</b>			<b>\$240,697.34</b>	<b>100.00%</b>
<u>Zone 1:</u>							
Undeveloped		71	14.31	\$5,902.20	\$ 0.00	\$ 0.00	0.00%
<b>Total</b>		<b>351</b>	<b>70.15</b>			<b>\$240,697.34</b>	<b>100.00%</b>

(1) In accordance with the CFD No. 2005-2 RMA. Based on projected development status as of May 1, 2019.

(2) The Maximum Annual Special Tax increases 2.00% annually with respect to the Assigned Annual Special Tax.

Source: Willdan Financial Services.

### **Special Tax Levy – Taxable Property**

Each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The property in CFD No. 2005-2 is further divided into Zone 1 and Zone 2. The Maximum Annual Special Tax A for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Fiscal Year or (ii) the Backup Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax A for such Fiscal Year.

A synopsis of the provisions of the CFD No. 2005-2 RMA is set forth above. See also, "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment" and APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-5-1 with respect to CFD No. 2005-2.

## Special Tax Collections

Historically, the Special Tax has been levied within CFD No. 2005-2. The following table sets forth the Special Tax collections and delinquencies for fiscal years 2011-12 through 2018-19 within CFD No. 2005-2. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” and APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-5-1 with respect to CFD No. 2005-2.

Table A-30  
**Community Facilities District No. 2005-2 (Special Tax A)**  
**Special Tax Collections, Delinquencies and Delinquency Rates**  
**Fiscal Years 2011-12 through 2018-19**

Subject Fiscal Year <sup>(1)</sup>							As of January 22, 2019		
Fiscal Year Ending 6/30	Annual Special Tax Levy	Parcels Levied	Total Annual Special Taxes Collected	Fiscal Year Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2011-12	\$ 92,532	120	\$ 84,837	11	\$7,695	8.32%	0	\$ 0	0.00%
2012-13	94,383	120	87,005	10	7,377	7.82	0	0	0.00
2013-14	96,271	120	93,876	4	2,395	2.49	0	0	0.00
2014-15	98,196	120	94,942	5	3,255	3.31	0	0	0.00
2015-16	100,160	120	99,346	1	814	0.81	0	0	0.00
2016-17	102,163	120	100,868	2	1,295	1.27	1	831	0.81
2017-18	104,206	120	102,108	4	2,098	2.01	1	847	0.81
2018-19 <sup>(2)</sup>	91,617	217	86,059	13	5,557	6.07	13	5,557	6.07

<sup>(1)</sup> Reflects delinquency information as of June 30 of the applicable fiscal year. Does not include any penalties, interest or fees. Delinquency information does not include the Special Tax B component of the CFD No. 2005-2 RMA.

<sup>(2)</sup> For Fiscal Year 2018-19, the amount represents the first installment only.

Source: Willdan Financial Services, based on information provided by the County Tax Collector.

## Assessed Values

The Fiscal Year 2018-19 assessed valuation of the Taxable Property within CFD No. 2005-2 is \$52,329,921. The following table shows the assessed value for Taxable Property in CFD No. 2005-2 for tax years 2011-12 through 2018-19.

Table A-31  
**Community Facilities District No. 2005-2**  
**Historical Assessed Values**  
**Fiscal Years 2011-12 through 2018-19**

<b>Fiscal Year</b>	<b>Annual Special Tax A</b>	<b>Parcels Taxable<sup>(1)</sup></b>	<b>Parcels Levied</b>	<b>Assessed Value Land</b>	<b>Assessed Value Structure</b>	<b>Total Assessed Value</b>	<b>Percent Change</b>
2011-12	\$ 92,532	351	120	\$6,729,283	\$12,110,013	\$18,839,296	n/a
2012-13	94,383	351	120	6,814,814	12,236,440	19,051,254	1.13%
2013-14	96,271	351	120	7,218,350	12,281,072	19,499,422	2.35
2014-15	98,196	351	120	7,651,060	14,104,919	21,755,979	11.57
2015-16	100,160	351	120	7,803,621	16,444,740	24,248,361	11.46
2016-17	102,163	351	120	9,054,097	17,180,953	26,235,050	8.19
2017-18	104,206	351	120	10,200,822	18,597,472	28,798,294	9.77
2018-19	183,234	351	217	13,868,714	38,461,207	52,329,921	81.71

<sup>(1)</sup> Total Assessed Values include all taxable parcels.

Source: *Riverside County Secured Roll as compiled by Willdan Financial Services.*

### Property Ownership

The following table depicts the principal owners in CFD No. 2005-2 based on the Fiscal Year 2019-20 projected Special Tax levy.



Table A-32  
**Community Facilities District No. 2005-2 (Special Tax A)**  
**Principal Owners/Taxpayers by Percent of Special Tax Levy**

Development Status/ Owner Name <sup>(1)</sup>	Number of Parcels/ Units	2019-20 Projected Special Tax Levy	2019-20 Percent of Special Tax Levy	2018-19 Total Assessed Value	CFD No. 2005-2 Special Tax A Series 2017 Bonds <sup>(2)</sup>	CFD No. 2005-2 Special Tax A Series 2019 Bonds <sup>(3)*</sup>	Overlapping Debt <sup>(4)</sup>	Total Debt Burden <sup>*</sup>	Value -to- Lien Ratio <sup>*</sup>
<u>Single Family Residence:</u>									
RSI Communities Calif. LLC <sup>(5)</sup>	28	\$ 23,705.56	9.85%	\$ 1,434,540.00	\$ 88,145.86	\$ 316,635.69	\$ 32,538.37	\$ 437,319.92	3.28
Individual Property Owners	252	216,991.78	90.15	50,108,488.00	806,854.14	2,898,364.31	1,124,756.65	4,829,975.10	10.37
<b>Subtotal</b>	<b>280</b>	<b>\$240,697.34</b>	<b>100.00%</b>	<b>\$51,543,028.00</b>	<b>\$895,000.00</b>	<b>\$3,215,000.00</b>	<b>\$1,157,295.02</b>	<b>\$5,267,295.02</b>	<b>9.79</b>
<u>Undeveloped Properties:</u>									
Cado San Jacinto	71	\$ 0.00	0.00%	\$ 786,893.00	\$ 0.00	\$ 0.00	\$ 17,848.38	\$ 17,848.37	44.09
<b>Total</b>	<b>351</b>	<b>\$240,697.34</b>	<b>100.00%</b>	<b>\$52,329,921.00</b>	<b>\$895,000.00</b>	<b>\$3,215,000.00</b>	<b>\$1,175,143.39</b>	<b>\$5,285,143.39</b>	<b>9.90</b>

(1) In accordance with the CFD No. 2005-2 RMA. Based on projected development status as of May 1, 2019. Undeveloped Properties consists of 14.31 of total taxable acreage.

(2) Calculated based on the proportionate share of the CFD No. 2005-2 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

(3) Calculated based on the proportionate share of the CFD No. 2005-2 Special Tax A levy multiplied by the projected Series 2019 Bonds to be issued.

(4) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-34 for a description of overlapping debt within CFD No. 2005-2.

(5) According to the 2018-19 Secured Roll, RSI Communities California LLC owned 92 parcels/units and Western Pacific Housing Inc owned 32 parcels/units. Of the 92 parcels, only 28 are still owned by RSI Communities California LLC as provided by RSI. All of the 32 parcels previously owned by Western Pacific Housing Inc are sold to individual property owners as provided by Western.

\* Preliminary subject to change.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.

Table A-33  
Community Facilities District No. 2005-2 (Special Tax A)  
Value-to-Lien Ratios and Overlapping Debt

Value -to-Lien Ratio	Number of Parcels/ Units	2019-20 Projected Special Tax Levy	2019-20 Percent of Special Tax Levy	2018-19 Total Assessed Value	CFD No. 2005-2 Special Tax A Series 2017 Bonds <sup>(1)</sup>	CFD No. 2005-2 Special Tax A Series 2019 Bonds <sup>(2)*</sup>	Overlapping Debt <sup>(3)</sup>	Total Debt Burden <sup>*</sup>	Value -to- Lien Ratio <sup>*</sup>
<u>Single Family Residence:</u> <sup>(4)</sup>									
10:1 to 19.99:1	152	\$130,809.69	54.35%	\$41,590,642.00	\$486,397.89	\$1,747,228.16	\$ 931,554.12	\$3,165,180.17	13.14
5:1 to 9.99:1	27	23,853.13	9.91	4,728,066.00	88,694.58	318,606.80	107,242.41	514,543.79	9.19
3:1 to 3.99:1 <sup>(5)</sup>	81	68,407.33	28.42	4,256,940.00	254,363.28	913,718.37	96,556.29	1,264,637.94	3.37
2:1 to 2.99:1 <sup>(5)</sup>	20	17,627.19	7.32	967,380.00	65,544.25	235,446.67	21,942.20	322,933.12	3.00
<b>Subtotal</b>	<b>280</b>	<b>\$240,697.34</b>	<b>100.00%</b>	<b>\$51,543,028.00</b>	<b>\$895,000.00</b>	<b>\$3,215,000.00</b>	<b>\$1,157,295.02</b>	<b>\$5,267,295.02</b>	<b>9.79</b>
<u>Undeveloped Properties:</u> <sup>(4)</sup>									
Greater than 40:1	71	\$ 0.00	0.00%	\$ 786,893.00	\$ 0.00	\$ 0.00	\$ 17,848.37	\$ 17,848.37	44.09
<b>Total</b>	<b>351</b>	<b>\$240,697.34</b>	<b>100.00%</b>	<b>\$52,329,921.00</b>	<b>\$895,000.00</b>	<b>\$3,215,000.00</b>	<b>\$1,175,143.39</b>	<b>\$5,275,143.39</b>	<b>9.90</b>

(1) Calculated based on the proportionate share of the CFD No. 2005-2 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

(2) Calculated based on the proportionate share of the CFD No. 2005-2 Special Tax A levy multiplied by the projected Series 2019 Bonds to be issued.

(3) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-34 for a description of overlapping debt within CFD No. 2005-2.

(4) In accordance with the CFD No. 2005-2 RMA. Based on projected development status as of May 1, 2019. Undeveloped Properties consists of 14.31 of taxable acreage.

(5) Permits have been issued for these 101 lots however, the 2018-19 secured roll does not yet reflect full Assessed Values for structure.

\* Preliminary subject to change.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.

## Direct and Overlapping Debt

Contained within CFD No. 2005-2 are numerous overlapping local agencies providing public services. Some of such local agencies have outstanding bonds issued in the form of general obligation, special tax and special assessment bonds. Additional indebtedness could be authorized by other public agencies at any time. The following table illustrates the direct and overlapping debt within CFD No. 2005-2 as of March 1, 2019.

Table A-34  
**Community Facilities District No. 2005-2**  
**Direct and Overlapping Debt**

2018-19 Local Secured Assessed Valuation: \$52,329,921

	%	Debt 3/1/19
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Applicable</u>	
Metropolitan Water District General Obligation Bonds	0.002%	\$ 854
Riverside County Flood Control and Water Conservation District Promissory Notes	0.101	14,769 <sup>(1)</sup>
Mount San Jacinto Community College District General Obligation Bonds	0.057	98,119
San Jacinto Unified School District General Obligation Bonds	1.671	1,076,171
<b>San Jacinto Unified School District Community Facilities District No. 2005-2 (Special Tax A)</b>	<b>100.000</b>	<b>895,000<sup>(2)</sup></b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$2,084,913</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	0.018%	\$ 143,670
Riverside County Pension Obligation Bonds	0.018	45,068
San Jacinto Unified School District Certificates of Participation	1.671	693,690
City of San Jacinto Pension Obligation Bonds	1.696	11,676
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 894,104</b>
Less: Riverside County supported obligations		473
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 893,631</b>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		
<b>GROSS COMBINED TOTAL DEBT</b>		<b>\$3,436,386<sup>(3)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$3,435,913</b>

<sup>(1)</sup> 2015 Negotiable Promissory Notes secured by the 1% *ad valorem* property tax revenues collected on properties within Zone 4 located in CFD No. 2005-2. The Notes are not secured by a direct property tax lien.

<sup>(2)</sup> CFD No. 2005-2 Special Tax A Series 2017 Bonds. Excludes the parity CFD No. 2005-2 Bonds to be sold.

<sup>(3)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

### Ratios to 2018-19 Local Secured Assessed Valuation:

<b>Direct Debt (\$895,000)</b> .....	<b>1.71%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	3.98%
Gross Combined Total Debt .....	6.57%
Net Combined Total Debt .....	6.57%

*Source: California Municipal Statistics, Inc. and Willdan Financial Services.*

## Debt Service Coverage

The CFD No. 2005-2 RMA provides for, and the table below assumes, the Special Tax levy on Taxable Property at a Maximum Annual Special Tax A (including an inflator with respect to the Assigned Annual Special Tax). As to CFD No. 2005-2, the actual amount of Special Tax that will be levied against each parcel in each year will be determined in accordance with the CFD No. 2005-2 RMA. See APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-5-1 with respect to CFD No. 2005-2.

Table A-35  
**CFD No. 2005-2 Bonds**  
**Estimated Debt Service Coverage**

<b>Year Ended September 1</b>	<b>Net Special Tax A Revenues</b>	<b>CFD No. 2005-2 Special Tax A Series 2017 Bonds Debt Service<sup>(1)</sup></b>	<b>CFD No. 2005-2 Bonds Debt Service<sup>(1)</sup></b>	<b>Coverage</b>
2019				
2020				
2021				
2022				
2023				
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				
<b>Totals</b>				

<sup>(1)</sup> Assuming no optional redemptions. In no event may the Annual Special Tax A be levied later than June 30, 2050.  
Source: Stifel, Nicolaus & Company, Incorporated based on revenue calculations provided by Willdan Financial Services.

The Special Tax on any Taxable Property is limited to an increase of 10% for delinquencies under Section 53321 of the Act as applied to CFD No. 2005-2. That section provides that under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within CFD No. 2005-2, by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. See “RISK FACTORS – Insufficiency of Special Taxes” herein.

## **CFD No. 2005-4**

*General.* CFD No. 2005-4 consists of approximately 40.12 gross acres within the boundaries of the City and approximately 18.69 gross acres within the boundaries of the City of Hemet. The property in the City is located east of Sanderson Avenue, between Cottonwood Avenue and Seventh Street. The property in the City of Hemet is located between Railroad Street and Buena Vista Avenue, south of Monte Vista Avenue. Currently, 211 parcels will be subject to the Fiscal Year 2019-20 special tax levy for CFD No. 2005-4. CFD No. 2005-4 is fully developed with 211 residential units (all of which are single family homes). There is no Undeveloped Property (as defined in the CFD No. 2005-4 RMA) in CFD No. 2005-4. The CFD No. 2005-4 RMA provides for an increase in the Maximum Annual Special Tax of 2.00% annually. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” for a discussion of the CFD No. 2005-4 RMA and “– Assessed Values” for a discussion of the assessed value of the Taxable Property in CFD No. 2005-4.

*Summary of CFD No. 2005-4 Formation Proceedings.* Pursuant to the Act, on June 21, 2005, the Board adopted Resolution No. 04-05-108 stating its intention to establish CFD No. 2005-4 and to authorize the levy of a special tax therein. On the same day, the Board adopted Resolution No. 04-05-109 stating its intention to incur bonded indebtedness in an amount not to exceed \$10,000,000 in the aggregate within CFD No. 2005-4 for the purpose of financing authorized facilities.

*Resolution Approving Joint Community Facilities Agreement.* On June 21, 2005, the Board adopted Resolution No. 04-05-110, which approved a joint community facilities agreement between CFD No. 2005-4 and EMWD with respect to water and sewer facilities.

*Resolution of Formation.* Immediately following a noticed public hearing on August 16, 2005, the Board adopted Resolution No. 05-06-20 which established CFD No. 2005-4 and authorized the levy of special taxes within CFD No. 2005-4.

*Resolution of Necessity.* On August 16, 2005, the Board adopted Resolution No. 05-06-21 declaring the necessity to incur bonded indebtedness in an aggregate amount not to exceed \$10,000,000 within CFD No. 2005-4 and submitting that proposition to the qualified electors of CFD No. 2005-4.

*Resolution Calling Election.* On August 16, 2005, the Board adopted Resolution No. 05-06-22 calling an election by the landowners within CFD No. 2005-4 for the same date on the issues of the levy of the Annual Special Tax A and Annual Special Tax B, the incurring of bonded indebtedness and the establishment of an appropriations limit.

*Landowner Election and Declaration of Results.* On August 16, 2005, an election was held within CFD No. 2005-4 in which the qualified electors approved a ballot proposition authorizing the issuance of up to \$10,000,000 in bonds to finance the acquisition and construction of the Facilities, the levy of the Annual Special Tax A and Annual Special Tax B and the establishment of an appropriations limit for CFD No. 2005-4. On August 16, 2005, the Board adopted Resolution No. 05-06-23, under which the Board approved the canvass of the votes and declared CFD No. 2005-4 to be fully formed with the authority to levy the Annual Special Tax A and Annual Special Tax B, to incur the bonded indebtedness and to have the established appropriations limit.

*Notice of Special Tax Lien.* A Notice of Special Tax Lien was recorded in the real property records of Riverside County on August 26, 2005, as Document No. 2005-0702950.

*Ordinance Levying Special Taxes.* On September 13, 2005, the Board adopted Ordinance No. 05-06-02 levying the Annual Special Tax A and Annual Special Tax B within CFD No. 2005-4.

*Resolution Authorizing Issuance of the CFD No. 2005-4 Bonds Relating to the Special Tax A Series 2017 Bonds.* On August 8, 2017, the Board adopted a resolution approving issuance of the CFD No. 2005-4 Bonds relating to the Special Tax A Series 2017 Bonds in an amount not to exceed \$2,500,000. The CFD No. 2005-4 Bonds relating to the Special Tax A Series 2017 Bonds are payable solely from Annual Special Tax A revenues.

*Resolution Authorizing Issuance of the CFD No. 2005-4 Bonds.* On May 14, 2019, the Board adopted a resolution approving issuance of the CFD No. 2005-4 Bonds in an amount not to exceed \$4,940,000. The CFD No. 2005-4 Bonds will be payable solely from Annual Special Tax B revenues.

CFD No. 2005-4 is a legally constituted governmental entity established pursuant to the Act for the purpose of [financing School Facilities and/or authorized EMWD facilities]. Pursuant to the Act, the Board of Trustees of the School District is the legislative body of CFD No. 2005-4.

*CFD No. 2005-4 RMA.* The Special Tax is levied and collected according to the CFD No. 2005-4 RMA, which provides the means by which the Board may annually levy the Special Taxes within CFD No. 2005-4, up to the Maximum Annual Special Tax, and to determine the amount of the Special Tax that will need to be collected each Fiscal Year from the “Taxable Property” within CFD No. 2005-4.

The following is a synopsis of the provisions of the CFD No. 2005-4 RMA, which should be read in conjunction with the complete text of the CFD No. 2005-4 RMA, including its attachments, which is attached as part of APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-6-1 with respect to CFD No. 2005-4. The meaning of the defined terms used in this section are as set forth in APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-6-1 with respect to CFD No. 2005-4. This section provides only a summary of the CFD No. 2005-4 RMA, and is qualified by more complete and detailed information contained in the entire CFD No. 2005-4 RMA attached as part of APPENDIX C. The CFD No. 2005-4 Bonds will be payable, as provided in the respective CFD Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor under such CFD Indenture. The CFD No. 2005-4 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2005-4.

*Annual Special Tax A and Annual Special Tax B.* The CFD No. 2005-4 RMA creates two separate special taxes within CFD No. 2005-4: “Annual Special Tax A,” which is designated for financing water and sewer facilities, and “Annual Special Tax B,” which is designated for financing School Facilities (and which will serve as security for the CFD No. 2005-4 Bonds). The CFD Indenture provides for the issuance of Additional Bonds for the purpose of providing funds to pay costs of School Facilities, to refund any CFD Bonds previously issued under the CFD Indenture and to cover related costs. This section describes only those provisions of the CFD No. 2005-4 RMA relating to the calculation and levy of Annual Special Tax B.

*Tax B Minimum Annual Special Tax Requirement.* Annually, at the time of levying the Special Tax for CFD No. 2005-4, the Board will determine the minimum amount of money to be levied on Taxable Property in CFD No. 2005-4 (the “Tax B Minimum Annual Special Tax Requirement”), which will be the amount required in any Fiscal Year to pay the following:

- (i) the debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year,
- (ii) other periodic costs of the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year,

(iii) the portion of the Administrative Expenses of CFD No. 2005-4 applicable to Annual Special Tax B,

(iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, if any, and

(v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds,

less any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above under any applicable Indenture in such Calendar Year.

*Developed and Undeveloped Property; Exempt Property.* All Assessor's Parcels within CFD No. 2005-4 will be classified for each Fiscal Year as Taxable Property or Exempt Property, and each Assessor's Parcel of Taxable Property will be further classified as Developed Property or Undeveloped Property, all as defined below. In addition, Developed Property will be further classified based on the Building Square Footage of the Unit.

"Developed Property" means, for each Fiscal Year, all Assessor's Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"Exempt Property" the Board will classify property as Exempt Property in the following order of priority:

- (i) Assessor's Parcels owned by the State of California, Federal or other local governments,
- (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction,
- (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement,
- (iv) 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,
- (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board.

However, no such classification may reduce the Acreage of all Taxable Property to less than 34.93 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 34.93 Acres will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

"Annual Special Tax B" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G of the CFD No. 2005-4 RMA.



“Maximum Annual Special Tax B” means for each Assessor’s Parcel and for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C that can be levied by CFD No. 2005-4 in such Fiscal Year on any Assessor's Parcel.

“Undeveloped Property” means all Assessors Parcels of Taxable Property that are not classified as Developed Property.

“Taxable Property” means all Assessor’s Parcels that are not Exempt Property (as defined below).

*Maximum Annual Special Tax B, Assigned Annual Special Tax B and Backup Annual Special Tax B.* The Maximum Annual Special Tax B is defined in the CFD No. 2005-4 RMA as follows:

Developed Property: The Maximum Annual Special Tax B for each Assessor’s Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year, or (ii) the applicable Backup Annual Special Tax B for such Fiscal Year.

- *Assigned Annual Special Tax B.* The Assigned Annual Special Tax B for each Assessor’s Parcel of Developed Property is determined by reference to Table 1 in the CFD No. 2005-4 RMA, and varies from \$1,120.15 per Unit to \$1,744.50 per Unit for Fiscal Year 2019-20, based on the number of Building Square Feet per Unit.
- *Backup Annual Special Tax B.* The Backup Annual Special Tax B for a Lot of Developed Property for each Fiscal Year is determined by multiplying the Acreage of Taxable Property expected to exist in such Final Subdivision Map at the time of calculation as determined by the Board pursuant to Section K of the CFD No. 2005-4 RMA times the Assigned Annual Special Tax B per Acre of Undeveloped Property in the applicable Fiscal Year (\$[\_\_\_\_\_] for Fiscal Year 2018-19), and dividing the result by the total number of Lots in the applicable Final Subdivision Map at the time of calculation.

The Assigned Annual Special Tax and the Backup Annual Special Tax rate for each Assessor’s Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

The Backup Annual Special Tax B is subject to adjustment if all or any portion of a Final Map is changed or modified, as set forth in the CFD No. 2005-4 RMA.

Undeveloped Property: There is no Undeveloped Property (as defined in the CFD No. 2005-4 RMA) in the CFD No. 2005-4.

*Method of Apportionment.* Under the CFD No. 2005-4 RMA, the Board will levy an Annual Special B in each Fiscal Year as follows:

Step One: The Board will levy an Annual Special Tax B on each Assessor’s Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to that Assessor’s Parcel.

Step Two: If the sum of the amounts levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax B on each Assessor’s Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each such Assessor’s Parcel of

Undeveloped Property to satisfy the Tax B Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax B up to the Maximum Annual Special Tax B applicable to each such Assessor's Parcel, to satisfy the Tax B Minimum Annual Special Tax Requirement.

*Full Prepayment of Annual Special Taxes.* The Annual Special Tax obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel.

The Annual Special Tax B obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel, provided that the terms set forth under the CFD No. 2005-4 RMA are satisfied, including (among others) the following conditions:

- An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A obligation and the Annual Special Tax B obligation must provide CFD No. 2005-4 with written notice of intent to prepay. Within 30 days of receipt of such written notice, the Board will reasonably determine the prepayment amount of such Assessor's Parcel and notify such owner of the Prepayment Amount.

The Prepayment Amount is calculated as set forth in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-6-1 with respect to CFD No. 2005-4.

*Partial Prepayment of Annual Special Taxes.* Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the property within such Final Subdivision Map may elect to prepay any portion of the applicable Annual Special Tax B obligation for all of the Assessor's Parcels within such Final Subdivision Map. The Partial Prepayment Amount is calculated as the Prepayment Amount determined for full prepayment of Special Taxes, multiplied by the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation, all as set forth in further detail in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-6-1 with respect to CFD No. 2005-4.

*Appeals.* Any property owner claiming that the amount or application of any Special Tax is not correct may file a written notice of appeal with the Board not later than 12 months after having paid the Special Tax that is disputed. The Board will promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Board's decision requires that the Special Taxes for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund will not be made (except for the last year of levy or in other special cases, as determined by the Board), but an adjustment will be made to the Special Taxes on that Assessor's Parcel in the subsequent Fiscal Year(s).

*Duration of Special Tax Levy.* The Annual Special Tax B will be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax B Bonds (as defined in the CFD No. 2005-4 RMA) by CFD No. 2005-4, but in no event may the Annual Special Tax B be levied later than Fiscal Year 2049-50.

For Fiscal Year 2019-20, 211 parcels will be subject to the Fiscal Year 2019-20 special tax levy for CFD No. 2005-4. There is no Undeveloped Property (as defined in the CFD No. 2005-4 RMA). The CFD No. 2005-4 RMA provides for an increase in the Maximum Annual Special Tax of 2.00% annually. The following table sets forth a projection of the Special Taxes to be levied for Fiscal Year 2019-20.

Table A-36  
**Community Facilities District No. 2005-4 (Special Tax B)  
2019-20 Projected Special Tax Levy**

<b>Land Use Class</b>	<b>Building Square Feet<sup>(1)</sup></b>	<b>Number of Parcels</b>	<b>Total Acreage</b>	<b>Maximum Assigned Rate<sup>(2)</sup></b>	<b>Projected Assigned Rate</b>	<b>Projected Special Tax Levy</b>	<b>Percent of Special Tax Levy</b>
1	Less than 1,700	24	4.12	\$1,120.15	\$1,120.15	\$26,883.48	8.85%
2	1,700 to 1,950	16	2.81	1,198.92	1,198.92	19,182.69	6.32
3	1,951 to 2,200	48	8.35	1,277.69	1,277.69	61,329.16	20.20
4	2,201 to 2,450	16	3.17	1,382.72	1,382.72	22,123.54	7.29
5	2,451 to 2,700	43	8.00	1,452.75	1,452.75	62,468.08	20.57
6	Greater than 2,700	64	12.57	1,744.50	1,744.50	111,647.75	36.77
<b>Total</b>		<b>211</b>	<b>39.02</b>			<b>\$303,634.71</b>	<b>100.00%</b>

<sup>(1)</sup> In accordance with the CFD No. 2005-4 RMA. CFD No. 2005-4 is built out.

<sup>(2)</sup> The Maximum Annual Assigned Special Tax increases 2.00% annually.

Source: Willdan Financial Services.

### **Special Tax Levy – Taxable Property**

Each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

A synopsis of the provisions of the CFD No. 2005-4 RMA is set forth above. See also, "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment" and APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-6-1 with respect to CFD No. 2005-4.

### **Special Tax Collections**

Historically, the Special Tax has been levied within CFD No. 2005-4. The following table sets forth the Special Tax collections and delinquencies for fiscal years 2011-12 through 2018-19 within CFD No. 2005-4. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates

and Methods of Apportionment” and APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-6-1 with respect to CFD No. 2005-4.

Table A-37  
**Community Facilities District No. 2005-4 (Special Tax B)**  
**Special Tax Collections, Delinquencies and Delinquency Rates**  
**Fiscal Years 2011-12 through 2018-19**

Subject Fiscal Year <sup>(1)</sup>							As of January 22, 2019		
Fiscal Year Ending 6/30	Annual Special Tax Levy	Parcels Levied	Total Annual Special Taxes Collected	Fiscal Year Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2011-12	\$206,878	164	\$178,111	24	\$28,767	13.91%	0	\$ 0	0.00%
2012-13	211,016	164	194,461	15	16,555	7.85	0	0	0.00
2013-14	215,236	164	210,618	4	4,619	2.15	0	0	0.00
2014-15	219,541	164	215,356	5	4,185	1.91	0	0	0.00
2015-16	223,933	164	220,502	4	3,431	1.53	1	1,180	0.53
2016-17	228,410	164	223,266	4	5,143	2.25	1	1,204	0.53
2017-18	247,841	176	243,021	4	4,820	1.94	2	2,066	0.83
2018-19 <sup>(2)</sup>	148,840	211	145,471	5	3,369	2.26	5	3,369	2.26

<sup>(1)</sup> Reflects delinquency information as of June 30 of the applicable fiscal year. Does not include any penalties, interest or fees. Delinquency information does not include the Special Tax A component of the CFD No. 2005-4 RMA.

<sup>(21)</sup> For Fiscal Year 2018-19, the amount represents the first installment only.

Source: Willdan Financial Services, based on information provided by the County Tax Collector.

## Assessed Values

The Fiscal Year 2018-19 assessed valuation of the Taxable Property within CFD No. 2005-4 is \$53,426,791. The following table shows the assessed value for Taxable Property in CFD No. 2005-4 for tax years 2011-12 through 2018-19.

Table A-38  
**Community Facilities District No. 2005-4**  
**Historical Assessed Values**  
**Fiscal Years 2011-12 through 2018-19**

<b>Fiscal Year</b>	<b>Annual Special Tax B</b>	<b>Parcels Taxable<sup>(1)</sup></b>	<b>Parcels Levied</b>	<b>Assessed Value Land</b>	<b>Assessed Value Structure</b>	<b>Total Assessed Value</b>	<b>Percent Change</b>
2011-12	\$206,878	211	164	\$7,827,304	\$24,301,907	\$32,129,211	n/a
2012-13 <sup>(2)</sup>	211,016	211	164	7,005,558	21,396,536	28,402,094	(11.60)%
2013-14	215,236	211	164	7,268,392	21,903,894	29,172,286	2.71
2014-15	219,541	211	164	8,202,710	25,668,199	33,870,909	16.11
2015-16	223,933	211	164	8,264,130	27,000,438	35,264,568	4.11
2016-17	228,410	211	164	8,500,715	28,317,382	36,818,097	4.41
2017-18	247,841	211	176	8,583,004	30,060,342	38,643,346	4.96
2018-19	297,679	211	211	9,743,868	43,682,923	53,426,791	38.26

<sup>(1)</sup> Total Assessed Values include all taxable parcels.

<sup>(2)</sup> As compared to the prior year's, the reduction in total assessed value in the CFD is due primarily to macro-level market trends. The reduction is also due to the annual review of the Riverside County Assessor to reflect taxable values accurately in consideration of recent market declines.

Under Proposition 13, real property is reappraised upwards only when a change-in-ownership occurs, or when new construction takes place. Except for these two instances, property assessments cannot be increased by more than 2.00% annually.

Revenue and Taxation Code Section 51 requires the assessor to enroll the lower of either the property's Factored-Base-Year Value (established under Proposition 13) or its market value as of the lien date (January 1).

If the assessed value is reduced due to the market value being lower than the Factor-Base-Year Value, the assessor is required to review the market value of the property each lien date after the reduction until such time as the Factored-Base-Year Value is less than or equal to the market value. When the Factored-Base-Year Value is again enrolled, the property is no longer subject to the annual review, and will receive indexing not to exceed 2.00% per year.

Source: *Riverside County Secured Roll as compiled by Willdan Financial Services.*

## Property Ownership

The following table depicts the principal owners in CFD No. 2005-4 based on the Fiscal Year 2019-20 projected Special Tax levy.

Table A-39  
**Community Facilities District No. 2005-4 (Special Tax B)**  
**Principal Owners/Taxpayers by Percent of Special Tax Levy**

<b>Development Status/ Owner Name <sup>(1)</sup></b>	<b>Number of Parcels/ Units</b>	<b>2019-20 Projected Special Tax Levy</b>	<b>2019-20 Percent of Special Tax Levy</b>	<b>2018-19 Total Assessed Value</b>	<b>CFD No. 2005-4 Special Tax A Series 2017 Bonds<sup>(2)</sup></b>	<b>CFD No. 2005-4 Special Tax B Series 2019 Bonds<sup>(3)*</sup></b>	<b>Overlapping Debt<sup>(4)</sup></b>	<b>Total Debt Burden<sup>*</sup></b>	<b>Value -to- Lien Ratio<sup>*</sup></b>
<u>Single Family Residence:</u>									
RSI Communities Calif	13	\$ 16,408.68	5.40%	\$ 2,235,389.00	\$ 107,541.34	\$ 266,961.86	\$ 50,910.86	\$ 425,414.06	5.25
Individual Property Owners	198	287,226.03	94.60	51,191,402.00	1,882,458.66	4,673,038.14	1,141,337.79	\$7,696,834.59	6.65
<b>Total</b>	<b>211</b>	<b>\$303,634.71</b>	<b>100.00%</b>	<b>\$53,426,791.00</b>	<b>\$1,990,000.00</b>	<b>\$4,940,000.00</b>	<b>\$1,192,248.65</b>	<b>\$8,122,248.65</b>	<b>6.58</b>

(1) In accordance with the CFD No. 2005-4 RMA. CFD No. 2005-4 is built out.

(2) Calculated based on the proportionate share of the CFD No. 2005-4 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

(3) Calculated based on the proportionate share of the CFD No. 2005-4 Special Tax B levy multiplied by the projected Series 2019 Bonds to be issued.

(4) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-41 for a description of overlapping debt within CFD No. 2005-4.

\* Preliminary subject to change.

Source: *Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.*

Table A-40  
**Community Facilities District No. 2005-4 (Special Tax B)**  
**Value-to-Lien Ratios and Overlapping Debt**

<b>Value -to-Lien Ratio</b>	<b>Number of Parcels/ Units</b>	<b>2019-20 Projected Special Tax Levy</b>	<b>2019-20 Percent of Special Tax Levy</b>	<b>2018-19 Total Assessed Value</b>	<b>CFD No. 2005-4 Special Tax A Series 2017 Bonds<sup>(1)</sup></b>	<b>CFD No. 2005-4 Special Tax B Series 2019 Bonds<sup>(2)*</sup></b>	<b>Overlapping Debt<sup>(3)</sup></b>	<b>Total Debt Burden<sup>*</sup></b>	<b>Value -to- Lien Ratio<sup>*</sup></b>
<u>Single Family Residence:</u> <sup>(4)</sup>									
5:1 to 9.99:1	179	\$260,805.49	85.89%	\$48,390,795.00	\$1,709,300.19	\$4,243,188.00	\$1,077,554.14	\$7,030,042.33	6.88
4:1 to 4.99:1	31	41,630.29	13.71	5,003,443.00	272,842.16	677,306.14	113,953.12	1,064,101.42	4.70
1:1 to 1.99:1 <sup>(5)</sup>	1	1,198.92	0.40	32,553.00	7,857.65	19,505.86	741.39	28,104.90	1.16
<b>Total</b>	<b>211</b>	<b>\$303,634.71</b>	<b>100.00%</b>	<b>\$53,426,791.00</b>	<b>\$1,990,000.00</b>	<b>\$4,940,000.00</b>	<b>\$1,192,248.65</b>	<b>\$8,122,248.65</b>	<b>6.58</b>

<sup>(1)</sup> Calculated based on the proportionate share of the CFD No. 2005-4 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

<sup>(2)</sup> Calculated based on the proportionate share of the CFD No. 2005-4 Special Tax B levy multiplied by the projected Series 2019 Bonds to be issued.

<sup>(3)</sup> Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-41 for a description of overlapping debt within CFD No. 2005-4.

<sup>(4)</sup> In accordance with the CFD No. 2005-4 RMA. CFD No. 2005-4 is built out.

<sup>(5)</sup> Permits have been issued for this one lot however, the 2018-19 secured roll does not yet reflect full Assessed Values for structure.

\* Preliminary subject to change.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.

## Direct and Overlapping Debt

Contained within CFD No. 2005-4 are numerous overlapping local agencies providing public services. Some of such local agencies have outstanding bonds issued in the form of general obligation, special tax and special assessment bonds. Additional indebtedness could be authorized by other public agencies at any time. The following table illustrates the direct and overlapping debt within CFD No. 2005-4 as of March 1, 2019.

Table A-41  
**Community Facilities District No. 2005-4**  
**Direct and Overlapping Debt**

2018-19 Local Secured Assessed Valuation: \$53,426,791

	%	Debt 3/1/19
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Applicable</u>	
Metropolitan Water District General Obligation Bonds	0.002%	\$ 863
Riverside County Flood Control and Water Conservation District Promissory Notes	0.102	14,923 <sup>(1)</sup>
Mount San Jacinto Community College District General Obligation Bonds	0.057	99,141
San Jacinto Unified School District General Obligation Bonds	1.689	1,087,384
Eastern Municipal Water District Improvement District No. 24 General Obligation Bonds	1.730	4,861
<b>San Jacinto Unified School District Community Facilities District No. 2005-4 (Special Tax A)</b>	<b>100.000</b>	<b>1,990,000<sup>(2)</sup></b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$3,197,172</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	0.019%	\$ 146,167
Riverside County Pension Obligation Bonds	0.019	45,537
San Jacinto Unified School District Certificates of Participation	1.689	700,918
City of San Jacinto Pension Obligation Bonds	1.234	8,492
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 901,114</b>
Less: Riverside County supported obligations		1,536
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 899,578</b>
 <b>GROSS COMBINED TOTAL DEBT</b>		<b>\$4,098,286<sup>(3)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$4,096,750</b>

(1) 2015 Negotiable Promissory Notes secured by the 1% *ad valorem* property tax revenues collected on properties within Zone 4 located in CFD No. 2005-4. The Notes are not secured by a direct property tax lien.

(2) CFD No. 2005-4 Bonds relating to the Special Tax A Series 2017 Bonds. Excludes CFD No. 2005-4 Bonds to be sold

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

### Ratios to 2018-19 Local Secured Assessed Valuation:

<b>Direct Debt (\$1,990,000)</b> .....	<b>3.27%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	5.98%
Gross Combined Total Debt .....	7.67%
Net Combined Total Debt.....	7.67%

Source: California Municipal Statistics, Inc. and Willdan Financial Services.

## Debt Service Coverage

The CFD No. 2005-4 RMA provides for, and the table below assumes, the Special Tax levy on Taxable Property at a Maximum Annual Special Tax B (including an inflator). As to CFD No. 2005-4, the



actual amount of Special Tax that will be levied against each parcel in each year will be determined in accordance with the CFD No. 2005-4 RMA. See APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-6-1 with respect to CFD No. 2005-4.

Table A-42  
**CFD No. 2005-4 Bonds**  
**Estimated Debt Service Coverage**

<b>Year Ended September 1</b>	<b>Net Special Tax B Revenues on Developed Property</b>	<b>CFD No. 2005-4 Bonds Debt Service<sup>(1)</sup></b>	<b>Coverage from Taxable Property</b>
2019			
2020			
2021			
2022			
2023			
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			
<b>Totals</b>			

<sup>(1)</sup> Assuming no optional redemptions. In no event may the Annual Special Tax B be levied later than June 30, 2050.

*Source: Stifel, Nicolaus & Company, Incorporated based on revenue calculations provided by Willdan Financial Services.*

The Special Tax on any Taxable Property is limited to an increase of 10% for delinquencies under Section 53321 of the Act as applied to CFD No. 2005-4. That section provides that under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels

within CFD No. 2005-4, by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. See “RISK FACTORS – Insufficiency of Special Taxes” herein.

## **CFD No. 2006-1**

*General.* CFD No. 2006-1 consists of approximately 74.82 gross acres of land (of which approximately 48.38 acres are taxable acres) located in the School District and within the City. CFD No. 2006-1 is bordered on the north by Cottonwood Drive and on the south by Seventh Street. Currently, 253 parcels will be subject to the Fiscal Year 2019-20 special tax levy for CFD No. 2006-1. CFD No. 2006-1 is fully developed with 253 residential units (all of which are single family homes). There is no Undeveloped Property (as defined in the CFD No. 2006-1 RMA) in CFD No. 2006-1. The Maximum Annual Special Tax for CFD No. 2006-1 does not have an inflator. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” for a discussion of the CFD No. 2006-1 RMA and “– Assessed Values” for a discussion of the assessed value of the Taxable Property in CFD No. 2006-1.

*Summary of CFD No. 2006-1 Formation Proceedings.* Pursuant to the Act, on February 14, 2006, the Board adopted Resolution No. 05-06-63 stating its intention to establish CFD No. 2006-1 and to authorize the levy of a special tax therein. On the same day the Board adopted Resolution No. 05-06-64 stating its intention to incur bonded indebtedness in an amount not to exceed \$12,000,000 in the aggregate within CFD No. 2006-1 for the purpose of financing authorized facilities.

*Resolution Approving Joint Community Facilities Agreement.* On February 14, 2006, the Board adopted Resolution No. 05-06-65, which approved a joint community facilities agreement between CFD No. 2006-1 and EMWD with respect to water and sewer facilities.

*Resolution Modifying Resolution of Intention and Approving Amended CFD No. 2006-1 Rate and Method.* On March 28, 2006, the Board adopted Resolution No. 05-06-79 modifying the Resolution of Intention so as to amend the CFD No. 2006-1 RMA.

*Resolution of Formation.* Immediately following a noticed public hearing on March 28, 2006, the Board adopted Resolution No. 05-06-80 which established CFD No. 2006-1 and authorized the levy of special taxes within CFD No. 2006-1.

*Resolution of Necessity.* On March 28, 2006, the Board adopted Resolution No. 05-06-81 declaring the necessity to incur bonded indebtedness in an aggregate amount not to exceed \$12,000,000 within CFD No. 2006-1 and submitting that proposition to the qualified electors of CFD No. 2006-1.

*Resolution Calling Election.* On March 28, 2006, the Board adopted Resolution No. 05-06-82 calling an election by the landowners within CFD No. 2006-1 for the same date on the issues of the levy of the Annual Special Tax A and Annual Special Tax B, the incurring of bonded indebtedness and the establishment of an appropriations limit.

*Landowner Election and Declaration of Results.* On March 28, 2006, an election was held within CFD No. 2006-1 in which the qualified electors approved a ballot proposition authorizing the issuance of up to \$12,000,000 in bonds to finance the acquisition and construction of the Facilities, the levy of the Annual Special Tax A and Annual Special Tax B and the establishment of an appropriations limit for CFD No. 2006-1. On March 28, 2006, the Board adopted Resolution No. 05-06-83, under which the Board approved the canvass of the votes and declared CFD No. 2006-1 to be fully formed with the authority to levy the Annual Special Tax A and Annual Special Tax B, to incur the bonded indebtedness and to have the established appropriations limit.

*Notice of Special Tax Lien.* A Notice of Special Tax Lien was recorded in the real property records of Riverside County on April 3, 2006, as Document No. 2006-0235996.

*Ordinance Levying Special Taxes.* On April 11, 2006, the Board adopted Ordinance No. 05-06-05 levying the Annual Special Tax A and Annual Special Tax within CFD No. 2006-1.

*Resolution Authorizing Issuance of the CFD No. 2006-1 Bonds Relating to the Special Tax A Series 2017 Bonds.* On August 8, 2017, the Board adopted a resolution approving issuance of the CFD No. 2006-1 Bonds relating to the Special Tax A Series 2017 Bonds in an amount not to exceed \$2,400,000. The CFD No. 2006-1 Bonds relating to the Special Tax A Series 2017 Bonds are payable solely from Annual Special Tax A revenues.

*Resolution Authorizing Issuance of the CFD No. 2006-1 Bonds.* On May 14, 2019, the Board adopted a resolution approving issuance of the CFD No. 2006-1 Bonds in an amount not to exceed \$5,000,000. The CFD No. 2006-1 Bonds will be payable solely from Annual Special Tax B revenues.

CFD No. 2006-1 is a legally constituted governmental entity established pursuant to the Act for the purpose of [financing School Facilities and/or authorized EMWD facilities]. Pursuant to the Act, the Board of Trustees of the School District is the legislative body of CFD No. 2006-1.

*CFD No. 2006-1 RMA.* The Special Tax is levied and collected according to the CFD No. 2006-1 RMA, which provides the means by which the Board may annually levy the Special Taxes within CFD No. 2006-1, up to the Maximum Annual Special Tax, and to determine the amount of the Special Tax that will need to be collected each Fiscal Year from the “Taxable Property” within CFD No. 2006-1.

The following is a synopsis of the provisions of the CFD No. 2006-1 RMA, which should be read in conjunction with the complete text of the CFD No. 2006-1 RMA, including its attachments, which is attached as part of APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-7-1 with respect to CFD No. 2006-1. The meaning of the defined terms used in this section are as set forth in APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-7-1 with respect to CFD No. 2006-1. This section provides only a summary of the CFD No. 2006-1 RMA, and is qualified by more complete and detailed information contained in the entire CFD No. 2006-1 RMA attached as part of APPENDIX C. The CFD No. 2006-1 Bonds will be payable, as provided in the respective CFD Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor under such CFD Indenture. The CFD No. 2006-1 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2006-1.

*Annual Special Tax A and Annual Special Tax B.* The CFD No. 2006-1 RMA creates two separate special taxes within CFD No. 2006-1: “Annual Special Tax A,” which is designated for financing water and sewer facilities, and “Annual Special Tax B,” which is designated for financing School Facilities (and which will serve as security for the CFD No. 2006-1 Bonds). The CFD Indenture provides for the issuance of Additional Bonds for the purpose of providing funds to pay costs of School Facilities, to refund any CFD Bonds previously issued under the CFD Indenture and to cover related costs. This section describes only those provisions of the CFD No. 2006-1 RMA relating to the calculation and levy of Annual Special Tax B.

*Tax B Minimum Annual Special Tax Requirement.* Annually, at the time of levying the Special Tax for CFD No. 2006-1, the Board will determine the minimum amount of money to be levied on Taxable Property in CFD No. 2006-1 (the “Tax B Minimum Annual Special Tax Requirement”), which will be the amount required in any Fiscal Year to pay the following:

- (i) the debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year,

(ii) other periodic costs of the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year,

(iii) the portion of the Administrative Expenses of CFD No. 2006-1 applicable to Annual Special Tax B,

(iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, if any, and

(v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds,

less any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above under any applicable Indenture in such Calendar Year.

*Developed and Undeveloped Property; Exempt Property.* All Assessor's Parcels within CFD No. 2006-1 will be classified for each Fiscal Year as Taxable Property or Exempt Property, and each Assessor's Parcel of Taxable Property will be further classified as Developed Property or Undeveloped Property, all as defined below. In addition, Developed Property will be further classified based on the Building Square Footage of the Unit. The classification of Exempt Property shall take into consideration Minimum Taxable Acreage as determined pursuant to Section K of the CFD No. 2006-1 RMA.

"Developed Property" means, for each Fiscal Year, all Assessor's Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"Exempt Property" the Board will classify property as Exempt Property in the following order of priority:

- (i) Assessor's Parcels owned by the State of California, Federal or other local governments,
- (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction,
- (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement,
- (iv) 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,
- (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board.

However, no such classification may reduce the Acreage of all Taxable Property to less than 43.42 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 43.42 Acres will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

“Annual Special Tax B” means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G of the CFD No. 2006-1 RMA.

“Maximum Annual Special Tax B” means for each Assessor’s Parcel and for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C of the CFD No. 2006-1 RMA that can be levied by CFD No. 2006-1 in such Fiscal Year.

“Undeveloped Property” means all Assessors Parcels of Taxable Property that are not classified as Developed Property.

“Taxable Property” means all Assessor’s Parcels that are not Exempt Property (as defined below).

*Maximum Annual Special Tax B, Assigned Annual Special Tax B and Backup Annual Special Tax B.* The Maximum Annual Special Tax B is defined in the CFD No. 2006-1 RMA as follows:

Developed Property: The Maximum Annual Special Tax B for each Assessor’s Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year, or (ii) the applicable Backup Annual Special Tax B for such Fiscal Year.

- *Assigned Annual Special Tax B.* The Assigned Annual Special Tax B for each Assessor’s Parcel of Developed Property is determined by reference to Table 1 in the CFD No. 2006-1 RMA, and varies from \$1,397.18 per Unit to \$1,689.44 per Unit for Fiscal Year 2019-20, based on the number of Building Square Feet per Unit.
- *Backup Annual Special Tax B.* The Backup Annual Special Tax B for a Lot of Developed Property for each Fiscal Year is determined by multiplying the Acreage of Taxable Property expected to exist in such Final Subdivision Map at the time of calculation as determined by the Board pursuant to Section K of the CFD No. 2006-1 RMA times the Assigned Annual Special Tax B per Acre of Undeveloped Property (\$[\_\_\_\_\_] for Fiscal Year 2018-19), and dividing the result by the total number of Lots in the Final Subdivision Map at the time of calculation.

The Assigned Annual Special Tax and the Backup Annual Special Tax rate for each Assessor’s Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

The Backup Annual Special Tax B is subject to adjustment if all or any portion of a Final Map is changed or modified, as set forth in the CFD No. 2006-1 RMA.

Undeveloped Property: There is no Undeveloped Property (as defined in the CFD No. 2006-1 RMA) in the CFD No. 2006-1.

*Method of Apportionment.* Under the CFD No. 2006-1 RMA, the Board will levy an Annual Special B in each Fiscal Year as follows:

- Step One: The Board will levy an Annual Special Tax B on each Assessor’s Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to that Assessor’s Parcel.
- Step Two: If the sum of the amounts levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board will Proportionately levy

an Annual Special Tax B on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax B up to the Maximum Annual Special Tax B applicable to such Assessor's Parcel, to satisfy the Tax B Minimum Annual Special Tax Requirement.

*Full Prepayment of Annual Special Taxes.* The Annual Special Tax obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel.

The Annual Special Tax B obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid, provided that the terms set forth under the CFD No. 2006-1 RMA are satisfied, including (among others) the following conditions:

- An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A obligation and the Annual Special Tax B obligation must provide CFD No. 2006-1 with written notice of intent to prepay. Within 30 days of receipt of such written notice, the Board will reasonably determine the prepayment amount of such Assessor's Parcel and notify such owner of the prepayment amount.
- No prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses is at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding CFD No. 2006-1 Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding CFD No. 2006-1 Bonds, as reasonably determined by the Board.

The Prepayment Amount is calculated as set forth in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-7-1 with respect to CFD No. 2006-1.

*Partial Prepayment of Annual Special Taxes.* The Partial Prepayment of Annual Special Tax A is calculated as the Prepayment Amount determined for full prepayment of Special Taxes, multiplied by the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax A obligation, all as set forth in further detail in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-7-1 with respect to CFD No. 2006-1.

*Appeals.* Any property owner claiming that the amount or application of any Special Tax is not correct may file a written notice of appeal with the Board not later than 12 months after having paid the Special Tax that is disputed. The Board will promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Board's decision requires that the Special Taxes for an Assessor's Parcel be modified or

changed in favor of the property owner, a cash refund will not be made (except for the last year of levy or in other special cases, as determined by the Board), but an adjustment will be made to the Special Taxes on that Assessor's Parcel in the subsequent Fiscal Year(s).

*Duration of Special Tax Levy.* The Annual Special Tax B will be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax B Bonds (as defined in the CFD No. 2006-1 RMA) by CFD No. 2006-1, but in no event may the Annual Special Tax B be levied later than Fiscal Year 2049-50.

For Fiscal Year 2019-20, 253 parcels will be subject to the Fiscal Year 2019-20 special tax levy for CFD No. 2006-1. CFD No. 2006-1 is fully developed with 253 residential units (all of which are single family homes). There is no Undeveloped Property (as defined in the CFD No. 2006-1 RMA) in CFD No. 2006-1. The Maximum Annual Special Tax for CFD No. 2006-1 does not have an inflator. The following table sets forth a projection of the Special Taxes to be levied for Fiscal Year 2019-20.

Table A-43  
**Community Facilities District No. 2006-1 (Special Tax B)**  
**2019-20 Projected Special Tax Levy**

<b>Land Use Class</b>	<b>Building Square Feet<sup>(1)</sup></b>	<b>Number of Parcels</b>	<b>Total Acreage</b>	<b>Maximum Assigned Rate<sup>(2)</sup></b>	<b>Projected Assigned Rate</b>	<b>Projected Special Tax Levy</b>	<b>Percent of Special Tax Levy</b>
1	Less than 2,400	35	6.44	\$1,397.18	\$1,397.18	\$ 48,901.30	12.41%
2	2,400 to 2,650	0	0.00	1,437.22	0.00	0.00	0.00
3	2,651 to 2,900	43	8.03	1,477.25	1,477.25	63,521.75	16.12%
4	2,901 to 3,150	53	9.95	1,533.30	1,533.30	81,264.90	20.62
5	3,151 to 3,400	64	12.03	1,601.36	1,601.36	102,487.04	26.00
6	Greater than 3,400	58	11.93	1,689.44	1,689.44	97,987.52	24.85
<b>Total</b>		<b>253</b>	<b>48.38</b>			<b>\$394,162.51</b>	<b>100.00%</b>

<sup>(1)</sup> In accordance with the CFD No. 2006-1 RMA. CFD No. 2006-1 is built out.

<sup>(2)</sup> The Maximum Annual Assigned Special Tax does not have an inflator.

Source: Willdan Financial Services.

### **Special Tax Levy – Taxable Property**

Each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

A synopsis of the provisions of the CFD No. 2006-1 RMA is set forth above. See also, "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment" and APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-7-1 with respect to CFD No. 2006-1.



## Special Tax Collections

Historically, the Special Tax has been levied within CFD No. 2006-1. The following table sets forth the Special Tax collections and delinquencies for fiscal years 2011-12 through 2018-19 within CFD No. 2006-1. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” and APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-7-1 with respect to CFD No. 2006-1.

Table A-44  
**Community Facilities District No. 2006-1 (Special Tax B)**  
**Special Tax Collections, Delinquencies and Delinquency Rates**  
**Fiscal Years 2011-12 through 2018-19**

Subject Fiscal Year <sup>(1)</sup>							As of January 22, 2019		
Fiscal Year Ending 6/30	Annual Special Tax Levy	Parcels Levied	Total Annual Special Taxes Collected	Fiscal Year Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent <sup>(2)</sup>	Remaining Amount Delinquent	Remaining Delinquency Rate
2011-12	\$393,882	253	\$373,440	17	\$20,441	5.19%	0	\$ 0	0.00%
2012-13	394,162	253	378,427	12	15,735	3.99	0	0	0.00
2013-14	394,162	253	383,401	9	10,761	2.73	0	0	0.00
2014-15	394,162	253	386,876	7	7,286	1.85	0	0	0.00
2015-16	394,162	253	386,418	7	7,745	1.96	0	0	0.00
2016-17	394,162	253	387,172	7	6,990	1.77	1	1,477	0.37
2017-18	394,162	253	392,623	2	1,539	0.39	1	739	0.19
2018-19 <sup>(2)</sup>	197,081	253	194,625	3	2,456	1.25	3	2,456	1.25

<sup>(1)</sup> Reflects delinquency information as of June 30 of the applicable fiscal year. Does not include any penalties, interest or fees. Delinquency information does not include the Special Tax A component of the CFD No. 2006-1 RMA.

<sup>(2)</sup> For Fiscal Year 2018-19, the amount represents the first installment only.

Source: Willdan Financial Services, based on information provided by the County Tax Collector.

## Assessed Values

The Fiscal Year 2018-19 assessed valuation of the Taxable Property within CFD No. 2006-1 is \$63,155,319. The following table shows the assessed value for Taxable Property in CFD No. 2006-1 for tax years 2011-12 through 2018-19.

Table A-45  
**Community Facilities District No. 2006-1**  
**Historical Assessed Values**  
**Fiscal Years 2011-12 through 2018-19**

<b>Fiscal Year</b>	<b>Annual Special Tax B</b>	<b>Parcels Taxable<sup>(1)</sup></b>	<b>Parcels Levied</b>	<b>Assessed Value Land</b>	<b>Assessed Value Structure</b>	<b>Total Assessed Value</b>	<b>Percent Change</b>
2011-12	\$393,882	253	253	\$10,439,591	\$32,828,076	\$43,267,667	n/a
2012-13 <sup>(2)</sup>	394,162	253	253	10,322,290	32,235,571	42,557,861	(1.64)%
2013-14	394,162	253	253	10,787,505	34,226,736	45,014,241	5.77
2014-15	394,162	253	253	11,540,917	38,128,826	49,669,743	10.34
2015-16	394,162	253	253	11,706,145	40,725,765	52,431,910	5.56
2016-17	394,162	253	253	11,909,656	43,293,591	55,203,247	5.29
2017-18	394,162	253	253	12,217,878	46,553,464	58,771,342	6.46
2018-19	394,162	253	253	12,538,731	50,616,588	63,155,319	7.46

<sup>(1)</sup> Total Assessed Values include all taxable parcels.

<sup>(2)</sup> As compared to the prior year's, the reduction in total assessed value in the CFD is due primarily to macro-level market trends. The reduction is also due to the annual review of the Riverside County Assessor to reflect taxable values accurately in consideration of recent market declines.

Under Proposition 13, real property is reappraised upwards only when a change-in-ownership occurs, or when new construction takes place. Except for these two instances, property assessments cannot be increased by more than 2.00% annually.

Revenue and Taxation Code Section 51 requires the assessor to enroll the lower of either the property's Factored-Base-Year Value (established under Proposition 13) or its market value as of the lien date (January 1).

If the assessed value is reduced due to the market value being lower than the Factor-Base-Year Value, the assessor is required to review the market value of the property each lien date after the reduction until such time as the Factored-Base-Year Value is less than or equal to the market value. When the Factored-Base-Year Value is again enrolled, the property is no longer subject to the annual review, and will receive indexing not to exceed 2.00% per year.

Source: *Riverside County Secured Roll as compiled by Willdan Financial Services.*

## Property Ownership

The following table depicts the principal owners in CFD No. 2006-1 based on the Fiscal Year 2019-20 projected Special Tax levy.

Table A-46  
**Community Facilities District No. 2006-1 (Special Tax B)**  
**Principal Owners/Taxpayers by Percent of Special Tax Levy**

<b>Development Status/ Owner Name <sup>(1)</sup></b>	<b>Number of Parcels/ Units</b>	<b>2019-20 Projected Special Tax Levy</b>	<b>2019-20 Percent of Special Tax Levy</b>	<b>2018-19 Total Assessed Value</b>	<b>CFD No. 2006-1 Special Tax A Series 2017 Bonds<sup>(2)</sup></b>	<b>CFD No. 2006-1 Special Tax B Series 2019 Bonds<sup>(3)*</sup></b>	<b>Overlapping Debt<sup>(4)</sup></b>	<b>Total Debt Burden<sup>*</sup></b>	<b>Value -to- Lien Ratio<sup>*</sup></b>
<u>Single Family Residence:</u>									
Group VIII Covina Prop	3	\$ 4,892.16	1.24%	\$ 867,714.00	\$ 24,963.91	\$ 62,057.65	\$ 19,762.14	\$ 106,783.70	8.13
Individual Property Owners	250	389,270.35	98.76	62,287,605.00	1,845,036.09	4,937,942.35	1,404,790.86	8,187,769.30	7.61
<b>Total</b>	<b>253</b>	<b>\$394,162.51</b>	<b>100.00%</b>	<b>\$63,155,319.00</b>	<b>\$1,870,000.00</b>	<b>\$5,000,000.00</b>	<b>\$1,424,553.00</b>	<b>\$8,294,553.00</b>	<b>7.61</b>

(1) In accordance with the CFD No. 2006-1 RMA. CFD No. 2006-1 is built out.

(2) Calculated based on the proportionate share of the CFD No. 2006-1 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

(3) Calculated based on the proportionate share of the CFD No. 2006-1 Special Tax B levy multiplied by the projected Series 2019 Bonds to be issued.

(4) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-48 for a description of overlapping debt within CFD No. 2006-1.

\* Preliminary subject to change.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.

Table A-47  
**Community Facilities District No. 2006-1 (Special Tax B)**  
**Value-to-Lien Ratios and Overlapping Debt**

<b>Value -to-Lien Ratio</b>	<b>Number of Parcels/ Units</b>	<b>2019-20 Projected Special Tax Levy</b>	<b>2019-20 Percent of Special Tax Levy</b>	<b>2018-19 Total Assessed Value</b>	<b>CFD No. 2003-2 Special Tax A Series 2017 Bonds<sup>(1)</sup></b>	<b>CFD No. 2003-2 Special Tax B Series 2019 Bonds<sup>(2)*</sup></b>	<b>Overlapping Debt<sup>(3)</sup></b>	<b>Total Debt Burden<sup>*</sup></b>	<b>Value -to- Lien Ratio<sup>*</sup></b>
<u>Single Family Residence:</u> <sup>(4)</sup>									
10:1 to 19.99:1	3	\$ 4,191.54	1.06%	\$ 923,000.00	\$ 16,009.30	\$ 53,170.20	\$ 21,021.27	\$ 90,200.77	10.23
5:1 to 9.99:1	248	386,972.43	98.18	62,042,417.00	1,840,708.22	4,908,792.95	1,399,206.72	8,148,707.89	7.61
4:1 to 4.99:1	1	1,397.18	0.35	124,781.00	5,336.43	17,723.40	2,841.88	25,901.71	4.82
2:1 to 2.99:1	1	1,601.36	0.41	65,121.00	7,946.05	20,313.45	1,483.13	29,742.63	2.19
<b>Total</b>	<b>253</b>	<b>\$394,162.51</b>	<b>100.00%</b>	<b>\$63,155,319.00</b>	<b>\$1,870,000.00</b>	<b>\$5,000,000.00</b>	<b>\$1,424,553.00</b>	<b>\$8,294,553.00</b>	<b>7.61</b>

(1) Calculated based on the proportionate share of the CFD No. 2006-1 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

(2) Calculated based on the proportionate share of the CFD No. 2006-1 Special Tax B levy multiplied by the projected Series 2019 Bonds to be issued.

(3) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-48 for a description of overlapping debt within CFD No. 2006-1.

(4) In accordance with the CFD No. 2006-1 RMA. CFD No. 2006-1 is built out.

\* Preliminary subject to change.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.

## Direct and Overlapping Debt

Contained within CFD No. 2006-1 are numerous overlapping local agencies providing public services. Some of such local agencies have outstanding bonds issued in the form of general obligation, special tax and special assessment bonds. Additional indebtedness could be authorized by other public agencies at any time. The following table illustrates the direct and overlapping debt within CFD No. 2006-1 as of March 1, 2019.

Table A-48  
**Community Facilities District No. 2006-1**  
**Direct and Overlapping Debt**

2018-19 Local Secured Assessed Valuation: \$63,155,319

	%	Debt 3/1/19
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Applicable</u>	
Metropolitan Water District General Obligation Bonds	0.002%	\$ 1,031
Riverside County Flood Control and Water Conservation District Promissory Notes	0.121	17,831 <sup>(1)</sup>
Eastern Municipal Water District Improvement District No. 24	2.067	5,808
Mount San Jacinto Community College District General Obligation Bonds	0.069	118,458
San Jacinto Unified School District General Obligation Bonds	2.018	1,299,256
<b>San Jacinto Unified School District Community Facilities District No. 2006-1 (Special Tax A)</b>	<b>100.000</b>	<b>1,870,000<sup>(2)</sup></b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$3,312,384</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	0.022%	\$ 173,453
Riverside County Pension Obligation Bonds	0.022	54,410
San Jacinto Unified School District Certificates of Participation	2.018	837,489
City of San Jacinto Pension Obligation Bonds	2.048	14,096
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>		<b>\$1,079,448</b>
Less: Riverside County supported obligations		571
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>		<b>\$1,078,877</b>
 <b>GROSS COMBINED TOTAL DEBT</b>		 <b>\$4,391,832<sup>(3)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$4,391,261</b>

<sup>(1)</sup> 2015 Negotiable Promissory Notes secured by the 1% *ad valorem* property tax revenues collected on properties within Zone 4 located in CFD No. 2006-1. The Notes are not secured by a direct property tax lien.

<sup>(2)</sup> CFD No. 2006-1 Bonds relating to the Special Tax A Series 2017 Bonds. Excludes CFD No. 2006-1 Bonds to be sold.

<sup>(3)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

### Ratios to 2018-19 Local Secured Assessed Valuation:

<b>Direct Debt (\$1,870,000)</b> .....	<b>2.96%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	5.24%
Gross Combined Total Debt .....	6.95%
Net Combined Total Debt .....	6.95%

*Source: California Municipal Statistics, Inc. and Willdan Financial Services.*

## Debt Service Coverage

The CFD No. 2006-1 RMA provides for, and the table below assumes, the Special Tax levy on Taxable Property at a Maximum Annual Special Tax B (without any inflator). As to CFD No. 2006-1, the actual amount of Special Tax that will be levied against each parcel in each year will be determined in accordance with the CFD No. 2006-1 RMA. See APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-7-1 with respect to CFD No. 2006-1.

Table A-49  
**CFD No. 2006-1 Bonds**  
**Estimated Debt Service Coverage**

<b>Year Ended September 1</b>	<b>Net Special Tax B Revenues</b>	<b>CFD No. 2006-1 Bonds Debt Service<sup>(1)</sup></b>	<b>Coverage</b>
2019			
2020			
2021			
2022			
2023			
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			
<b>Totals</b>			

<sup>(1)</sup> Assuming no optional redemptions. In no event may the Annual Special Tax B be levied later than June 30, 2050.  
Source: Stifel, Nicolaus & Company, Incorporated based on revenue calculations provided by Willdan Financial Services.

The Special Tax on any Taxable Property is limited to an increase of 10% for delinquencies under Section 53321 of the Act as applied to CFD No. 2006-1. That section provides that under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be

increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within CFD No. 2006-1, by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. See “RISK FACTORS – Insufficiency of Special Taxes” herein.

## **CFD No. 2006-2**

*General.* CFD No. 2006-2 consists of approximately 63.67 gross acres of land (of which approximately 40.96 acres are taxable acres) located in the School District and within the City. CFD No. 2006-2 is bordered on the northeast by DeAnza Drive and on the southeast by Palm Avenue. Currently, 193 parcels (of a total of 214 proposed residential units) will be subject to the Fiscal Year 2019-20 special tax levy for CFD No. 2006-2. CFD No. 2006-2 is partially developed with 193 single family homes. In addition, there are 21 subdivided residential lots on an aggregate 4.01 taxable acres of Undeveloped Property (as defined in the CFD No. 2006-2 RMA). The Fiscal Year 2019-20 special tax levy for CFD No. 2006-2 does not include a levy on Undeveloped Property. The CFD No. 2006-2 RMA provides for an increase in the Maximum Annual Special Tax of 2.00% annually. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” for a discussion of the CFD No. 2006-2 RMA and “– Assessed Values” for a discussion of the assessed value of the Taxable Property in CFD No. 2006-2.

*Summary of CFD No. 2006-2 Formation Proceedings.* Pursuant to the Act, on March 14, 2006, the Board adopted Resolution No. 05-06-74 stating its intention to establish CFD No. 2006-2 and to authorize the levy of a special tax therein. On the same day the Board adopted Resolution No. 05-06-75 stating its intention to incur bonded indebtedness in an amount not to exceed \$10,000,000 in the aggregate within CFD No. 2006-2 for the purpose of financing authorized facilities.

*Resolution Approving Joint Community Facilities Agreement.* On March 14, 2006, the Board adopted Resolution No. 05-06-76, which approved a joint community facilities agreement between CFD No. 2006-2 and EMWD with respect to water and sewer facilities.

*Resolution of Formation.* Immediately following a noticed public hearing on April 25, 2006, the Board adopted Resolution No. 05-06-88 which established CFD No. 2006-2 and authorized the levy of special taxes within CFD No. 2006-2.

*Resolution of Necessity.* On April 25, 2006, the Board adopted Resolution No. 05-06-89 declaring the necessity to incur bonded indebtedness in an aggregate amount not to exceed \$10,000,000 within CFD No. 2006-2 and submitting that proposition to the qualified electors of CFD No. 2006-2.

*Resolution Calling Election.* On April 25, 2006, the Board adopted Resolution No. 05-06-90 calling an election by the landowners within CFD No. 2006-2 for the same date on the issues of the levy of the Annual Special Tax A and Annual Special Tax B, the incurring of bonded indebtedness and the establishment of an appropriations limit.

*Landowner Election and Declaration of Results.* On April 25, 2006, an election was held within CFD No. 2006-2 in which the qualified electors approved a ballot proposition authorizing the issuance of up to \$10,000,000 in bonds to finance the acquisition and construction of the Facilities, the levy of the Annual Special Tax A and Annual Special Tax B and the establishment of an appropriations limit for CFD No. 2006-2. On April 25, 2006, the Board adopted Resolution No. 05-06-91, under which the Board approved the canvass of the votes and declared CFD No. 2006-2 to be fully formed with the authority to levy the Annual Special Tax A and Annual Special Tax B, to incur the bonded indebtedness and to have the established appropriations limit.

*Notice of Special Tax Lien.* A Notice of Special Tax Lien was recorded in the real property records of Riverside County on May 8, 2006, as Document No. 2006-0331761.



*Ordinance Levying Special Taxes.* On May 9, 2006, the Board adopted Ordinance No. 05-06-06 levying the Annual Special Tax A and Annual Special Tax B within CFD No. 2006-2.

*Resolution Authorizing Issuance of the CFD No. 2006-2 Bonds Relating to the Special Tax A Series 2017 Bonds.* On August 8, 2017, the Board adopted a resolution approving issuance of the CFD No. 2006-2 Bonds relating to the Special Tax A Series 2017 Bonds in an amount not to exceed \$1,600,000. The CFD No. 2006-2 Bonds relating to the Special Tax A Series 2017 Bonds are payable solely from Annual Special Tax A revenues.

*Resolution Authorizing Issuance of the CFD No. 2006-2 Bonds.* On May 14, 2019, the Board adopted a resolution approving issuance of the CFD No. 2006-2 Bonds in an amount not to exceed \$5,475,000. The CFD No. 2006-2 Bonds will be payable solely from Annual Special Tax B revenues.

CFD No. 2006-2 is a legally constituted governmental entity established pursuant to the Act for the purpose of [financing School Facilities and/or authorized EMWD facilities]. Pursuant to the Act, the Board of Trustees of the School District is the legislative body of CFD No. 2006-2.

*CFD No. 2006-2 RMA.* The Special Tax is levied and collected according to the CFD No. 2006-2 RMA, which provides the means by which the Board may annually levy the Special Taxes within CFD No. 2006-2, up to the Maximum Annual Special Tax, and to determine the amount of the Special Tax that will need to be collected each Fiscal Year from the “Taxable Property” within CFD No. 2006-2. The Special Tax was first levied within CFD No. 2006-2 in Fiscal Year 2006-07.

The following is a synopsis of the provisions of the CFD No. 2006-2 RMA, which should be read in conjunction with the complete text of the CFD No. 2006-2 RMA, including its attachments, which is attached as part of APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-8-1 with respect to CFD No. 2006-2. The meaning of the defined terms used in this section are as set forth in APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-8-1 with respect to CFD No. 2006-2. This section provides only a summary of the CFD No. 2006-2 RMA, and is qualified by more complete and detailed information contained in the entire CFD No. 2006-2 RMA attached as part of APPENDIX C. The CFD No. 2006-2 Bonds will be payable, as provided in the respective CFD Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor under such CFD Indenture. The CFD No. 2006-2 Bonds will be payable from the Special Taxes (Annual Special Tax B revenues) levied on property within CFD No. 2006-2.

*Annual Special Tax A and Annual Special Tax B.* The CFD No. 2006-2 RMA creates two separate special taxes within CFD No. 2006-2: “Annual Special Tax A,” which is designated for financing water and sewer facilities, and “Annual Special Tax B,” which is designated for financing School Facilities (and which will serve as security for the CFD No. 2006-1 Bonds). The CFD Indenture provides for the issuance of Additional Bonds for the purpose of providing funds to pay costs of School Facilities, to refund any CFD Bonds previously issued under the CFD Indenture and to cover related costs. This section describes only those provisions of the CFD No. 2006-2 RMA relating to the calculation and levy of Annual Special Tax B.

*Tax B Minimum Annual Special Tax Requirement.* Annually, at the time of levying the Special Tax for CFD No. 2006-2, the Board will determine the minimum amount of money to be levied on Taxable Property in CFD No. 2006-2 (the “Tax B Minimum Annual Special Tax Requirement”), which will be the amount required in any Fiscal Year to pay the following:

- (i) the debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year,

(ii) other periodic costs of the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year,

(iii) the portion of the Administrative Expenses of CFD No. 2006-2 applicable to Annual Special Tax B,

(iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, if any, and

(v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds,

less any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above under any applicable Indenture in such Calendar Year.

*Developed and Undeveloped Property; Exempt Property.* All Assessor's Parcels within CFD No. 2006-2 will be classified for each Fiscal Year as Taxable Property or Exempt Property, and each Assessor's Parcel of Taxable Property will be further classified as Developed Property or Undeveloped Property, all as defined below. In addition, Developed Property will be further classified based on the Building Square Footage of the Unit. The classification of Exempt Property shall take into consideration Minimum Taxable Acreage as determined pursuant to Section K of the CFD No. 2006-2 RMA.

"Developed Property" means, for each Fiscal Year, all Assessor's Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"Exempt Property" the Board will classify property as Exempt Property in the following order of priority:

- (i) Assessor's Parcels owned by the State of California, Federal or other local governments,
- (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction,
- (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement,
- (iv) 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,
- (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board.

However, no such classification may reduce the Acreage of all Taxable Property to less than 36.65 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 36.65 Acres will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

“Annual Special Tax B” means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G of the CFD No. 2006-2 RMA.

“Maximum Annual Special Tax B” means for each Assessor’s Parcel and for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C of the CFD No. 2006-2 RMA that can be levied by CFD No. 2006-2 in such Fiscal Year.

“Undeveloped Property” means all Assessors Parcels of Taxable Property that are not classified as Developed Property.

“Taxable Property” means all Assessor’s Parcels that are not Exempt Property (as defined below).

*Maximum Annual Special Tax B, Assigned Annual Special Tax B and Backup Annual Special Tax B.* The Maximum Annual Special Tax B is defined in the CFD No. 2006-2 RMA as follows:

Developed Property: The Maximum Annual Special Tax B for each Assessor’s Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year, or (ii) the applicable Backup Annual Special Tax B for such Fiscal Year.

- *Assigned Annual Special Tax B.* The Assigned Annual Special Tax B for each Assessor’s Parcel of Developed Property is determined by reference to Table 1 in the CFD No. 2006-2 RMA, and varies from \$1,472.50 per Unit to \$2,131.61 per Unit for Fiscal Year 2019-20, based on the number of Building Square Feet per Unit.
- *Backup Annual Special Tax B.* The Backup Annual Special Tax B for a Lot of Developed Property for each Fiscal Year is determined by multiplying the Acreage of Taxable Property expected to exist in such Final Subdivision Map at the time of calculation as determined by the Board pursuant to Section K of the CFD No. 2006-2 RMA times the Assigned Annual Special Tax B per Acre of Undeveloped Property (\$[\_\_\_\_\_] for Fiscal Year 2018-19), and dividing the result by the total number of Lots in the Final Subdivision Map at the time of calculation.

The Assigned Annual Special Tax and the Backup Annual Special Tax rate for each Assessor’s Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

The Backup Annual Special Tax B is subject to adjustment if all or any portion of a Final Map is changed or modified, as set forth in the CFD No. 2006-2 RMA.

Undeveloped Property: The Maximum Annual Special Tax B for each Assessor’s Parcel classified as Undeveloped Property shall be the Assigned Annual Special Tax B, which is \$10,055.64 per Acre for Fiscal Year 2019-20. The Assigned Annual Special Tax per acre of Acreage for each Assessor’s Parcel of Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

*Method of Apportionment.* Under the CFD No. 2006-2 RMA, the Board will levy an Annual Special B in each Fiscal Year as follows:

Step One: The Board will levy an Annual Special Tax B on each Assessor’s Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to that Assessor’s Parcel.

Step Two: If the sum of the amounts levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax B up to the Maximum Annual Special Tax B applicable to such Assessor's Parcel, to satisfy the Tax B Minimum Annual Special Tax Requirement.

*Full Prepayment of Annual Special Taxes.* The Annual Special Tax obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel.

The Annual Special Tax B obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid, provided that the terms set forth under the CFD No. 2006-2 RMA are satisfied, including (among others) the following conditions:

- An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A obligation and the Annual Special Tax B obligation must provide CFD No. 2006-2 with written notice of intent to prepay. Within 30 days of receipt of such written notice, the Board will reasonably determine the prepayment amount of such Assessor's Parcel and notify such owner of the prepayment amount.
- No prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses is at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding CFD No. 2006-2 Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding CFD No. 2006-2 Bonds, as reasonably determined by the Board.

The Prepayment Amount is calculated as set forth in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-8-1 with respect to CFD No. 2006-2.

*Partial Prepayment of Annual Special Taxes.* The Partial Prepayment of Annual Special Tax A is calculated as the Prepayment Amount determined for full prepayment of Special Taxes, multiplied by the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax A obligation, all as set forth in further detail in APPENDIX C – "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX" at C-8-1 with respect to CFD No. 2006-2.

*Appeals.* Any property owner claiming that the amount or application of any Special Tax is not correct may file a written notice of appeal with the Board not later than 12 months after having paid the Special Tax that is disputed. The Board will promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on

the appeal. If the Board's decision requires that the Special Taxes for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund will not be made (except for the last year of levy or in other special cases, as determined by the Board), but an adjustment will be made to the Special Taxes on that Assessor's Parcel in the subsequent Fiscal Year(s).

*Duration of Special Tax Levy.* The Annual Special Tax B will be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax B Bonds (as defined in the CFD No. 2006-2 RMA) by CFD No. 2006-2, but in no event may the Annual Special Tax B be levied later than Fiscal Year 2049-50.

For Fiscal Year 2019-20, 193 parcels (of a total of 214 proposed residential units) will be subject to the Fiscal Year 2019-20 special tax levy for CFD No. 2006-2. CFD No. 2006-2 is partially developed with 193 single family homes. In addition, there are 21 subdivided residential lots on an aggregate 4.01 taxable acres of Undeveloped Property (as defined in the CFD No. 2006-2 RMA). The Fiscal Year 2019-20 special tax levy for CFD No. 2006-2 does not include a levy on Undeveloped Property. The CFD No. 2006-2 RMA provides for an increase in the Maximum Annual Special Tax of 2.00% annually. The following table sets forth a projection of the Special Taxes to be levied for Fiscal Year 2019-20.

Table A-50  
**Community Facilities District No. 2006-2 (Special Tax B)**  
**2019-20 Projected Special Tax Levy**

<b>Land Use Class</b>	<b>Building Square Feet<sup>(1)</sup></b>	<b>Number of Parcels</b>	<b>Total Acreage</b>	<b>Maximum Assigned Rate<sup>(2)</sup></b>	<b>Projected Assigned Rate</b>	<b>Projected Special Tax Levy</b>	<b>Percent of Special Tax Levy</b>
1	Less than 2,300	18	3.56	\$ 1,472.50	\$1,472.50	\$ 26,504.99	7.91%
2	2,300 to 2,550	48	8.99	1,550.04	1,550.04	74,401.84	22.19
3	2,551 to 2,800	54	10.47	1,698.14	1,698.14	91,699.74	27.35
4	2,801 to 3,050	40	7.64	1,860.21	1,860.21	74,408.25	22.19
5	3,051 to 3,300	17	3.17	2,007.54	2,007.54	34,128.10	10.18
6	Greater than 3,300	16	3.12	2,131.61	2,131.61	34,105.68	10.18
<b>Subtotal</b>		<b>193</b>	<b>36.95</b>			<b>\$335,248.60</b>	<b>100.00%</b>
Undeveloped		21	4.01	\$10,055.64	\$ 0.00	\$ 0.00	0.00%
<b>Total</b>		<b>214</b>	<b>40.96</b>			<b>\$335,248.60</b>	<b>100.00%</b>

<sup>(1)</sup> In accordance with the CFD No. 2006-2 RMA. Based on projected development status as of May 1, 2019.

<sup>(2)</sup> The Maximum Annual Assigned Special Tax increases 2.00% annually.

Source: Willdan Financial Services.

### **Special Tax Levy – Taxable Property**

Each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

A synopsis of the provisions of the CFD No. 2006-2 RMA is set forth above. See also, “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” and APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-8-1 with respect to CFD No. 2006-2.

## Special Tax Collections

Historically, the Special Tax has been levied within CFD No. 2006-2. The following table sets forth the Special Tax collections and delinquencies for fiscal years 2011-12 through 2018-19 within CFD No. 2006-2. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Rates and Methods of Apportionment” and APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-8-1 with respect to CFD No. 2006-2.

Table A-51  
**Community Facilities District No. 2006-2 (Special Tax B)**  
**Special Tax Collections, Delinquencies and Delinquency Rates**  
**Fiscal Years 2011-12 through 2018-19**

Subject Fiscal Year <sup>(1)</sup>							As of January 22, 2019		
Fiscal Year Ending 6/30	Annual Special Tax Levy	Parcels Levied	Total Annual Special Taxes Collected	Fiscal Year Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2011-12	\$250,986	169	\$239,974	10	\$11,012	4.39%	0	\$ 0	0.00%
2012-13	269,617	178	263,827	5	5,789	2.15%	0	0	0.00
2013-14	297,690	193	294,045	5	3,644	1.22%	0	0	0.00
2014-15	303,644	193	293,499	9	10,145	3.34%	0	0	0.00
2015-16	309,716	193	305,348	3	4,368	1.41%	0	0	0.00
2016-17	315,909	193	310,606	5	5,303	1.68%	1	1,004	0.32
2017-18	322,229	193	320,180	1	2,049	0.64%	1	2,049	0.64
2018-19 <sup>(2)</sup>	164,337	193	164,337	0	0	0.00%	0	0	0.00

<sup>(1)</sup> Reflects delinquency information as of June 30 of the applicable fiscal year. Does not include any penalties, interest or fees. Delinquency information does not include the Special Tax A component of the CFD No. 2006-2 RMA.

<sup>(2)</sup> [For Fiscal Year 2018-19, the dollar amounts for annual special tax levy and collected, and parcels delinquent represent the first installment only.]

Source: Willdan Financial Services, based on information provided by the County Tax Collector.

## Assessed Values

The Fiscal Year 2018-19 assessed valuation of the Taxable Property within CFD No. 2006-2 is \$49,238,711. The following table shows the assessed value for Taxable Property in CFD No. 2006-2 for tax years 2011-12 through 2018-19.

Table A-52  
**Community Facilities District No. 2006-2**  
**Historical Assessed Values**  
**Fiscal Years 2011-12 through 2018-19**

<b>Fiscal Year</b>	<b>Annual Special Tax B</b>	<b>Parcels Taxable<sup>(1)</sup></b>	<b>Parcels Levied</b>	<b>Assessed Value Land</b>	<b>Assessed Value Structure</b>	<b>Total Assessed Values</b>	<b>Percent Change</b>
2011-12	\$250,986	214	169	\$8,629,954	\$21,301,003	\$29,930,957	n/a
2012-13 <sup>(2)</sup>	269,617	214	178	8,090,649	20,825,832	28,916,481	(3.39)%
2013-14	297,690	214	193	8,612,383	26,848,403	35,460,786	22.63
2014-15	303,644	214	193	9,326,484	30,243,502	39,569,986	11.59
2015-16	309,716	214	193	9,451,864	32,687,263	42,139,127	6.49
2016-17	315,909	214	193	9,399,683	34,591,920	43,991,603	4.40
2017-18	322,229	214	193	9,365,306	37,173,153	46,538,459	5.79
2018-19	328,674	214	193	9,662,251	39,576,460	49,238,711	5.80

<sup>(1)</sup> Total Assessed Values include all taxable parcels.

<sup>(2)</sup> As compared to the prior year's, the reduction in total assessed value in the CFD is due primarily to macro-level market trends. The reduction is also due to the annual review of the Riverside County Assessor to reflect taxable values accurately in consideration of recent market declines.

Under Proposition 13, real property is reappraised upwards only when a change-in-ownership occurs, or when new construction takes place. Except for these two instances, property assessments cannot be increased by more than 2.00% annually.

Revenue and Taxation Code Section 51 requires the assessor to enroll the lower of either the property's Factored-Base-Year Value (established under Proposition 13) or its market value as of the lien date (January 1).

If the assessed value is reduced due to the market value being lower than the Factor-Base-Year Value, the assessor is required to review the market value of the property each lien date after the reduction until such time as the Factored-Base-Year Value is less than or equal to the market value. When the Factored-Base-Year Value is again enrolled, the property is no longer subject to the annual review, and will receive indexing not to exceed 2.00% per year.

Source: *Riverside County Secured Roll as compiled by Willdan Financial Services.*

## Property Ownership

The following table depicts the principal owners in CFD No. 2006-2 based on the Fiscal Year 2019-20 projected Special Tax levy.

Table A-53  
**Community Facilities District No. 2006-2 (Special Tax B)**  
**Principal Owners/Taxpayers by Percent of Special Tax Levy**

Development Status/ Owner Name <sup>(1)</sup>	Number of Parcels/ Units	2019-20 Projected Special Tax Levy	2019-20 Percent of Special Tax Levy	2018-19 Total Assessed Value	CFD No. 2006-2 Special Tax A Series 2017 Bonds <sup>(2)</sup>	CFD No. 2006-2 Special Tax B Series 2019 Bonds <sup>(3)*</sup>	Overlapping Debt <sup>(4)</sup>	Total Debt Burden <sup>*</sup>	Value -to- Lien Ratio <sup>*</sup>
<u>Single Family Residence:</u>									
SPSSM INV IX	3	\$ 5,727.95	1.71%	\$ 845,579.00	\$ 21,294.14	\$ 93,544.06	\$ 19,179.50	\$ 134,017.70	6.31
Yvonne Echols	2	3,681.64	1.10	301,337.00	13,722.70	60,125.52	6,834.95	80,683.17	3.73
Shaik P. and Sajeeda S. Imtiaz	2	3,558.35	1.06	486,404.00	13,296.40	58,111.99	11,032.66	82,441.05	5.90
Individual Property Owners	186	322,280.66	96.13	47,561,492.00	1,206,686.76	5,263,218.43	1,074,210.84	7,544,116.03	6.30
<b>Subtotal</b>	<b>193</b>	<b>\$335,248.60</b>	<b>100.00%</b>	<b>\$49,194,812.00</b>	<b>\$1,255,000.00</b>	<b>\$5,475,000.00</b>	<b>\$1,111,257.95</b>	<b>\$7,841,257.95</b>	<b>6.27</b>
<u>Undeveloped Properties:</u>									
Goodiniss Inc	3	\$ 0.00	0.00%	\$ 43,899.00	\$ 0.00	\$ 0.00	\$ 995.72	\$ 995.72	44.09
City of San Jacinto <sup>(5)</sup>	18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n/a
<b>Total</b>	<b>214</b>	<b>\$335,248.60</b>	<b>100.00%</b>	<b>\$49,238,711.00</b>	<b>\$1,255,000.00</b>	<b>\$5,475,000.00</b>	<b>\$1,112,253.67</b>	<b>\$7,842,253.67</b>	<b>6.28</b>

(1) In accordance with the CFD No. 2006-2 RMA. Based on projected development status as of May 1, 2019. Undeveloped Properties consists of 4.01 of total taxable acreage.

(2) Calculated based on the proportionate share of the CFD No. 2006-2 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

(3) Calculated based on the proportionate share of the CFD No. 2006-2 Special Tax B levy multiplied by the projected Series 2019 Bonds to be issued.

(4) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-55 for a description of overlapping debt within CFD No. 2006-2.

(5) Represents 18 lots owned by the City. Although the parcels are not subject to *ad valorem* taxes, the parcels are subject to the respective Special Tax but will not be levied until the parcels are developed.

\* Preliminary subject to change.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.



Table A-54  
**Community Facilities District No. 2006-2 (Special Tax B)**  
**Value-to-Lien Ratios and Overlapping Debt**

Value -to-Lien Ratio	Number of Parcels/ Units	2019-20 Projected Special Tax Levy	2019-20 Percent of Special Tax Levy	2018-19 Total Assessed Value	CFD No. 2006-2 Special Tax A Series 2017 Bonds <sup>(1)</sup>	CFD No. 2006-2 Special Tax B Series 2019 Bonds <sup>(2)*</sup>	Overlapping Debt <sup>(3)</sup>	Total Debt Burden*	Value -to- Lien Ratio*
<u>Single Family Residence:</u> <sup>(4)</sup>									
5:1 to 9.99:1	160	\$277,740.42	82.85%	\$43,495,410.00	\$1,039,771.99	\$4,535,824.53	\$ 981,983.60	\$6,557,580.12	6.63
4:1 to 4.99:1	28	47,431.72	14.15	4,850,028.00	177,905.99	774,615.17	110,008.77	1,062,529.93	4.56
3:1 to 3.99:1	5	10,076.46	3.00	849,374.00	37,322.02	164,560.30	19,265.58	221,147.90	3.84
<b>Subtotal</b>	<b>193</b>	<b>\$335,248.60</b>	<b>100.00%</b>	<b>\$49,194,812.00</b>	<b>\$1,255,000.00</b>	<b>\$5,475,000.00</b>	<b>\$1,111,257.95</b>	<b>\$7,841,257.95</b>	<b>6.27</b>
<u>Undeveloped Properties:</u> <sup>(4)</sup>									
40:1 or greater	3	\$ 0.00	0.00%	\$ 43,899.00	\$ 0.00	\$ 0.00	\$ 995.72	\$ 995.72	44.09
N/A <sup>(5)</sup>	18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	n/a
<b>Total</b>	<b>214</b>	<b>\$335,248.60</b>	<b>100.00%</b>	<b>\$49,238,711.00</b>	<b>\$1,255,000.00</b>	<b>\$5,475,000.00</b>	<b>\$1,112,253.67</b>	<b>\$7,842,253.67</b>	<b>6.28</b>

(1) Calculated based on the proportionate share of the CFD No. 2006-2 Special Tax A levy multiplied by the Special Tax A Series 2017 Bonds outstanding as of March 1, 2019.

(2) Calculated based on the proportionate share of the CFD No. 2006-2 Special Tax B levy multiplied by the projected Series 2019 Bonds to be issued.

(3) Overlapping Debt includes direct tax and assessment debt and general obligation bonds. See Table A-55 for a description of overlapping debt within CFD No. 2006-2.

(4) In accordance with the CFD No. 2006-2 RMA. Based on projected development status as of May 1, 2019. Undeveloped Properties consists of 4.01 total taxable acreage.

(5) Represents 18 lots owned by the City. Although the parcels are not subject to *ad valorem* taxes, the parcels are subject to the respective Special Tax but will not be levied until the parcels are developed.

\* Preliminary subject to change.

Source: Riverside County 2018-19 Secured Roll and California Municipal Statistics, Inc. as compiled by Willdan Financial Services.

## Direct and Overlapping Debt

Contained within CFD No. 2006-2 are numerous overlapping local agencies providing public services. Some of such local agencies have outstanding bonds issued in the form of general obligation, special tax and special assessment bonds. Additional indebtedness could be authorized by other public agencies at any time. The following table illustrates the direct and overlapping debt within CFD No. 2006-2 as of March 1, 2019.

Table A-55  
**Community Facilities District No. 2006-2**  
**Direct and Overlapping Debt**

2018-19 Local Secured Assessed Valuation: \$49,238,711

	%	Debt 3/1/19
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Applicable</u>	
Metropolitan Water District General Obligation Bonds	0.002%	\$ 808
Riverside County Flood Control and Water Conservation District Promissory Notes	0.095	13,979 <sup>(1)</sup>
Mount San Jacinto Community College District General Obligation Bonds	0.054	92,868
San Jacinto Unified School District General Obligation Bonds	1.582	1,018,578
<b>San Jacinto Unified School District Community Facilities District No. 2006-2 (Special Tax A)</b>	<b>100.000</b>	<b>1,255,000<sup>(2)</sup></b>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$2,381,233</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	0.017%	\$ 135,982
Riverside County Pension Obligation Bonds	0.017	42,656
San Jacinto Unified School District Certificates of Participation	1.582	656,566
City of San Jacinto Pension Obligation Bonds	1.605	11,051
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 846,255</b>
Less: Riverside County supported obligations		448
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>		<b>\$ 845,807</b>
 <b>GROSS COMBINED TOTAL DEBT</b>		 <b>\$3,227,488<sup>(3)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>		<b>\$3,227,040</b>

<sup>(1)</sup> 2015 Negotiable Promissory Notes secured by the 1% *ad valorem* property tax revenues collected on properties within Zone 4 located in CFD No. 2006-2. The Notes are not secured by a direct property tax lien.

<sup>(2)</sup> CFD No. 2006-2 Bonds relating to the Special Tax A Series 2017 Bonds. Excludes CFD No. 2006-2 Bonds to be sold.

<sup>(3)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

### Ratios to 2018-19 Local Secured Assessed Valuation:

<b>Direct Debt (\$1,255,000)</b> .....	<b>2.55%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	4.84%
Gross Combined Total Debt .....	6.55%
Net Combined Total Debt .....	6.55%

*Source: California Municipal Statistics, Inc. and Willdan Financial Services.*

## Debt Service Coverage

The CFD No. 2006-2 RMA provides for, and the table below assumes, the Special Tax levy on Taxable Property at a Maximum Annual Special Tax B (including an inflator). As to CFD No. 2006-2, the actual amount of Special Tax that will be levied against each parcel in each year will be determined in accordance with the CFD No. 2006-2 RMA. See APPENDIX C – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX” at C-8-1 with respect to CFD No. 2006-2.

Table A-56  
**CFD No. 2006-2 Bonds**  
**Estimated Debt Service Coverage**

<b>Year Ended September 1</b>	<b>Net Special Tax B Revenues</b>	<b>CFD No. 2006-2 Bonds Debt Service<sup>(1)</sup></b>	<b>Coverage</b>
2019			
2020			
2021			
2022			
2023			
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			
<b>Totals</b>			

<sup>(1)</sup> Assuming no optional redemptions. In no event may the Annual Special Tax B be levied later than June 30, 2050.  
Source: Stifel, Nicolaus & Company, Incorporated based on revenue calculations provided by Willdan Financial Services.

The Special Tax on any Taxable Property is limited to an increase of 10% for delinquencies under Section 53321 of the Act as applied to CFD No. 2006-2. That section provides that under no circumstances will the special tax levied in any fiscal year against any parcel used for private residential purposes be

increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within CFD No. 2006-2, by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. See “RISK FACTORS – Insufficiency of Special Taxes” herein.

## **APPENDIX B**

### **APPRAISAL OF PROPERTY IN CFD NO. 2003-1**

## **APPENDIX C**

### **RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAX**

## **APPENDIX C-1**

### **CFD No. 2003-1**

#### **SECOND AMENDED RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2003-1 OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT**

Annual Special Taxes shall be levied on and collected in Community Facilities District No. 2003-1 of the San Jacinto Unified School District ("CFD No. 2003-1") in each Fiscal Year, in an amount determined through the application of the second amended rate and method of apportionment described below ("Second Amended RMA"). All of the real property in CFD No. 2003-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

#### **SECTION A DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map, that creates the boundaries of each Assessor's Parcel Number.

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

"Administrative Expenses" means any ordinary expenses of the School District or CFD No. 2003-1 related to the administration of CFD No. 2003-1.

"Annual Special Tax" means the Annual Special Tax A or Annual Special Tax B.

"Annual Special Tax A" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section F.

"Annual Special Tax B" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G.

"Assessor's Parcel" means a lot or parcel of land in CFD No. 2003-1 which is designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County Assessor for purposes of identification.

"Assigned Annual Special Tax" means the Assigned Special Tax A or Assigned Annual Special Tax B.

"Assigned Annual Special Tax A" means the Special Tax of that name as set forth in Section D.

“Assigned Annual Special Tax B” means the Special Tax of that name as set forth in Section D.

“Backup Annual Special Tax” means the Backup Annual Special Tax A or Backup Annual Special Tax B.

“Backup Annual Special Tax A” means the Special Tax of that name described in Section E.  
“Backup Annual Special Tax B” means the Special Tax of that name described in Section E.

“Board” means the Board of Trustees of San Jacinto Unified School District or its designee as the legislative body of CFD No. 2003-1.

“Bonds” means the Tax A Bonds or Tax B Bonds.

“Bond Index” means the National Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used should be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody’s A1 and S&P’s A-plus, as reasonable determined by the Board.

“Bond Yield” means the yield on the last series of Bonds issued by or on behalf of CFD No. 2003-1, as calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the non-arbitrage certificate or other similar bond issuance document.

“Building Permit” means a permit for the construction of one or more Units issued by the City, or another public agency in the event the City no longer issues permits for the construction of Units within CFD No. 2003-1. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

“Building Square Footage” or “BSF” means the square footage of internal living space of a Unit, exclusive of garages or other structures not used as living space, as set forth in the Building Permit application for such Unit or other applicable records of the City.

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

“City” means the City of San Jacinto.

“County” means the County of Riverside, State of California.

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

“Exempt Property” means the property designated as Exempt Property in Section K.

“Final Subdivision Map” means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates individual Lots, recorded in the Office of the Recorder of the County.



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

“Homeowner” means any owner of a completed Unit constructed and sold within CFD No. 2003-1.

“Indenture” means the bond indenture, master trust agreement, fiscal agent agreement, or similar document, regardless of title, pursuant to which Tax A Bonds or Tax B Bonds are issued and which establishes the terms and conditions for the payment of such Tax A Bonds or Tax B Bonds, as modified, amended and/or supplemented from time to time in accordance with its terms.

“Lot” means an individual legal lot created by a Final Subdivision Map for which a Building Permit for a Unit has been or could be issued, provided that land for which one or more Building Permit(s) have been or could be issued for the construction of one or more model Units shall not be construed as a Lot until such land has been subdivided by a Final Subdivision Map.

“Maximum Annual Special Tax” means the Maximum Annual Special Tax A or the Maximum Annual Special Tax B.

“Maximum Annual Special Tax A” means for each Fiscal Year the maximum Annual Special Tax A determined in accordance with Section C that can be levied by CFD No. 2003-1 in such Fiscal Year on any Assessor’s Parcel.

“Maximum Annual Special Tax B” means for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C that can be levied by CFD No. 2003-1 in such Fiscal Year on any Assessor’s Parcel.

“Minimum Taxable Acreage” means for each Zone, the applicable Acreage listed in Table 6 set forth in Section K.

“Prepayment Administrative Fees” means any fees or expenses of the School District or CFD No. 2005-3 associated with the prepayment of the Special Tax obligation of an Assessor’s Parcel. Prepayment Administrative Fees shall include among other things the cost of computing the Prepayment Amount, redeeming Bonds, and recording any notices to evidence the prepayment and redemption of Bonds.

“Prepayment Amount” means the Tax A Prepayment Amount or Tax B Prepayment Amount.

“Proportionately” means that the ratios of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax or Maximum Special Tax is equal for all applicable Assessor’s Parcels.

“Reserve Fund Credit” means an amount equal to the reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount. In the event that a surety bond or other credit instrument satisfies the reserve requirement or the reserve fund is underfunded at the time of the prepayment, no Reserve Fund Credit shall be given.

“School District” means the San Jacinto Unified School District or any successor school district.

“Special Tax” means any of the special taxes authorized to be levied in CFD No. 2003-1 under the Act and this Second Amended RMA.

“Tax A Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax A revenues.

“Tax A Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the debt service on the Tax A Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs of the Tax A Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax A Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) the portion of the Administrative Expenses of CFD No. 2003-1 applicable to Annual Special Tax A, (iv) any costs associated with the release of funds from an escrow account for the Tax A Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax A Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

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

“Tax A Prepayment Amount” means the amount required to prepay all of Annual Special Tax A obligation on any Assessor’s Parcel determined pursuant to Section H.

“Tax A Present Value of Taxes” means the present value of Annual Special Tax A applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2003-1, plus the expected Annual Special Tax A applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Bond Yield after Bond issuance or (ii) the most recently published Bond Index prior to the Bond issuance.

“Tax B Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax B revenues.

“Tax B Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs on the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) a portion of the Administrative Expenses of CFD No. 2003-1 attributable to Annual Special Tax B, (iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

“Tax B Prepayment Amount” means the amount required to prepay all of Annual Special Tax B obligation on any Assessor’s Parcel determined pursuant to Section I.

“Tax B Present Value of Taxes” means the present value of Annual Special Tax B applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2003-1, plus the expected Annual Special Tax B applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Bond Yield after Bond issuance or (ii) the most recently published Bond Index prior to the Bond issuance.

“Taxable Property” means all Assessor’s Parcels which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property.

“Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

“Zone” means the areas identified as Zone in Exhibit A to this Second Amended RMA.

“Zone 1” means all property located within the area identified as Zone 1 in Exhibit A to this Second Amended RMA, subject to interpretation by the Board as described in Section B.

“Zone 2” means all property located within the area identified as Zone 2 in Exhibit A to this Second Amended RMA, subject to interpretation by the Board as described in Section B.

## **SECTION B ASSIGNMENT OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2006-07, (i) each Assessor’s Parcel within CFD No. 2003-1 shall be assigned to a Zone in accordance with Exhibit A at the reasonable discretion of the Board; (ii) each Assessor’s Parcel within a Zone of CFD No. 2003-1 shall be classified as Taxable Property or Exempt Property; and (iii) each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property within each Zone shall be further classified based on the Building Square Footage of the Unit. The Acreage of Taxable Property assigned to a Zone shall not fall below the Minimum Taxable Acreage for such Zone as depicted in Table 6.

## **SECTION C MAXIMUM ANNUAL SPECIAL TAX**

### **1.     Developed Property**

The Maximum Annual Special Tax A for each Assessor’s Parcel classified as Developed Property within a particular Zone in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Zone in such Fiscal Year or (ii) the Backup Annual Special Tax A for such Zone in such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor’s Parcel classified as Developed Property within a particular Zone in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Zone in such Fiscal Year or (ii) the Backup Annual Special Tax B for such Zone for such Fiscal Year.

### **2.     Undeveloped Property**

The Maximum Annual Special Tax A for each Assessor’s Parcel classified as Undeveloped Property within a particular Zone in each Fiscal Year shall be the Assigned Annual Special Tax A for such Zone for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor’s Parcel classified as Undeveloped Property within a particular Zone in each Fiscal Year shall be the Assigned Annual Special Tax B for such Zone for such Fiscal Year.

**SECTION D**  
**ASSIGNED ANNUAL SPECIAL TAXES**

Each Fiscal Year all Taxable Property shall be subject to Assigned Annual Special Tax A and Assigned Annual Special Tax B.

**1. Developed Property**

The Assigned Annual Special Tax A and Assigned Annual Special Tax B for each Assessor's Parcel of Developed Property shall be determined by reference to Tables 1 – 2 according to the Zone in which the Assessor's Parcel is located and the Building Square Footage of the Unit.

**TABLE 1**

**ASSIGNED ANNUAL SPECIAL TAXES FOR  
DEVELOPED PROPERTY IN ZONE 1 FOR FISCAL YEAR 2006-07**

<b>Building Square Footage</b>	<b>Assigned Annual Special Tax A</b>	<b>Assigned Annual Special Tax B</b>
≤ 1,900 BSF	\$ 793.86 per Unit	\$ 806.11 per Unit
1,900 -2,100 BSF	\$1,003.39 per Unit	\$ 887.67 per Unit
2,101 - 2,300 BSF	\$1,108.15 per Unit	\$ 928.45 per Unit
2,301 - 2,500 BSF	\$1,212.91 per Unit	\$ 969.23 per Unit
2,501 - 2,700 BSF	\$1,350.51 per Unit	\$1,022.80 per Unit
> 2,700 BSF	\$1,483.21 per Unit	\$1,074.45 per Unit

**TABLE 2**

**ASSIGNED ANNUAL SPECIAL TAXES FOR  
DEVELOPED PROPERTY IN ZONE 2 FOR FISCAL YEAR 2006-07**

<b>Building Square Footage</b>	<b>Assigned Annual Special Tax A</b>	<b>Assigned Annual Special Tax B</b>
≤ 2,500 BSF	\$1,130.67 per Unit	\$1,048.58 per Unit
2,500 -2,700 BSF	\$1,265.85 per Unit	\$1,107.46 per Unit
2,701 - 2,900 BSF	\$1,394.28 per Unit	\$1,163.39 per Unit
2,901 - 3,100 BSF	\$1,514.06 per Unit	\$1,215.56 per Unit
3,101 - 3,300 BSF	\$1,622.21 per Unit	\$1,262.66 per Unit
> 3,000 BSF	\$1,676.28 per Unit	\$1,286.21 per Unit

On each July 1, commencing on July 1, 2007, the Assigned Annual Special Tax for all Developed Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**2. Undeveloped Property**

The Assigned Annual Special Tax A and the Assigned Annual Special Tax B per acre of acreage for an Assessor's Parcel of Undeveloped Property for Fiscal Year 2006-07 shall be the amount determined by reference to Table 3 according to the Zone within which the Assessor's Parcel is located. If an Assessor's

Parcel of Undeveloped Property is within the boundaries of Zone 1 and Zone 2, then the Acreage within each Zone shall be multiplied by the rate that applies to that Zone.

**TABLE 3**  
**ASSIGNED ANNUAL SPECIAL TAX FOR**  
**UNDEVELOPED PROPERTY FOR FISCAL YEAR 2006-07**

<b>Location</b>	<b>Assigned Annual Special Tax A</b>	<b>Assigned Annual Special Tax B</b>
Zone 1	\$7,717.17 per Acre	\$6,223.39 per Acre
Zone 2	\$7,087.98 per Acre	\$5,765.10 per Acre

On each July 1, commencing on July 1, 2007, the Assigned Annual Special Tax per Acre of Acreage for all Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**SECTION E**  
**BACKUP ANNUAL SPECIAL TAX**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax A and Backup Annual Special Tax B. The Backup Annual Special Tax A rate and the Backup Annual Special Tax B rate for an Assessor's Parcel of Developed Property within a Final Subdivision Map in each Fiscal Year shall be the rate per Lot calculated according to the following formula in Fiscal Year 2006-07 or such later Fiscal Year in which such Final Subdivision Map is created:

$$BA \text{ or } BB = (ZA \text{ or } ZB \times A) / L$$

The terms above have the following meanings:

- BA = Backup Annual Special Tax A per Lot within a particular Zone for the applicable Fiscal Year
- BB = Backup Annual Special Tax B per Lot within a particular Zone for the applicable Fiscal Year
- ZA = Assigned Annual Special Tax A per Acre of Undeveloped Property for such Zone for the applicable Fiscal Year
- ZB = Assigned Annual Special Tax B per Acre of Undeveloped Property for such Zone for the applicable Fiscal Year
- A = Acreage for Taxable Property expected to exist in the applicable Final Subdivision Map as determined by the Board pursuant to Section K
- L = Number Lots in the Final Subdivision Map

On each July 1, commencing on July 1 of the Fiscal Year first following the initial calculation of the Backup Annual Special Tax rate for an Assessor's Parcel of Developed Property with a Final Subdivision Map, the Backup Annual Special Tax for each lot within such Final Subdivision Map shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

Notwithstanding the foregoing, if the Final Subdivision Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax A and the Backup

Annual Special Tax B for each Assessor's Parcel of Developed Property in such Final Subdivision Map area changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Tax A and the total Backup Annual Special Tax B revenue anticipated to apply to the changed or modified area of the Final Subdivision Map prior to the change or modification.

2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property of the Final Subdivision Map that is anticipated to be changed or modified, as reasonably determined by the Board.

3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax A per square foot of Acreage and Backup Annual Special Tax B per square foot of Acreage that shall be applicable to Assessor's Parcels of Developed Property in such changed or modified area of the Final Subdivision Map for all remaining Fiscal Years in which the Special Tax may be levied.

On each July 1 commencing on July 1 of the Fiscal Year first following the Fiscal Year in which the preceding calculation is performed, the Backup Annual Special Tax rate per square foot of Acreage calculated in step 3 above shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

#### **SECTION F**

##### **METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX A**

Commencing Fiscal Year 2006-07, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax A as follows:

- Step One: The Board shall levy an Annual Special Tax A on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax A up to the Maximum Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.

#### **SECTION G**

##### **METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX B**

Commencing Fiscal Year 2006-07, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax B as follows:

- Step One: The Board shall levy an Annual Special Tax B on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax B up to the Maximum Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

## **SECTION H PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A and Annual Special Tax B obligation, shall provide CFD No. 2003-1 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the prepayment amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$AP \text{ or } BP = APVT \text{ or } BPVT - RFC + PAF$$

The terms above have the following meanings:

AP	=	Tax A Prepayment Amount
BP	=	Tax B Prepayment Amount
APVT	=	Tax A Present Value of Taxes
BPVT	=	Tax B Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

## **SECTION I PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAX A**

The Annual Special Tax A obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax A obligation would be prepaid.

### **1. Partial Prepayment Times and Conditions**

Prior to the conveyance of the first production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the Taxable Property within such Final Subdivision Map may elect in writing to the Board to prepay a portion of the Annual Special Tax A obligations for all the Assessor's Parcels within such Final Subdivision Map, as calculated in Section I.2. below. The partial prepayment of each Annual Special Tax A obligation shall be collected for all Assessor's Parcels prior to the conveyance of the first production Unit on a lot within such Final Subdivision Map.

### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount  
P<sub>G</sub> = the Prepayment Amount calculated according to Section H  
P = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax A obligation

### **3. Partial Prepayment Procedures and Limitations**

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2005-3 that there has been a partial prepayment of the Annual Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax A obligation and the partial release of the Annual Special Tax A lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax A shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax A and the Backup Annual Special Tax A for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Tax A that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

## **SECTION J TERMINATION OF SPECIAL TAX**

The Annual Special Tax A and the Annual Special Tax B shall be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax A Bonds or Tax B Bonds, whichever is later, by CFD No. 2003-1, but in no event shall the Annual Special Tax A and Annual Special Tax B be levied later than Fiscal Year 2049-50.



## **SECTION K EXEMPTIONS**

The Board shall classify property as Exempt Property in the following priority (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction, (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement, (iv) 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, (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board, and provided that no such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

**TABLE 6**

### **MINIMUM TAXABLE ACREAGE**

<b>Location</b>	<b>Minimum Taxable Acreage</b>
Zone 1	38.29 Acres
Zone 2	45.27 Acres

## **SECTION L APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the Second installment of the Special Tax that is disputed. In order to be considered sufficient, any claim of appeal must: (i) specifically identify the property by address and Assessor's Parcel Number; (ii) state the amount in dispute and whether it is the whole amount or any a portion of the Special Tax; (iii) state all grounds on which the property owner is disputing the amount or application of such Special Tax is incorrect; (iv) include all documentation, if any, in support of the claim; and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. A representative(s) of CFD No. 2003-1 ("Representative") shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the Representative's decisions shall indicate.

## **SECTION M MANNER OF COLLECTION**

The Annual Special Tax A and the 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 No. 2003-1 may

collect Annual Special Tax A and/or Annual Special Tax B at a different time or in a different manner if necessary to meet its financial obligations.

## **APPENDIX C-2**

### **CFD No. 2003-2**

#### **FIRST AMENDED RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2003-2 OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT**

Annual Special Taxes shall be levied on and collected in Community Facilities District No. 2003-2 of the San Jacinto Unified School District ("CFD No. 2003-2") in each Fiscal Year, in an amount determined through the application of the rate and method of apportionment described below. All of the real property in CFD No. 2003-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

#### **SECTION A DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map, that creates the boundaries of each Assessor's Parcel Number.

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

"Administrative Expenses" means any ordinary expenses of the School District or CFD No. 2003-2 related to the administration of CFD No. 2003-2.

"Annual Special Tax" means the Annual Special Tax A or Annual Special Tax B.

"Annual Special Tax A" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section F.

"Annual Special Tax B" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G.

"Assessor's Parcel" means a lot or parcel of land in CFD No. 2003-2 which is designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County Assessor for purposes of identification.

"Assigned Annual Special Tax" means the Assigned Special Tax A or Assigned Annual Special Tax B.

"Assigned Annual Special Tax A" means the Special Tax of that name as set forth in Section D.

“Assigned Annual Special Tax B” means the Special Tax of that name as set forth in Section D.

“Backup Annual Special Tax” means the Backup Annual Special Tax A or Backup Annual Special Tax B.

“Backup Annual Special Tax A” means the Special Tax of that name described in Section E.

“Backup Annual Special Tax B” means the Special Tax of that name described in Section E.

“Board” means the Board of Trustees of the School District or its designee.

“Building Permit” means a permit for the construction of one or more Units issued by the County, or another public agency in the event the City no longer issues permits for the construction of Units within CFD No. 2003-2. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

“Building Square Footage” or “BSF” means the square footage of internal living space of a Unit, exclusive of garages or other structures not used as living space, as set forth in the Building Permit application for such Unit or other applicable records of the City.

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

“City” means the City of San Jacinto.

“County” means the County of Riverside.

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

“Exempt Property” means the property designated as Exempt Property in Section L.

“Final Subdivision Map” means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates individual Lots, recorded in the Office of the Recorder of the County.

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

“Indenture” means the bond indenture, master trust agreement, fiscal agent agreement, or similar document, regardless of title, pursuant to which Tax A Bonds or Tax B Bonds are issued and which establishes the terms and conditions for the payment of such Tax A Bonds or Tax B Bonds, as modified, amended and/or supplemented from time to time in accordance with its terms.

“Lot” means an individual legal lot created by a Final Subdivision Map for which a Building Permit for a Unit has been or could be issued, provided that land for which one or more Building Permit(s) have been or could be issued for the construction of one or more model Units shall not be construed as a Lot until such land has been subdivided by a Final Subdivision Map.

“Maximum Annual Special Tax” means the Maximum Annual Special Tax A or the Maximum Annual Special Tax B.

“Maximum Annual Special Tax A” means for each Fiscal Year the maximum Annual Special Tax A determined in accordance with Section C that can be levied by CFD No. 2003-2 in such Fiscal Year on any Assessor’s Parcel.

“Maximum Annual Special Tax B” means for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C that can be levied by CFD No. 2003-2 in such Fiscal Year on any Assessor’s Parcel.

“Minimum Taxable Acreage” means the applicable Acreage listed in Table 6 set forth in Section L.

“Proportionately” means that the ratios of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax or Maximum Special Tax is equal for all applicable Assessor’s Parcels.

“Regularly Retired Principal” means the principal amount of Special Tax bonds that have been paid as scheduled pursuant to the indenture under which they were reserved, whether by virtue of maturing principal or regularly scheduled mandatory sinking fund redemptions.

“School District” means the San Jacinto Unified School District or any successor school district.

“Special Tax” means any of the special taxes authorized to be levied in CFD No. 2003-2 under the Act and this RMA.

“Tax A Gross Prepayment Amount” means any amount determined pursuant to Table 4 set forth in Section H.

“Tax A Partial Prepayment Amount” means the amount required to prepay a portion of the Annual Special Tax A obligation on any Assessor’s Parcel determined pursuant to Section J.

“Tax B Gross Prepayment Amount” means any amount determined pursuant to Table 5 set forth in Section I.

“Tax A Prepayment Amount” means the amount required to prepay all of Annual Special Tax A obligation on any Assessor’s Parcel determined pursuant to Section H.

“Tax B Prepayment Amount” means the amount required to prepay all of Annual Special Tax B obligation on any Assessor’s Parcel determined pursuant to Section I.

“Tax A Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax A revenues.

“Tax A Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the debt service on the Tax A Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs of the Tax A Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax A Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) the portion of the Administrative Expenses of CFD No. 2003-2 applicable to Annual Special Tax A, (iv) any costs associated with the release of funds from an escrow account for the Tax A Bonds, (v) any amount

required to establish or replenish any reserve funds established in association with the Tax A Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

“Tax A Prepayment Ratio” means, with respect to an Assessor’s Parcel, for each series of Tax A Bonds, the ratio of (i) the Assigned Annual Special Tax A or portion thereof applicable to the Assessor’s Parcel at the time each such series of Tax A Bonds was issued and which was used in providing the minimum debt service coverage required to issue such series of Tax A Bonds, as reasonably determined by the Board, to (ii) the sum of all the Assigned Annual Special Tax A revenue used in providing the minimum debt service coverage required to issue such series of Tax A Bonds, as reasonably determined by the Board.

“Tax B Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax B revenues.

“Tax B Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs on the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) a portion of the Administrative Expenses of CFD No. 2003-2 attributable to Annual Special Tax B, (iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

“Tax B Prepayment Ratio” means, with respect to an Assessor’s Parcel, for each series of Tax B Bonds, the ratio of (i) the Assigned Annual Special Tax B or portion thereof applicable to the Assessor’s Parcel at the time each such series of Tax B Bonds was issued and which was used in providing the minimum debt service coverage required to issue such series of Tax B Bonds, as reasonably determined by the Board, to (ii) the sum of all the Assigned Annual Special Tax B revenue used in providing the minimum debt service coverage required to issue such series of Tax B Bonds, as reasonably determined by the Board.

“Taxable Property” means all Assessor’s Parcels which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property.

“Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

## **SECTION B**

### **ASSIGNMENT OF ASSESSOR’S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2004-05, each Assessor’s Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The classification of Taxable Property shall not fall below the Minimum Taxable Acreage depicted in Table 6.

**SECTION C**  
**MAXIMUM ANNUAL SPECIAL TAX**

**1.     Developed Property**

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Fiscal Year or (ii) the Backup Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

**2.     Undeveloped Property**

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

**SECTION D**  
**ASSIGNED ANNUAL SPECIAL TAXES**

Each Fiscal Year all Taxable Property shall be subject to Assigned Annual Special Tax A and Assigned Annual Special Tax B.

**1.     Developed Property**

The Assigned Annual Special Tax A and Assigned Annual Special Tax B for each Assessor's Parcel of Developed Property shall be the amount specified in Table 1 according to the Building Square Footage of a Unit.

**TABLE 1**  
**ASSIGNED ANNUAL SPECIAL TAX A FOR**  
**DEVELOPED PROPERTY**

<b>Building Square Footage</b>	<b>Assigned Annual Special Tax A</b>	<b>Assigned Annual Special Tax B</b>
≤ 1,600 BSF	\$557.19 per Unit	\$615.61 per Unit
1,600 -1,800 BSF	\$610.12 per Unit	\$639.29 per Unit
1,801 - 2,200 BSF	\$722.60 per Unit	\$689.60 per Unit
2,201 - 2,600 BSF	\$821.85 per Unit	\$734.00 per Unit
2,601 - 3,000 BSF	\$900.66 per Unit	\$769.25 per Unit
> 3,000 BSF	\$999.90 per Unit	\$813.65 per Unit

## **2. Undeveloped Property**

The Assigned Annual Special Tax A and the Assigned Annual Special Tax B for an Assessor's Parcel of Undeveloped Property shall be the amount determined by reference to Table 2.

**TABLE 2**

**ASSIGNED ANNUAL SPECIAL TAX FOR  
UNDEVELOPED PROPERTY**

Assigned Annual Special Tax A	\$4,853.00 per Acre
Assigned Annual Special Tax B	\$4,407.67 per Acre

**SECTION E  
BACKUP ANNUAL SPECIAL TAX**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax A and Backup Annual Special Tax B. In each Fiscal Year, the Backup Annual Special Tax A and Backup Annual Special Tax B for Developed Property shall be the rate per Lot calculated according to the following formula:

$$BA \text{ or } BB = (ZA \text{ or } ZB \times A) / L$$

The terms above have the following meanings:

- BA = Backup Annual Special Tax A per Lot for the applicable Fiscal Year
- BB = Backup Annual Special Tax B per Lot for the applicable Fiscal Year
- ZA = Assigned Annual Special Tax A per Acre of Undeveloped Property for the applicable Fiscal Year
- ZB = Assigned Annual Special Tax B per Acre of Undeveloped Property for the applicable Fiscal Year
- A = Acreage for Taxable Property expected to exist in the applicable Final Subdivision Map as determined by the Board pursuant to Section L
- L = Number Lots in the Final Subdivision Map

Notwithstanding the foregoing if the Final Subdivision Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax A and the Backup Annual Special Tax B for each Assessor's Parcel of Developed Property in such Final Subdivision Map area changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Tax A and the total Backup Annual Special Tax B revenue anticipated to apply to the changed or modified area of the Final Subdivision Map prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property of the Final Subdivision Map that is anticipated to be changed or modified, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax A per square foot of Acreage and Backup Annual Special Tax B per square foot of Acreage



that shall be applicable to Assessor's Parcels of Developed Property in such changed or modified area of the Final Subdivision Map for all remaining Fiscal Years in which the Special Tax may be levied.

## **SECTION F**

### **METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX A**

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax A as follows:

- Step One:      The Board shall levy an Annual Special Tax A on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel.
- Step Two:      If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.
- Step Three:    If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax A up to the Maximum Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.

## **SECTION G**

### **METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX B**

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax B as follows:

- Step One:      The Board shall levy an Annual Special Tax B on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel.
- Step Two:      If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.
- Step Three:    If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax B up to the Maximum Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

**SECTION H**  
**PREPAYMENT OF ANNUAL SPECIAL TAX A**

The Annual Special Tax A obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A obligation shall provide CFD No. 2003-2 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the prepayment amount of such Assessor's Parcel and shall notify such owner of such Tax A Prepayment Amount.

**1. Tax A Bond Proceeds Allocation**

Prior to the calculation of any Tax A Prepayment Amount, a calculation shall be performed to determine the amount of Tax A Bond proceeds that are allocable to the Assessor's Parcel for which the Annual Special Tax A obligation is to be prepaid, if any. For purposes of this analysis, Tax A Bond proceeds shall equal the par amount of Tax A Bonds. For each series of Tax A Bonds, Tax A Bond proceeds of such series shall be allocated to each Assessor's Parcel in an amount equal to the Tax A Bond proceeds times the Tax A Prepayment Ratio applicable to such Assessor's Parcel for such series of Tax A Bonds. For each series of Tax A Bonds, an amount of Regularly Retired Principal shall also be allocated to each Assessor's Parcel, to be calculated pursuant to Section H.3.E. below. If, after such allocations, the amount of (i) Tax A Bond proceeds allocated to the Assessor's Parcel for which the Annual Special Tax A obligation is to be prepaid less the amount of Regularly Retired Principal allocated to such Assessor's Parcel is less than (ii) the sum of all the Tax A Gross Prepayment Amounts applicable to such Assessor's Parcel pursuant to Section H.2., then the Tax A Prepayment Amount for such Assessor's Parcel shall be calculated pursuant to Section H.2. Otherwise, the Tax A Prepayment Amount shall be calculated pursuant to Section H.3.

**2. Tax A Prepayment Amount for Assessor's Parcel with Allocation of Tax A Bonds Less than Applicable Tax A Gross Prepayment Amounts**

The Tax A Prepayment Amount for each Assessor's Parcel for which the Tax A Prepayment Amount is to be calculated pursuant to this Section H.2. shall be calculated by (i) counting all the Units of each Land Use Class applicable to such Assessor's Parcel, (ii) multiplying the sum of the Units for each Land Use Class for such Assessor's Parcel by the applicable Tax A Gross Prepayment Amount per Unit set forth in Table 4. The Tax A Gross Prepayment Amounts shall be (a) increased by the portion of Bonds allocable to cost of issuance, reserve fund deposits, and capitalized interest multiplied by the applicable Tax A Prepayment Ratio and (b) reduced by the Regularly Retired Principal multiplied by applicable Tax A Prepayment Ratio. This sum is the Tax A Prepayment Amount for the Assessor's Parcel.

**TABLE 4**

**TAX A GROSS PREPAYMENT AMOUNT**

<b>Building Square Footage</b>	<b>Tax A Gross Prepayment Amount</b>
≤ 1,600 BSF	\$6,655.21 per Unit
1,600 -1,800 BSF	\$6,911.19 per Unit
1,801 - 2,200 BSF	\$7,455.15 per Unit
2,201 - 2,600 BSF	\$7,935.12 per Unit
2,601 - 3,000 BSF	\$8,316.21 per Unit
> 3000 BSF	\$8,796.18 per Unit

**3. Tax A Prepayment Amount for Assessor's Parcel with Allocation of Tax A Bonds Equal to or More than Applicable Tax A Gross Prepayment Amounts**

The Tax A Prepayment Amount for each Assessor's Parcel for which the Tax A Prepayment Amount is to be calculated pursuant to this Section H.3 shall be the amount calculated as shown below.

Tax A Bond proceeds allocated to Assessor's Parcel pursuant to Section H.1  
plus A. Redemption Premium  
plus B. Defeasance  
plus C. Prepayment Fees and Expenses  
less D. Reserve Fund Credit  
less E. Regularly Retired Principal  
less F. Partial Prepayment Credit  
equals Tax A Prepayment Amount

Detailed explanations of items A through F follow:

A. Redemption Premium

The Redemption Premium is calculated by multiplying (i) the principal amount of the Tax A Bonds to be redeemed with the proceeds of the Tax A Prepayment Amount by (ii) the applicable redemption premium, if any, on the Tax A Bonds to be redeemed.

B. Defeasance

The Defeasance is the amount needed to pay interest on the portion of the Tax A Bonds to be redeemed with the proceeds of the Tax A Prepayment Amount until the earliest call date of the Tax A Bonds to be redeemed, net of interest earnings to be derived from the reinvestment of the Tax A Prepayment Amount until the redemption date of the portion of the Tax A Bonds to be redeemed with the Tax A Prepayment Amount. Such amount of interest earnings will be calculated reasonably by the Board.

C. Prepayment Fees and Expenses

The Prepayment Fees and Expenses are the costs of the computation of the Tax A Prepayment Amount and an allocable portion of the costs of redeeming Tax A Bonds and recording any notices to evidence the prepayment and the redemption, as calculated reasonably by the Board.

D. Reserve Fund Credit

The Reserve Fund credit, if any, shall be calculated as the sum of (i) the reduction in the applicable reserve fund requirements resulting from the redemption of Tax A Bonds with the Tax A Prepayment Amount, plus (ii) the reduction in the applicable reserve fund requirements attributable to the allocable portion of regularly scheduled retirement of principal that has occurred, as well as any other allocable portion of principal retired not related to Tax A Prepayment Amounts or Partial Prepayment Amounts. The allocable portion of regularly scheduled retirement of principal that has occurred means the total regularly scheduled retirement of

principal that has occurred with respect to each series of Tax A Bonds times the applicable Tax A Prepayment Ratio for each such series of Tax A Bonds. The allocable portion of principal retired not related to Tax A Prepayment Amounts or Partial Prepayment Amounts means the total principal retired not related to Tax A Prepayment Amounts or Partial Prepayment Amounts with respect to each series of Tax A Bonds times the applicable Tax A Prepayment Ratio for each such series of Tax A Bonds.

E. Regularly Retired Principal

The Regularly Retired Principal times the applicable Tax A Prepayment Ratio for each such series of Tax A Bonds.

F. Partial Prepayment Credit

Partial prepayments of the Annual Special Tax A obligation occurring prior to the issuance of Tax A Bonds will be credited in full. Partial prepayments of the Annual Special Tax A obligation occurring subsequent to the issuance of Tax A Bonds will be credited in an amount equal to the greatest amount of principal of the Tax A Bonds that could have been redeemed with the Tax A Partial Prepayment Amount(s), taking into account Redemption Premium, Defeasance, Prepayment Fees and Expenses, and Reserve Fund Credit, if any, but exclusive of restrictions limiting early redemption on the basis of dollar increments, i.e., the full amount of the Tax A Partial Prepayment Amount(s) will be taken into account in the calculation. The sum of all applicable partial prepayment credits is the Partial Prepayment Credit.

With respect to an Annual Special Tax A obligation that has been prepaid, the Board shall reasonably indicate in the records of CFD No. 2003-2 that there has been a prepayment of the Annual Special Tax A and shall reasonably cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment of Annual Special Tax A, to indicate reasonably the prepayment of Annual Special Tax A and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Tax A shall cease. Notwithstanding the foregoing, no prepayment shall be allowed unless the amount of Annual Special Tax A that may be levied on Taxable Property both prior to and after the proposed prepayment net of an allocable portion of administrative expenses is at least 1.1 times annual debt service in each Fiscal Year on all outstanding Tax A Bonds.

## **SECTION I PREPAYMENT OF ANNUAL SPECIAL TAX B**

The Annual Special Tax B obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax B obligation for such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax B obligation shall provide CFD No. 2003-2 with written notice of intent to prepay. Within 30 days of receipt of such written notice, the Board shall reasonably determine the prepayment amount of such Assessor's Parcel and shall notify such owner of such Tax B Prepayment Amount.

**1. Tax B Bond Proceeds Allocation**

Prior to the calculation of any Tax B Prepayment Amount, a calculation shall be performed to determine the amount of Tax B Bond proceeds that are allocable to the Assessor's Parcel for which the Annual Special Tax B obligation is to be prepaid, if any. For purposes of this analysis, Tax B Bond proceeds shall equal the par amount of Tax B Bonds. For each series of Tax B Bonds, Tax B Bond proceeds of such series shall be allocated to each Assessor's Parcel in an amount equal to the Tax B Bond proceeds times the Tax B Prepayment Ratio applicable to such Assessor's Parcel for such series of Tax B Bonds. For each series of Tax B Bonds, an amount of Regularly Retired Principal shall also be allocated to each Assessor's Parcel, to be calculated pursuant to Section I.3.E. below. If, after such allocations, the amount of (i) Tax B Bond proceeds allocated to the Assessor's Parcel for which the Annual Special Tax B obligation is to be prepaid less the amount of Regularly Retired Principal allocated to such Assessor's Parcel is less than (ii) the sum of all the Tax B Gross Prepayment Amounts applicable to such Assessor's Parcel pursuant to Section I.2., then the Tax B Prepayment Amount for such Assessor's Parcel shall be calculated pursuant to Section I.2. Otherwise, the Tax B Prepayment Amount shall be calculated pursuant to Section I.3.

**2. Tax B Prepayment Amount for Assessor's Parcel with Allocation of Tax B Bonds Less than Applicable Tax B Gross Prepayment Amounts**

The Tax B Prepayment Amount for each Assessor's Parcel for which the Tax B Prepayment Amount is to be calculated pursuant to Table 5 of Section I.2. shall be calculated by (i) counting all the Units of each Land Use Class applicable to such Assessor's Parcel, (ii) multiplying the sum of the Units for each Land Use Class for such Assessor's Parcel by the applicable Tax B Gross Prepayment Amount per Unit in Table 5. The Tax B Gross Prepayment Amounts shall be (a) increased by the portion of Bonds allocable to cost of issuance, reserve fund deposits, and capitalized interest multiplied by the applicable Tax B Prepayment Ratio and (b) reduced by the Regularly Retired Principal multiplied by the applicable Tax B Prepayment Ratio. This sum is the Tax B Prepayment Amount for the Assessor's Parcel.

**TABLE 5**

**TAX B GROSS PREPAYMENT AMOUNT**

<b>Building Square Footage</b>	<b>Tax B Gross Prepayment Amount</b>
≤ 1,600 Sq. Feet	\$4,952.88 per Unit
1,600 - 1,800 Sq. Feet	\$5,143.39 per Unit
1,801 - 2,200 Sq. Feet	\$5,548.21 per Unit
2,201 - 2,600 Sq. Feet	\$5,905.41 per Unit
2,601 - 3,000 Sq. Feet	\$6,189.02 per Unit
> 3,000 Sq. Feet	\$6,546.18 per Unit

**3. Tax B Prepayment Amount for Assessor's Parcel with Allocation of Tax B Bonds Equal to or More than Applicable Tax B Gross Prepayment Amounts**

The Tax B Prepayment Amount for each Assessor's Parcel for which the Tax B Prepayment Amount is to be calculated pursuant to this Section I.3. shall be the amount calculated as shown below.

Tax B Bond proceeds allocated to Assessor's Parcel pursuant to Section I.1  
plus A. Redemption Premium  
plus B. Defeasance

plus	C. Prepayment Fees and Expenses
less	D. Reserve Fund Credit
less	E. Regularly Retired Principal
equals	Tax B Prepayment Amount

Detailed explanations of items A through E follow:

A. Redemption Premium

The Redemption Premium is calculated by multiplying (i) the principal amount of the Tax B Bonds to be redeemed with the proceeds of the Tax B Prepayment Amount by (ii) the applicable redemption premium, if any, on the Tax B Bonds to be redeemed.

B. Defeasance

The Defeasance is the amount needed to pay interest on the portion of the Tax B Bonds to be redeemed with the proceeds of the Tax B Prepayment Amount until the earliest call date of the Tax B Bonds to be redeemed, net of interest earnings to be derived from the reinvestment of the Tax B Prepayment Amount until the redemption date of the portion of the Tax B Bonds to be redeemed with the Tax B Prepayment Amount. Such amount of interest earnings will be calculated reasonably by the Board.

C. Prepayment Fees and Expenses

The Prepayment Fees and Expenses are the costs of the computation of the Tax B Prepayment Amount and an allocable portion of the costs of redeeming Tax B Bonds and recording any notices to evidence the prepayment and the redemption, as calculated reasonably by the Board.

D. Reserve Fund Credit

The Reserve Fund credit, if any, shall be calculated as the sum of (i) the reduction in the applicable reserve fund requirements resulting from the redemption of Tax B Bonds with the Tax B Prepayment Amount, plus (ii) the reduction in the applicable reserve fund requirements attributable to the allocable portion of regularly scheduled retirement of principal that has occurred, as well as any other allocable portion of principal retired not related to Tax B Prepayment Amounts or Partial Prepayment Amounts. The allocable portion of regularly scheduled retirement of principal that has occurred means the total regularly scheduled retirement of principal that has occurred with respect to each series of Tax B Bonds times the applicable Tax B Prepayment Ratio for each such series of Tax B Bonds. The allocable portion of principal retired not related to Tax B Prepayment Amounts or Partial Prepayment Amounts means the total principal retired not related to Tax B Prepayment Amounts or Partial Prepayment Amounts with respect to each series of Tax B Bonds times the applicable Tax B Prepayment Ratio for each such series of Tax B Bonds.

E. Regularly Retired Principal

The Regularly Retired Principal times the applicable Tax B Prepayment Ratio for each such series of Tax B Bonds.

With respect to an Tax B Annual Special Tax obligation that has been prepaid, the Board shall reasonably indicate in the records of CFD No. 2003-2 that there has been a prepayment of the Tax B Annual Special Tax and shall reasonably cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment of Tax B Annual Special Taxes, to indicate reasonably the prepayment of Tax B Annual Special Taxes and the release of the Tax B Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Tax B Annual Special Tax shall cease. Notwithstanding the foregoing, no prepayment shall be allowed unless the amount of Annual Special Tax B that may be levied on Taxable Property both prior to and after the proposed prepayment net of on allocable portion of Administrative Expenses is at least 1.1 times annual debt service in each Fiscal Year on all outstanding Tax B Bonds.

**SECTION J**  
**PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAX A**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the property within such Final Subdivision Map may elect to prepay any portion of the applicable Annual Special Tax A obligation for all of the Assessor's Parcels within such Final Subdivision Map. The owner of any Assessor's Parcel who desires such partial prepayment shall notify the Board of (i) such owner's intent to partially prepay the Annual Special Tax A obligation and (ii) the percentage by which the Annual Special Tax A obligation shall be prepaid. The partial prepayment of each Annual Special Tax A obligation shall be collected at the issuance of each applicable Building Permit, provided that the Annual Special Tax A obligation with respect to model Units for which Building Permits have already been issued must be partially prepaid at the time of the election. The Tax A Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

These terms have the following meanings:

PP = the Tax A Partial Prepayment Amount  
P<sub>G</sub> = the Tax A Prepayment Amount calculated according to Section I  
F = the percentage of the Annual Special Tax A obligation which the owner of the Assessor's Parcel is partially prepaying

With respect to any Assessor's Parcel's Annual Special Tax A obligation that is partially prepaid, the Board shall indicate in the records of CFD No. 2003-2 that there has been a partial prepayment of the Annual Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act within 30 days of receipt of such partial prepayment, to indicate the partial prepayment of the Annual Special Tax A obligation and the partial release of the Annual Special Tax A lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax A shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax A and the Backup Annual Special Tax A for the Assessor's Parcels has been reduced by an amount equal to the percentage, which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Tax A that may be levied in of CFD No. 2003-2, net of an allocable portion of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds.

## **SECTION K TERMINATION OF SPECIAL TAX**

The Annual Special Tax A and the Annual Special Tax B shall be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax A Bonds or Tax B Bonds, whichever is later, by CFD No. 2003-2, but in no event shall the Annual Special Tax A and Annual Special Tax B be levied later than Fiscal Year 2041-42.

## **SECTION L EXEMPTIONS**

The Board shall classify property as Exempt Property in the following priority (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction, (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement, (iv) 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, (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board, and provided that no such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **TABLE 6 MINIMUM TAXABLE ACREAGE**

<b>Minimum Taxable Acreage</b>
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39.56 Acres
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## **SECTION M APPEALS**

Any property owner claiming that the amount or application of any Special Tax is not correct may file a written notice of appeal with the Board not later than 12 months after having paid the Special Tax that is disputed. The Board shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Board's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy or in other special cases, as determined by the Board), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).



**SECTION N**  
**MANNER OF COLLECTION**

The Annual Special Tax A and the 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 No. 2003-2 may collect Annual Special Tax A and/or Annual Special Tax B at a different time or in a different manner if necessary to meet its financial obligations.

## **APPENDIX C-3**

### **CFD No. 2004-3**

#### **RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2004-3 OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT**

Annual Special Taxes shall be levied on and collected in Community Facilities District No. 2004-3 of the San Jacinto Unified School District ("CFD No. 2004-3") in each Fiscal Year and in an amount determined through the application of the rate and method of apportionment described below. All of the real property in CFD No. 2004-3, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

#### **SECTION A DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map, that creates the boundaries of each Assessor's Parcel Number.

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

"Administrative Expenses" means any ordinary expenses of the School District or CFD No. 2004-3 related to the administration of CFD No. 2004-3.

"Annual Special Tax" means the Annual Special Tax A or Annual Special Tax B.

"Annual Special Tax A" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section F.

"Annual Special Tax B" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G.

"Assessor's Parcel" means a lot or parcel of land in CFD No. 2004-3 which is designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" or "APN" means that number assigned to an Assessor's Parcel by the County Assessor for purposes of identification.

"Assigned Annual Special Tax" means the Assigned Annual Special Tax A or Assigned Annual Special Tax B.

"Assigned Annual Special Tax A" means the Special Tax of that name as set forth in Section D.

“Assigned Annual Special Tax B” means the Special Tax of that name as set forth in Section D.

“Backup Annual Special Tax” means the Backup Annual Special Tax A or Backup Annual Special Tax B.

“Backup Annual Special Tax A” means the Special Tax of that name described in Section E.

“Backup Annual Special Tax B” means the Special Tax of that name described in Section E.

“Board” means the Board of Trustees of the School District or its designee.

“Bond Index” means the National Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used should be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody’s A1 and S&P’s A-plus, as reasonable determined by the Board.

“Building Permit” means a permit for the construction of one or more Units issued by the City, or another public agency in the event the City no longer issues permits for the construction of Units within CFD No. 2004-3. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

“Building Square Footage” or “BSF” means the square footage of internal living space of a Unit, exclusive of garages or other structures not used as living space, as set forth in the Building Permit application for such Unit or other applicable records of the City.

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

“City” means the City of San Jacinto.

“County” means the County of Riverside.

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

“Exempt Property” means the property designated as Exempt Property in Section K.

“Final Subdivision Map” means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates individual Lots, recorded in the Office of the Recorder of the County.

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

“Indenture” means the bond indenture, master trust agreement, fiscal agent agreement, or similar document, regardless of title, pursuant to which Tax A Bonds or Tax B Bonds are issued and which establishes the terms and conditions for the payment of such Tax A Bonds or Tax B Bonds, as modified, amended and/or supplemented from time to time in accordance with its terms.

“Lot” means an individual legal lot created by a Final Subdivision Map for which a Building Permit for a Unit has been or could be issued, provided that land for which one or more Building Permit(s) have been or could be issued for the construction of one or more model Units shall not be construed as a Lot until such land has been subdivided by a Final Subdivision Map.

“Maximum Annual Special Tax” means the Maximum Annual Special Tax A or the Maximum Annual Special Tax B.

“Maximum Annual Special Tax A” means for each Fiscal Year the maximum Annual Special Tax A determined in accordance with Section C that can be levied by CFD No. 2004-3 in such Fiscal Year on any Assessor’s Parcel.

“Maximum Annual Special Tax B” means for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C that can be levied by CFD No. 2004-3 in such Fiscal Year on any Assessor’s Parcel.

“Minimum Taxable Acreage” means the applicable Acreage listed in Table 3 set forth in Section K.

“Prepayment Amount” means the Tax A Prepayment Amount or Tax B Prepayment Amount.

“Proportionately” means that the ratios of the actual Annual Special Tax levy to the applicable Maximum Annual Special Tax is equal for all applicable Assessor’s Parcels.

“School District” means the San Jacinto Unified School District or any successor school district.

“Special Tax” means any of the special taxes authorized to be levied in CFD No. 2004-3 under the Act and this Rate and Method of Apportionment.

“Tax A Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax A revenues.

“Tax A Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the debt service on the Tax A Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs of the Tax A Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax A Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) the portion of the Administrative Expenses of CFD No. 2004-3 applicable to Annual Special Tax A, (iv) any costs associated with the release of funds from an escrow account for the Tax A Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax A Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

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

“Tax A Prepayment Amount” means the amount required to prepay all of Annual Special Tax A obligation on any Assessor’s Parcel determined pursuant to Section H.

“Tax A Present Value of Taxes” means the present value of Annual Special Tax A applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2004-

3, plus the expected Annual Special Tax A applicable to such Assessor's Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Yield on the Tax A Bonds after Tax A Bonds are issued or (ii) the most recently published Bond Index prior to the Tax A Bonds being issued.

"Tax B Bonds" means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax B revenues.

"Tax B Minimum Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay: (i) the debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs on the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) a portion of the Administrative Expenses of CFD No. 2004-3 applicable to Annual Special Tax B, (iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

"Tax B Prepayment Amount" means the amount required to prepay all of Annual Special Tax B obligation on any Assessor's Parcel determined pursuant to Section H.

"Tax B Present Value of Taxes" means the present value of Annual Special Tax B applicable to such Assessor's Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2004-3, plus the expected Annual Special Tax B applicable to such Assessor's Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Yield on the Tax B Bonds after Tax B Bonds are issued or (ii) the most recently published Bond Index prior to the Tax B Bonds being issued.

"Taxable Property" means all Assessor's Parcels which are not Exempt Property.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property.

"Unit" means each separate residential dwelling unit that comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

"Yield on the Tax A Bonds" means the arbitrage yield for the last series of Tax A Bonds issued.

"Yield on the Tax B Bonds" means the arbitrage yield for the last series of Tax B Bonds issued.

## **SECTION B ASSIGNMENT OF ASSESSOR'S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2004-05, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The classification of Taxable Property shall not fall below the Minimum Taxable Acreage depicted in Table 3.

**SECTION C**  
**MAXIMUM ANNUAL SPECIAL TAX**

**1.     Developed Property**

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Fiscal Year or (ii) the Backup Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

**2.     Undeveloped Property**

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

**SECTION D**  
**ASSIGNED ANNUAL SPECIAL TAXES**

Each Fiscal Year all Taxable Property shall be subject to Assigned Annual Special Tax A and Assigned Annual Special Tax B.

**1.     Developed Property**

The Assigned Annual Special Tax A and Assigned Annual Special Tax B for each Assessor's Parcel of Developed Property shall be the amount specified in Table 1 according to the Building Square Footage of a Unit.

**TABLE 1**  
**ASSIGNED ANNUAL SPECIAL TAXES FOR**  
**DEVELOPED PROPERTY**

<b>Building Square Footage</b>	<b>Assigned Annual Special Tax A</b>	<b>Assigned Annual Special Tax B</b>
≤ 2,600 BSF	\$ 759.57 per Unit	\$ 784.00 per Unit
2,601 - 2,900 BSF	\$ 915.70 per Unit	\$ 925.00 per Unit
2,901 - 3,200 BSF	\$ 979.89 per Unit	\$ 995.00 per Unit
3,201 - 3,500 BSF	\$1,023.33 per Unit	\$1,057.00 per Unit
> 3,500 BSF	\$1,167.88 per Unit	\$1,200.00 per Unit

**2.     Undeveloped Property**

The Assigned Annual Special Tax A and the Assigned Annual Special Tax B for an Assessor's Parcel of Undeveloped Property shall be the amount determined by reference to Table 2.

## TABLE 2

### ASSIGNED ANNUAL SPECIAL TAX FOR UNDEVELOPED PROPERTY

Assigned Annual Special Tax A	\$6,363.00 per Acre
Assigned Annual Special Tax B	\$6,550.69 per Acre

### SECTION E BACKUP ANNUAL SPECIAL TAX

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax A and Backup Annual Special Tax B. In each Fiscal Year, the Backup Annual Special Tax A and Backup Annual Special Tax B for Developed Property shall be the rate per Lot calculated according to the following formula:

$$\begin{aligned} \text{BA} &= (\text{ZA} \times \text{A}) / \text{L} \\ &\text{or} \\ \text{BB} &= (\text{ZB} \times \text{A}) / \text{L} \end{aligned}$$

The terms above have the following meanings:

- BA = Backup Annual Special Tax A per Lot for the applicable Fiscal Year
- BB = Backup Annual Special Tax B per Lot for the applicable Fiscal Year
- ZA = Assigned Annual Special Tax A per Acre of Undeveloped Property for the applicable Fiscal Year
- ZB = Assigned Annual Special Tax B per Acre of Undeveloped Property for the applicable Fiscal Year
- A = Acreage for Taxable Property expected to exist in the applicable Final Subdivision Map as determined by the Board pursuant to Section K
- L = Number Lots in the Final Subdivision Map

Notwithstanding the foregoing, if the Final Subdivision Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax A and the Backup Annual Special Tax B for each Assessor's Parcel of Developed Property in such modified area of the Final Subdivision Map shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Tax A and the total Backup Annual Special Tax B revenue anticipated to apply to the changed or modified area of the Final Subdivision Map prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property of the Final Subdivision Map that is anticipated to be changed or modified, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax A per square foot of Acreage and Backup Annual Special Tax B per square foot of Acreage that shall be applicable to Assessor's Parcels of Developed Property in such changed or modified area of the Final Subdivision Map for all remaining Fiscal Years in which the Special Tax may be levied.

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

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax A as follows:

- Step One:       The Board shall levy an Annual Special Tax A on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel.
- Step Two:       If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.
- Step Three:      If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Developed Property whose Maximum Annual Special Tax A is derived by application of the Backup Annual Special Tax A, up to the Maximum Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.

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

Commencing Fiscal Year 2004-05, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax B as follows:

- Step One:       The Board shall levy an Annual Special Tax B on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel.
- Step Two:       If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.
- Step Three:      If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property whose Maximum Annual Special Tax B is derived by application of the Backup Annual Special Tax B, up to the Maximum Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.



## **SECTION H**

### **PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A and Annual Special Tax B obligation, shall provide CFD No. 2004-3 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the prepayment amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$\begin{aligned} \text{AP} &= \text{APVT} - \text{RFC} + \text{PAF} \\ &\text{or} \\ \text{BP} &= \text{BPVT} - \text{RFC} + \text{PAF} \end{aligned}$$

The terms above have the following meanings:

AP	=	Tax A Prepayment Amount
BP	=	Tax B Prepayment Amount
APVT	=	Tax A Present Value of Taxes
BPVT	=	Tax B Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Tax A and Annual Special B that may be levied in CFD No. 2004-3, net of an allocable portion of Administrative Expenses, is at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds.

## **SECTION I**

### **PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAX A**

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Subdivision Map, the owner of no less than all of the property within such Final Subdivision Map may elect to prepay any portion of the applicable Annual Special Tax A obligation of all of the Assessor's Parcels within such Final Subdivision Map. The owner of any Assessor's Parcel who desires such partial prepayment shall notify the Board of (i) such owner's intent to partially prepay the Annual Special Tax A obligation and (ii) the percentage of the Annual Special Tax A obligation to be prepaid. The partial prepayment of each Annual Special Tax A obligation shall be collected at the issuance of each applicable Building Permit, provided that the Annual Special Tax A obligation with respect to model Units for which Building Permits have already been issued must be partially prepaid at the time of the election. The Tax A Partial Prepayment Amount shall be calculated according to the following formula:

$$\text{PP} = \text{P}_G \times \text{F}$$

These terms have the following meanings:

- PP = the Tax A Partial Prepayment Amount
- P<sub>G</sub> = the Tax A Prepayment Amount calculated according to Section H.
- F = the percentage of the Annual Special Tax A obligation which the owner of the Assessor's Parcel is partially prepaying.

With respect to any Assessor's Parcel's Annual Special Tax A obligation that is partially prepaid, the Board shall indicate in the records of CFD No. 2004-3 that there has been a partial prepayment of the Annual Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act within 30 days of receipt of such partial prepayment, to indicate the partial prepayment of the Annual Special Tax A obligation and the partial release of the Annual Special Tax A lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax A shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax A and the Backup Annual Special Tax A and for the Assessor's Parcels has been reduced by an amount equal to the percentage, which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Tax A that may be levied in CFD No. 2004-3, net of an allocable portion of Administrative Expenses, is at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds.

## **SECTION J TERMINATION OF SPECIAL TAX**

The Annual Special Tax A and the Annual Special Tax B shall be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax A Bonds or Tax B Bonds, whichever is later, by CFD No. 2004-3, but in no event shall the Annual Special Tax A and Annual Special Tax B be levied later than Fiscal Year 2042-43.

## **SECTION K EXEMPTIONS**

The Board shall classify property as Exempt Property in the following priority (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction, (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement, (iv) 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, (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board, and provided that no such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

**TABLE 3**  
**MINIMUM TAXABLE ACREAGE**

<b>Minimum Taxable Acreage</b>
43.66 Acres

**SECTION L**  
**APPEALS**

Any property owner claiming that the amount or application of any Special Tax is not correct may file a written notice of appeal with the Board not later than 12 months after having paid the Special Tax that is disputed. The Board shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Board's decision requires that the Special Taxes 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 or in other special cases, as determined by the Board), but an adjustment shall be made to the Special Taxes on that Assessor's Parcel in the subsequent Fiscal Year(s).

**SECTION M**  
**MANNER OF COLLECTION**

The Annual Special Tax A and the 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 No. 2004-3 may collect Annual Special Tax A and/or Annual Special Tax B at a different time or in a different manner if necessary to meet its financial obligations.

## **APPENDIX C-4**

### **CFD No. 2005-1**

#### **RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2005-1 OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT**

Annual Special Taxes shall be levied on and collected in Community Facilities District No. 2005-1 of the San Jacinto Unified School District ("CFD No. 2005-1") in each Fiscal Year, in an amount determined through the application of the rate and method of apportionment described below. All of the real property in CFD No. 2005-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

#### **SECTION A DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final subdivision map, parcel map, condominium plan, or other recorded County parcel map, that creates the boundaries of each Assessor's Parcel Number.

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

"Administrative Expenses" means any ordinary expenses of the School District or CFD No. 2005-1 related to the administration of CFD No. 2005-1.

"Annual Special Tax" means the Annual Special Tax A or Annual Special Tax B.

"Annual Special Tax A" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section F.

"Annual Special Tax B" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G.

"Assessor's Parcel" means a lot or parcel of land in CFD No. 2005-1 which is designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County Assessor for purposes of identification.

"Assigned Annual Special Tax" means the Assigned Special Tax A or Assigned Annual Special Tax B.

"Assigned Annual Special Tax A" means the Special Tax of that name as set forth in Section D.

“Assigned Annual Special Tax B” means the Special Tax of that name as set forth in Section D.

“Backup Annual Special Tax” means the Backup Annual Special Tax A or Backup Annual Special Tax B.

“Backup Annual Special Tax A” means the Special Tax of that name described in Section E.  
“Backup Annual Special Tax B” means the Special Tax of that name described in Section E.

“Board” means the Board of Trustees of San Jacinto Unified School District or its designee, acting as the legislative body of CFD No. 2005-1.

“Bonds” means the Tax A Bonds or Tax B Bonds.

“Bond Index” means the National Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody’s A1 and S&P’s A-plus, as reasonably determined by the Board.

“Bond Yield” means the yield on the last series of Bonds issued by or on behalf of CFD No. 2005-1, as calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the non-arbitrage certificate or other similar bond issuance document.

“Building Permit” means a permit for the construction of one or more Units issued by the City, or another public agency in the event the City no longer issues permits for the construction of Units within CFD No. 2005-1. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

“Building Square Footage” or “BSF” means the square footage of internal living space of a Unit, exclusive of garages or other structures not used as living space, as set forth in the Building Permit application for such Unit or other applicable records of the City.

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

“City” means the City of San Jacinto.

“County” means the County of Riverside, State of California

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

“Exempt Property” means the property designated as Exempt Property in Section K.

“Final Subdivision Map” means a final tract map, parcel map, condominium plan, lot line adjustment, or functionally equivalent map or instrument that creates individual Lots, recorded in the Office of the Recorder of the County.

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

1. “Homeowner” means any owner of a completed unit constructed and sold within CFD No. 2005-1.

“Indenture” means the bond indenture, master trust agreement, fiscal agent agreement, or similar document, regardless of title, pursuant to which Tax A Bonds or Tax B Bonds are issued and which establishes the terms and conditions for the payment of such Tax A Bonds or Tax B Bonds, as modified, amended and/or supplemented from time to time in accordance with its terms.

“Lot” means an individual legal lot created by a Final Subdivision Map for which a Building Permit for a Unit has been or could be issued, provided that land for which one or more Building Permit(s) have been or could be issued for the construction of one or more model Units shall not be construed as a Lot until such land has been subdivided by a Final Subdivision Map.

“Maximum Annual Special Tax” means the Maximum Annual Special Tax A or the Maximum Annual Special Tax B.

“Maximum Annual Special Tax A” means for each Fiscal Year the maximum Annual Special Tax A determined in accordance with Section C that can be levied by CFD No. 2005-1 in such Fiscal Year on any Assessor’s Parcel.

“Maximum Annual Special Tax B” means for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C that can be levied by CFD No. 2005-1 in such Fiscal Year on any Assessor’s Parcel.

“Minimum Taxable Acreage” means the applicable Acreage listed in Table 3 set forth in Section K.

“Prepayment Amount” means the Tax A Prepayment Amount or Tax B Prepayment Amount.

“Proportionately” means that the ratios of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax or Maximum Annual Special Tax is equal for all applicable Assessor’s Parcels.

“School District” means the San Jacinto Unified School District or any successor school district.

“Special Tax” means any of the special taxes authorized to be levied in CFD No. 2005-1 under the Act and this RMA.

“Tax A Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax A revenues.

“Tax A Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the annual debt service on the Tax A Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs of the Tax A Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax A Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) the portion of the Administrative Expenses of CFD No. 2005-1 applicable to Annual Special Tax A, (iv) any costs associated with the release of funds from an escrow account for the Tax A Bonds, (v) any

amount required to establish or replenish any reserve funds established in association with the Tax A Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

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

“Tax A Prepayment Amount” means the amount required to prepay all of Annual Special Tax A obligation on any Assessor’s Parcel determined pursuant to Section H.

“Tax A Present Value of Taxes” means the present value of Annual Special Tax A applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2005-1, plus the expected Annual Special Tax A applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Bond Yield after Bond Issuance or (ii) the most recently published Bond Index prior to the Bond Issuance.

“Tax B Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax B revenues.

“Tax B Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the annual debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs on the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) a portion of the Administrative Expenses of CFD No. 2005-1 attributable to Annual Special Tax B, (iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

“Tax B Prepayment Amount” means the amount required to prepay all of Annual Special Tax B obligation on any Assessor’s Parcel determined pursuant to Section H.

“Tax B Present Value of Taxes” means the present value of Annual Special Tax B applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2005-1, plus the expected Annual Special Tax B applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Bond Yield after Bond Issuance or (ii) the most recently published Bond Index prior to the Bond Issuance.

“Taxable Property” means all Assessor’s Parcels which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property.

“Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

**SECTION B**  
**ASSIGNMENT OF ASSESSOR'S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2005-06, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The classification of Exempt Property shall take into consideration Minimum Taxable Acreage as determined pursuant to Section K.

**SECTION C**  
**MAXIMUM ANNUAL SPECIAL TAX**

**1.     Developed Property**

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Fiscal Year or (ii) the Backup Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

**2.     Undeveloped Property**

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

**SECTION D**  
**ASSIGNED ANNUAL SPECIAL TAXES**

Each Fiscal Year all Taxable Property shall be subject to Assigned Annual Special Tax A and Assigned Annual Special Tax B.

**1.     Developed Property**

The Assigned Annual Special Tax A and Assigned Annual Special Tax B for each Assessor's Parcel of Developed Property for Fiscal Year 2005-06 shall be the amount specified in Table 1 according to the Building Square Footage of a Unit.



**TABLE 1**

**ASSIGNED ANNUAL SPECIAL TAXES FOR  
DEVELOPED PROPERTY FOR FISCAL YEAR 2005-06**

<b>Building Square Footage</b>	<b>Assigned Annual Special Tax A</b>	<b>Assigned Annual Special Tax B</b>
≤ 1,650	\$632.13 per Unit	\$ 890.56 per Unit
1,651 – 1,900	\$672.24 per Unit	\$ 947.06 per Unit
1,901 – 2,150	\$718.36 per Unit	\$1,012.04 per Unit
2,151 – 2,400	\$764.48 per Unit	\$1,077.02 per Unit
2,401 – 2,650	\$828.65 per Unit	\$1,167.42 per Unit
> 2,650	\$884.80 per Unit	\$1,246.53 per Unit

For each Fiscal Year, commencing with Fiscal Year 2006-07, the Assigned Annual Special Tax for all Developed Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**2. Undeveloped Property**

The Assigned Annual Special Tax A and the Assigned Annual Special Tax B, per acre of Acreage for an Assessor's Parcel of Undeveloped Property for Fiscal Year 2005-06 shall be the amount determined by reference to Table 2.

**TABLE 2**

**ASSIGNED ANNUAL SPECIAL TAX FOR  
UNDEVELOPED PROPERTY FOR FISCAL YEAR 2005-06**

Assigned Annual Special Tax A	\$4,539.86 per Acre
Assigned Annual Special Tax B	\$6,395.88 per Acre

For each Fiscal Year, commencing with Fiscal Year 2006-07, the Assigned Annual Special Tax per acre of Acreage for all Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**SECTION E  
BACKUP ANNUAL SPECIAL TAX**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax A and Backup Annual Special Tax B. The Backup Annual Special Tax A rate and the Backup Annual Special Tax B rate for an Assessor's Parcel of Developed Property within a Final Subdivision Map in each Fiscal Year shall be the rate per Lot calculated according to the following formula in Fiscal Year 2005-06 or such later Fiscal Year in which such Final Subdivision Map is created:

$$BA \text{ or } BB = (ZA \text{ or } ZB \times A) / L$$

The terms above have the following meanings:

- BA = Backup Annual Special Tax A per Lot for the applicable Fiscal Year
- BB = Backup Annual Special Tax B per Lot for the applicable Fiscal Year
- ZA = Assigned Annual Special Tax A per Acre of Undeveloped Property for the applicable Fiscal Year
- ZB = Assigned Annual Special Tax B per Acre of Undeveloped Property for the applicable Fiscal Year
- A = Acreage for Taxable Property expected to exist in the applicable Final Subdivision Map as determined by the Board pursuant to Section K
- L = Number Lots in the Final Subdivision Map

Notwithstanding the foregoing, if the Final Subdivision Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax A and the Backup Annual Special Tax B for each Assessor's Parcel of Developed Property in such Final Subdivision Map area changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Tax A and the total Backup Annual Special Tax B revenue anticipated to apply to the changed or modified area of the Final Subdivision Map prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property of the Final Subdivision Map that is anticipated to be changed or modified, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax A per square foot of Acreage and Backup Annual Special Tax B per square foot of Acreage that shall be applicable to Assessor's Parcels of Developed Property in such changed or modified area of the Final Subdivision Map for all remaining Fiscal Years in which the Special Tax may be levied.

Each Fiscal Year, commencing the Fiscal Year first following the Fiscal Year in which the preceding calculation is performed, the Backup Annual Special Tax rate per square foot of Acreage calculated in step 3 above shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

## SECTION F

### METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX A

Commencing Fiscal Year 2005-06, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax A as follows:

- Step One: The Board shall levy an Annual Special Tax A on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax A up to the Maximum Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.

## **SECTION G**

### **METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX B**

Commencing Fiscal Year 2005-06, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax B as follows:

Step One: The Board shall levy an Annual Special Tax B on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel.

Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax B up to the Maximum Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

## **SECTION H**

### **PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A and Annual Special Tax B obligation, shall provide CFD No. 2005-1 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the prepayment amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$AP \text{ or } BP = APVT \text{ or } BPVT - RFC + PAF$$

The terms above have the following meanings:

AP	=	Tax A Prepayment Amount
BP	=	Tax B Prepayment Amount
APVT	=	Tax A Present Value of Taxes
BPVT	=	Tax B Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

## SECTION I

### PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAX A

The Annual Special Tax A obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax A obligation would be prepaid.

#### 1. Partial Prepayment Times and Conditions

Prior to the conveyance of the first production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the Taxable Property within such Final Subdivision Map may elect in writing to the Board to prepay a portion of the Annual Special Tax A obligations for all the Assessor's Parcels within such Final Subdivision Map, as calculated in Section I.2. below. The partial prepayment of each Annual Special Tax A obligation shall be collected for all Assessor's Parcels prior to the conveyance of the first production Unit on a lot within such Final Subdivision Map.

#### 2. Partial Prepayment Amount

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

$$PP = P_G \times F$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
P <sub>G</sub>	=	the Prepayment Amount calculated according to Section H
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax A obligation

#### 3. Partial Prepayment Procedures and Limitations

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2005-1 that there has been a partial prepayment of the Annual Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax A obligation and the partial release of the Annual Special Tax A lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax A shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax A and the Backup Annual Special Tax A for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Tax A that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

## **SECTION J TERMINATION OF SPECIAL TAX**

The Annual Special Tax A shall be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax A Bonds, by CFD No. 2005-1, but in no event shall the Annual Special Tax A be levied later than Fiscal Year 2042-43.

The Annual Special Tax B shall be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax B Bonds, by CFD No. 2005-1, but in no event shall the Annual Special Tax B be levied later than Fiscal Year 2049-50.

## **SECTION K EXEMPTIONS**

The Board shall classify property as Exempt Property in the following priority (i) Assessor's Parcels owned by the Federal Government, the State of California, the County of Riverside or other local government agencies, (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction, (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement, (iv) 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, (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board, and provided that no such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

## **TABLE 3 MINIMUM TAXABLE ACREAGE**

### **Minimum Taxable Acreage**

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36.07 Acres

## **SECTION L APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any claim of appeal

C-4-10  
(CFD No. 2005-1 RMA)

must: (i) specifically identify the property by address and Assessor's Parcel Number; (ii) state the amount in dispute and whether it is the whole amount or any a portion of the Special Tax; (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect; (iv) include all documentation, if any, in support of the claim; and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. A representative(s) of CFD No. 2005-1 ("Representative") shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the representative's decisions shall indicate.

### **SECTION M MANNER OF COLLECTION**

The Annual Special Tax A and the 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 No. 2005-1 may collect Annual Special Tax A and/or Annual Special Tax B at a different time or in a different manner if necessary to meet its financial obligations.

## **APPENDIX C-5**

### **CFD No. 2005-2**

#### **FIRST AMENDED RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2005-2 OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT**

Annual Special Taxes shall be levied on and collected in Community Facilities District No. 2005-2 of the San Jacinto Unified School District ("CFD No. 2005-2") in each Fiscal Year, in an amount determined through the application of the first amended rate and method of apportionment described below. All of the real property in CFD No. 2005-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

#### **SECTION A DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map, that creates the boundaries of each Assessor's Parcel Number.

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

"Administrative Expenses" means any ordinary expenses of the School District or CFD No. 2005-2 related to the administration of CFD No. 2005-2.

"Annual Special Tax" means the Annual Special Tax A or Annual Special Tax B.

"Annual Special Tax A" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section F.

"Annual Special Tax B" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G.

"Assessor's Parcel" means a lot or parcel of land in CFD No. 2005-2 which is designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County Assessor for purposes of identification.

"Assigned Annual Special Tax" means the Assigned Special Tax A or Assigned Annual Special Tax B.

"Assigned Annual Special Tax A" means the Special Tax of that name as set forth in Section D.

“Assigned Annual Special Tax B” means the Special Tax of that name as set forth in Section D.

“Backup Annual Special Tax” means the Backup Annual Special Tax A or Backup Annual Special Tax B.

“Backup Annual Special Tax A” means the Special Tax of that name described in Section E.

“Backup Annual Special Tax B” means the Special Tax of that name described in Section E.

“Board” means the Board of Trustees of San Jacinto Unified School District or its designee as the legislative body of CFD No. 2005-2.

“Bonds” means the Tax A Bonds or Tax B Bonds.

“Bond Index” means the National Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used should be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody’s A1 and S&P’s A-plus, as reasonable determined by the Board.

“Bond Yield” means the yield on the last series of Bonds issued by or on behalf of CFD No. 2005-2, as calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the non-arbitrage certificate or other similar bond issuance document.

“Building Permit” means a permit for the construction of one or more Units issued by the City, or another public agency in the event the City no longer issues permits for the construction of Units within CFD No. 2005-2. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

“Building Square Footage” or “BSF” means the square footage of internal living space of a Unit, exclusive of garages or other structures not used as living space, as set forth in the Building Permit application for such Unit or other applicable records of the City.

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

“City” means the City of San Jacinto.

“County” means the County of Riverside, State of California.

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

“Exempt Property” means the property designated as Exempt Property in Section K.

“Final Subdivision Map” means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates individual Lots, recorded in the Office of the Recorder of the County.



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

2. “Homeowner” means any owner of a completed Unit constructed and sold within CFD No. 2005-

“Indenture” means the bond indenture, master trust agreement, fiscal agent agreement, or similar document, regardless of title, pursuant to which Tax A Bonds or Tax B Bonds are issued and which establishes the terms and conditions for the payment of such Tax A Bonds or Tax B Bonds, as modified, amended and/or supplemented from time to time in accordance with its terms.

“Lot” means an individual legal lot created by a Final Subdivision Map for which a Building Permit for a Unit has been or could be issued, provided that land for which one or more Building Permit(s) have been or could be issued for the construction of one or more model Units shall not be construed as a Lot until such land has been subdivided by a Final Subdivision Map.

“Maximum Annual Special Tax” means the Maximum Annual Special Tax A or the Maximum Annual Special Tax B.

“Maximum Annual Special Tax A” means for each Fiscal Year the maximum Annual Special Tax A determined in accordance with Section C that can be levied by CFD No. 2005-2 in such Fiscal Year on any Assessor’s Parcel.

“Maximum Annual Special Tax B” means for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C that can be levied by CFD No. 2005-2 in such Fiscal Year on any Assessor’s Parcel.

“Minimum Taxable Acreage” means for each Zone, the applicable Acreage listed in Table 3 set forth in Section K.

“Prepayment Amount” means the Tax A Prepayment Amount or Tax B Prepayment Amount.

“Proportionately” means that the ratios of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax or Maximum Special Tax is equal for all applicable Assessor’s Parcels.

“Reserve Fund Credit” means an amount equal to the reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount. In the event that a surety bond or other credit instrument satisfies the reserve requirement or the reserve fund is underfunded at the time of the prepayment, no Reserve Fund Credit shall be given.

“School District” means the San Jacinto Unified School District or any successor school district.

“Special Tax” means any of the special taxes authorized to be levied in CFD No. 2005-2 under the Act and this First Amended RMA.

“Tax A Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax A revenues.

“Tax A Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the debt service on the Tax A Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs of the Tax A Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax A Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) the portion of the Administrative Expenses of CFD No. 2005-2 applicable to Annual Special Tax A, (iv) any costs associated with the release of funds from an escrow account for the Tax A Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax A Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

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

“Tax A Prepayment Amount” means the amount required to prepay all of Annual Special Tax A obligation on any Assessor’s Parcel determined pursuant to Section H.

“Tax A Present Value of Taxes” means the present value of Annual Special Tax A applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2005-2, plus the expected Annual Special Tax A applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Bond Yield after Bond Issuance or (ii) the most recently published Bond Index prior to the Bond Issuance.

“Tax B Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax B revenues.

“Tax B Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs on the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) a portion of the Administrative Expenses of CFD No. 2005-2 attributable to Annual Special Tax B, (iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

“Tax B Prepayment Amount” means the amount required to prepay all of Annual Special Tax B obligation on any Assessor’s Parcel determined pursuant to Section I.

“Tax B Present Value of Taxes” means the present value of Annual Special Tax B applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2005-2, plus the expected Annual Special Tax B applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Bond Yield after Bond Issuance or (ii) the most recently published Bond Index prior to the Bond Issuance.

“Taxable Property” means all Assessor’s Parcels which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property.

“Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

“Zone” means the areas identified as Zone in Exhibit A to this First Amended Rate and Method of Apportionment.

“Zone 1” means all property located within the area identified as Zone 1 in Exhibit A to this First Amended Rate and Method of Apportionment, subject to interpretation by the Board as described in Section B.

“Zone 2” means all property located within the area identified as Zone 2 in Exhibit A to this First Amended Rate and Method of Apportionment, subject to interpretation by the Board as described in Section B.

## **SECTION B ASSIGNMENT OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2005-06, (i) each Assessor’s Parcel within CFD No. 2005-2 shall be assigned to a Zone in accordance with Exhibit A at the reasonable discretion of the Board; (ii) each Assessor’s Parcel within a Zone of CFD No. 2005-2 shall be classified as Taxable Property or Exempt Property; and (iii) each Assessor’s Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property within each Zone shall be further classified based on the Building Square Footage of the Unit. The Acreage of Taxable Property assigned to a Zone shall not fall below the Minimum Taxable Acreage for such Zone as depicted in Table 6.

## **SECTION C MAXIMUM ANNUAL SPECIAL TAX**

### **1.     Developed Property**

The Maximum Annual Special Tax A for each Assessor’s Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Fiscal Year or (ii) the Backup Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor’s Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

### **2.     Undeveloped Property**

The Maximum Annual Special Tax A for each Assessor’s Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor’s Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

## **SECTION D ASSIGNED ANNUAL SPECIAL TAXES**

Each Fiscal Year all Taxable Property shall be subject to Assigned Annual Special Tax A and Assigned Annual Special Tax B.

**1. Developed Property**

The Assigned Annual Special Tax A and Assigned Annual Special Tax B for each Assessor's Parcel of Developed Property shall be determined by reference to Tables 1-2 according to the Zone in which the Assessor's Parcel is located and the Building Square Footage of the Unit.

**TABLE 1**

**ASSIGNED ANNUAL SPECIAL TAXES FOR  
DEVELOPED PROPERTY IN ZONE 1 FOR FISCAL YEAR 2005-06**

<b>Building Square Footage</b>	<b>Assigned Annual Special Tax A</b>	<b>Assigned Annual Special Tax B</b>
≤ 2,300 BSF	\$614.95 per Unit	\$ 946.56 per Unit
2,301 - 2,500 BSF	\$646.75 per Unit	\$ 995.52 per Unit
2,501 - 2,700 BSF	\$667.96 per Unit	\$1,028.16 per Unit
2,701 - 2,900 BSF	\$678.56 per Unit	\$1,044.48 per Unit
2,901 - 3,100 BSF	\$699.75 per Unit	\$1,077.09 per Unit
3,101 - 3,300 BSF	\$720.95 per Unit	\$1,109.73 per Unit
>3,300 BSF	\$746.42 per Unit	\$1,148.93 per Unit

**TABLE 2**

**ASSIGNED ANNUAL SPECIAL TAXES FOR  
DEVELOPED PROPERTY IN ZONE 2 FOR FISCAL YEAR 2005-06**

<b>Building Square Footage</b>	<b>Assigned Annual Special Tax A</b>	<b>Assigned Annual Special Tax B</b>
≤ 2,000 BSF	\$636.17 per Unit	\$ 931.55 per Unit
2,001 - 2,400 BSF	\$655.75 per Unit	\$ 960.22 per Unit
2,401 - 2,800 BSF	\$675.32 per Unit	\$ 988.88 per Unit
> 2,800 BSF	\$704.68 per Unit	\$1,031.87 per Unit

For each Fiscal Year, commencing with Fiscal Year 2006-07, the Assigned Annual Special Tax for all Developed Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**2. Undeveloped Property**

The Assigned Annual Special Tax A and the Assigned Annual Special Tax B for an Assessor's Parcel of Undeveloped Property for Fiscal Year 2005-06 shall be the amount determined by reference to Table 3 according to the Zone within which the Assessor's Parcel is located.

**TABLE 3**

**ASSIGNED ANNUAL SPECIAL TAX FOR  
UNDEVELOPED PROPERTY FOR FISCAL YEAR 2005-06**

<b>Location</b>	<b>Assigned Annual Special Tax A</b>	<b>Assigned Annual Special Tax B</b>
Zone 1	\$4,473.13 per Acre	\$6,885.28 per Acre
Zone 2	\$3,058.33 per Acre	\$4,478.35 per Acre

For each Fiscal Year, commencing with Fiscal Year 2006-07, the Assigned Annual Special Tax per Acre of Acreage for all Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**SECTION E  
BACKUP ANNUAL SPECIAL TAX**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax A and Backup Annual Special Tax B. In each Fiscal Year, the Backup Annual Special Tax A and Backup Annual Special Tax B for Developed Property shall be the rate per Lot calculated according to the following formula:

$$BA \text{ or } BB = (ZA \text{ or } ZB \times A) / L$$

The terms above have the following meanings:

- BA = Backup Annual Special Tax A per Lot for the applicable Fiscal Year
- BB = Backup Annual Special Tax B per Lot for the applicable Fiscal Year
- ZA = Assigned Annual Special Tax A per Acre of Undeveloped Property for the applicable Fiscal Year
- ZB = Assigned Annual Special Tax B per Acre of Undeveloped Property for the applicable Fiscal Year
- A = Acreage for Taxable Property expected to exist in the applicable Final Subdivision Map as determined by the Board pursuant to Section K
- L = Number Lots in the Final Subdivision Map

Notwithstanding the foregoing, if the Final Subdivision Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax A and the Backup Annual Special Tax B for each Assessor's Parcel of Developed Property in such Final Subdivision Map area changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Tax A and the total Backup Annual Special Tax B revenue anticipated to apply to the changed or modified area of the Final Subdivision Map prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property of the Final Subdivision Map that is anticipated to be changed or modified, as reasonably determined by the Board.

3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax A per square foot of Acreage and Backup Annual Special Tax B per square foot of Acreage that shall be applicable to Assessor's Parcels of Developed Property in such changed or modified area of the Final Subdivision Map for all remaining Fiscal Years in which the Special Tax may be levied.

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

Commencing Fiscal Year 2005-06, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax A as follows:

- Step One: The Board shall levy an Annual Special Tax A on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax A up to the Maximum Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.

#### **SECTION G METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX B**

Commencing Fiscal Year 2005-06, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax B as follows:

- Step One: The Board shall levy an Annual Special Tax B on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax B up to the Maximum Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

## **SECTION H PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A and Annual Special Tax B obligation, shall provide CFD No. 2005-2 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the prepayment amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$AP \text{ or } BP = APVT \text{ or } BPVT - RFC + PAF$$

The terms above have the following meanings:

AP	=	Tax A Prepayment Amount
BP	=	Tax B Prepayment Amount
APVT	=	Tax A Present Value of Taxes
BPVT	=	Tax B Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

## **SECTION I PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAX A**

The Annual Special Tax A obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax A obligation would be prepaid.

### **1. Partial Prepayment Times and Conditions**

Prior to the conveyance of the first production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the Taxable Property within such Final Subdivision Map may elect in writing to the Board to prepay a portion of the Annual Special Tax A obligations for all the Assessor's Parcels within such Final Subdivision Map, as calculated in Section I.2. below. The partial prepayment of each Annual Special Tax A obligation shall be collected for all Assessor's Parcels prior to the conveyance of the first production Unit on a lot within such Final Subdivision Map.

### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount
- P<sub>G</sub> = the Prepayment Amount calculated according to Section H
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax A obligation

### **3. Partial Prepayment Procedures and Limitations**

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2005-3 that there has been a partial prepayment of the Annual Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax A obligation and the partial release of the Annual Special Tax A lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax A shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax A and the Backup Annual Special Tax A for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Tax A that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

## **SECTION J TERMINATION OF SPECIAL TAX**

The Annual Special Tax A and the Annual Special Tax B shall be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax A Bonds or Tax B Bonds, whichever is later, by CFD No. 2005-2, but in no event shall the Annual Special Tax A and Annual Special Tax B be levied later than Fiscal Year 2049-50.

## **SECTION K EXEMPTIONS**

The Board shall classify property as Exempt Property in the following priority (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction, (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement, (iv) 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, (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board, and provided that no such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.



**TABLE 6**

**MINIMUM TAXABLE ACREAGE**

<b>Location</b>	<b>Minimum Taxable Acreage</b>
Zone 1	39.95 Acres
Zone 2	19.55 Acres

**SECTION L  
APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any claim of appeal must: (i) specifically identify the property by address and Assessor's Parcel Number; (ii) state the amount in dispute and whether it is the whole amount or any a portion of the Special Tax; (iii) state all grounds on which the property owner is disputing the amount or application of such Special Tax is incorrect; (iv) include all documentation, if any, in support of the claim; and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. A representative(s) of CFD No. 2005-2 ("Representative") shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the Representative's decisions shall indicate.

**SECTION M  
MANNER OF COLLECTION**

The Annual Special Tax A and the 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 No. 2005-2 may collect Annual Special Tax A and/or Annual Special Tax B at a different time or in a different manner if necessary to meet its financial obligations.

## **APPENDIX C-6**

### **CFD No. 2005-4**

#### **RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2005-4 OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT**

Annual Special Taxes shall be levied on and collected in Community Facilities District No. 2005-4 of the San Jacinto Unified School District ("CFD No. 2005-4") in each Fiscal Year, in an amount determined through the application of the rate and method of apportionment described below. All of the real property in CFD No. 2005-4, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

#### **SECTION A DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final subdivision map, parcel map, condominium plan, or other recorded County parcel map, that creates the boundaries of each Assessor's Parcel Number.

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

"Administrative Expenses" means any ordinary expenses of the School District or CFD No. 2005-4 related to the administration of CFD No. 2005-4.

"Annual Special Tax" means the Annual Special Tax A or Annual Special Tax B.

"Annual Special Tax A" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section F.

"Annual Special Tax B" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G.

"Assessor's Parcel" means a lot or parcel of land in CFD No. 2005-4 which is designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County Assessor for purposes of identification.

"Assigned Annual Special Tax" means the Assigned Annual Special Tax A or Assigned Annual Special Tax B.

"Assigned Annual Special Tax A" means the Special Tax of that name as set forth in Section D.

“Assigned Annual Special Tax B” means the Special Tax of that name as set forth in Section D.

“Backup Annual Special Tax” means the Backup Annual Special Tax A or Backup Annual Special Tax B.

“Backup Annual Special Tax A” means the Special Tax of that name described in Section E.

“Backup Annual Special Tax B” means the Special Tax of that name described in Section E.

“Board” means the Board of Trustees of San Jacinto Unified School District or its designee, acting as the legislative body of CFD No. 2005-4.

“Bonds” means the Tax A Bonds or Tax B Bonds.

“Bond Index” means the National Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody’s A1 and S&P’s A-plus, as reasonably determined by the Board.

“Bond Yield” means the yield on the last series of Bonds issued by or on behalf of CFD No. 2005-4, as calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the non-arbitrage certificate or other similar bond issuance document.

“Building Permit” means a permit for the construction of one or more Units issued by the City, or another public agency in the event the City no longer issues permits for the construction of Units within CFD No. 2005-4. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

“Building Square Footage” or “BSF” means the square footage of internal living space of a Unit, exclusive of garages or other structures not used as living space, as set forth in the Building Permit application for such Unit or other applicable records of the City.

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

“City” means the City of San Jacinto.

“County” means the County of Riverside, State of California

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

“Exempt Property” means the property designated as Exempt Property in Section K.

“Final Subdivision Map” means a final tract map, parcel map, condominium plan lot line adjustment, or functionally equivalent map or instrument that creates individual Lots, recorded in the Office of the Recorder of the County.

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

4. “Homeowner” means any owner of a completed Unit constructed and sold within CFD No. 2005-

“Indenture” means the bond indenture, master trust agreement, fiscal agent agreement, or similar document, regardless of title, pursuant to which Tax A Bonds or Tax B Bonds are issued and which establishes the terms and conditions for the payment of such Tax A Bonds or Tax B Bonds, as modified, amended and/or supplemented from time to time in accordance with its terms.

“Lot” means an individual legal lot created by a Final Subdivision Map for which a Building Permit for a Unit has been or could be issued, provided that land for which one or more Building Permit(s) have been or could be issued for the construction of one or more model Units shall not be construed as a Lot until such land has been subdivided by a Final Subdivision Map.

“Maximum Annual Special Tax” means the Maximum Annual Special Tax A or the Maximum Annual Special Tax B.

“Maximum Annual Special Tax A” means for each Fiscal Year the maximum Annual Special Tax A determined in accordance with Section C that can be levied by CFD No. 2005-4 in such Fiscal Year on any Assessor’s Parcel.

“Maximum Annual Special Tax B” means for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C that can be levied by CFD No. 2005-4 in such Fiscal Year on any Assessor’s Parcel.

“Minimum Taxable Acreage” means the applicable Acreage listed in Table 3 set forth in Section K.

“Prepayment Amount” means the Tax A Prepayment Amount or Tax B Prepayment Amount.

“Proportionately” means that the ratios of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax or Maximum Annual Special Tax is equal for all applicable Assessor’s Parcels.

“School District” means the San Jacinto Unified School District or any successor school district.

“Special Tax” means any of the special taxes authorized to be levied in CFD No. 2005-4 under the Act and this RMA.

“Tax A Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax A revenues.

“Tax A Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the annual debt service on the Tax A Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs of the Tax A Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax A Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) the portion of the Administrative Expenses of CFD No. 2005-4 applicable to Annual Special Tax A, (iv) any costs associated with the release of funds from an escrow account for the Tax A Bonds, (v) any

amount required to establish or replenish any reserve funds established in association with the Tax A Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

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

“Tax A Prepayment Amount” means the amount required to prepay all of Annual Special Tax A obligation on any Assessor’s Parcel determined pursuant to Section H.

“Tax A Present Value of Taxes” means the present value of Annual Special Tax A applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2005-4, plus the expected Annual Special Tax A applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Bond Yield after Bond Issuance or (ii) the most recently published Bond Index prior to the Bond Issuance.

“Tax B Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax B revenues.

“Tax B Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the annual debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs on the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) a portion of the Administrative Expenses of CFD No. 2005-4 attributable to Annual Special Tax B, (iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

“Tax B Prepayment Amount” means the amount required to prepay all of Annual Special Tax B obligation on any Assessor’s Parcel determined pursuant to Section H.

“Tax B Present Value of Taxes” means the present value of Annual Special Tax B applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2005-4, plus the expected Annual Special Tax B applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Bond Yield after Bond Issuance or (ii) the most recently published Bond Index prior to the Bond Issuance.

“Taxable Property” means all Assessor’s Parcels which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property.

“Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

**SECTION B**  
**ASSIGNMENT OF ASSESSOR'S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2005-06, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The classification of Exempt Property shall take into consideration Minimum Taxable Acreage as determined pursuant to Section K.

**SECTION C**  
**MAXIMUM ANNUAL SPECIAL TAX**

**1.     Developed Property**

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Fiscal Year or (ii) the Backup Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

**2.     Undeveloped Property**

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

**SECTION D**  
**ASSIGNED ANNUAL SPECIAL TAXES**

Each Fiscal Year all Taxable Property shall be subject to Assigned Annual Special Tax A and Assigned Annual Special Tax B.

**1.     Developed Property**

The Assigned Annual Special Tax A and Assigned Annual Special Tax B for each Assessor's Parcel of Developed Property for Fiscal Year 2005-06 shall be the amount specified in Table 1 according to the Building Square Footage of a Unit.

**TABLE 1**

**ASSIGNED ANNUAL SPECIAL TAXES FOR  
DEVELOPED PROPERTY FOR FISCAL YEAR 2005-06**

<b>Building Square Footage</b>	<b>Assigned Annual Special Tax A</b>	<b>Assigned Annual Special Tax B</b>
< 1,700 BSF	\$532.45 per Unit	\$ 848.93 per Unit
1,700 – 1,950 BSF	\$569.89 per Unit	\$ 908.63 per Unit
1,951 – 2,200 BSF	\$607.33 per Unit	\$ 968.33 per Unit
2,201 – 2,450 BSF	\$657.26 per Unit	\$1,047.93 per Unit
2,451 – 2,700 BSF	\$690.54 per Unit	\$1,101.00 per Unit
> 2,700 BSF	\$829.22 per Unit	\$1,322.11 per Unit

For each Fiscal Year, commencing with Fiscal Year 2006-07, the Assigned Annual Special Tax for all Developed Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**2. Undeveloped Property**

The Assigned Annual Special Tax A and the Assigned Annual Special Tax B per acre of Acreage for an Assessor's Parcel of Undeveloped Property for Fiscal Year 2005-06 shall be the amount determined by reference to Table 2.

**TABLE 2**

**ASSIGNED ANNUAL SPECIAL TAX FOR  
UNDEVELOPED PROPERTY FOR FISCAL YEAR 2005-06**

Assigned Annual Special Tax A	\$4,149.68 per Acre
Assigned Annual Special Tax B	\$6,616.24 per Acre

For each Fiscal Year, commencing with Fiscal Year 2006-07, the Assigned Annual Special Tax per acre of Acreage for all Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**SECTION E  
BACKUP ANNUAL SPECIAL TAX**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax A and Backup Annual Special Tax B. The Backup Annual Special Tax A and Backup Annual Special Tax B rates for an Assessor's Parcel of Developed Property within a Final Subdivision Map in Fiscal Year 2005-06 or such later Fiscal Year in which such Final Subdivision Map is created shall be the rate per lot calculated according to the following formula:

$$BA \text{ or } BB = (ZA \text{ or } ZB \times A) / L$$

The terms above have the following meanings:

- BA = Backup Annual Special Tax A per Lot for the applicable Fiscal Year
- BB = Backup Annual Special Tax B per Lot for the applicable Fiscal Year
- ZA = Assigned Annual Special Tax A per Acre of Undeveloped Property for the applicable Fiscal Year
- ZB = Assigned Annual Special Tax B per Acre of Undeveloped Property for the applicable Fiscal Year
- A = Acreage of Taxable Property in such Final Subdivision Map, at time of calculation, as determined by the Board pursuant to Section K
- L = Number Lots in the Final Subdivision Map, at time of calculation

Each Fiscal Year, commencing the Fiscal Year first following the initial calculation of the Backup Annual Special Tax rate for an Assessor's Parcel of Developed Property with a Final Subdivision Map. The Backup Annual Special Tax for each lot within such Final Subdivision Map shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

Notwithstanding the foregoing, if the Final Subdivision Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax A and the Backup Annual Special Tax B for each Assessor's Parcel of Developed Property in such Final Subdivision Map area changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Tax A and the total Backup Annual Special Tax B revenue anticipated to apply to the changed or modified area of the Final Subdivision Map prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property of the Final Subdivision Map that is anticipated to be changed or modified, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax A per square foot of Acreage and Backup Annual Special Tax B per square foot of Acreage that shall be applicable to Assessor's Parcels of Developed Property in such changed or modified area of the Final Subdivision Map for all remaining Fiscal Years in which the Special Tax may be levied.

## **SECTION F**

### **METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX A**

Commencing Fiscal Year 2005-06, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax A as follows:

- Step One: The Board shall levy an Annual Special Tax A on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall



Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax A up to the Maximum Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.

## **SECTION G METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX B**

Commencing Fiscal Year 2005-06, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax B as follows:

- Step One: The Board shall levy an Annual Special Tax B on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax B up to the Maximum Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

## **SECTION H PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A and Annual Special Tax B obligation, shall provide CFD No. 2005-4 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the prepayment amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$AP \text{ or } BP = APVT \text{ or } BPVT - RFC + PAF$$

The terms above have the following meanings:

AP	=	Tax A Prepayment Amount
BP	=	Tax B Prepayment Amount
APVT	=	Tax A Present Value of Taxes
BPVT	=	Tax B Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

## **SECTION I**

### **PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAX A**

The Annual Special Tax A obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax A obligation would be prepaid.

#### **1. Partial Prepayment Times and Conditions**

Prior to the conveyance of the first production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the Taxable Property within such Final Subdivision Map may elect in writing to the Board to prepay a portion of the Annual Special Tax A obligations for all the Assessor's Parcels within such Final Subdivision Map, as calculated in Section I.2. below. The partial prepayment of each Annual Special Tax A obligation shall be collected for all Assessor's Parcels prior to the conveyance of the first production Unit on a lot within such Final Subdivision Map.

#### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount
- P<sub>G</sub> = the Prepayment Amount calculated according to Section H
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax A obligation

#### **3. Partial Prepayment Procedures and Limitations**

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2005-4 that there has been a partial prepayment of the Annual Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax A obligation and the partial release of the Annual Special Tax A lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax A shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax A and the Backup Annual Special Tax A for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

## **SECTION J TERMINATION OF SPECIAL TAX**

The Annual Special Tax A shall be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax A Bonds by CFD No. 2005-4, but in no event shall the Annual Special Tax A be levied later than Fiscal Year 2042-43.

The Annual Special Tax B shall be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax B Bonds, by CFD No. 2005-4, but in no event shall the Annual Special Tax B be levied later than Fiscal Year 2049-50.

## **SECTION K EXEMPTIONS**

The Board shall classify property as Exempt Property in the following priority (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction, (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement, (iv) 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, (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board, and provided that no such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

### **TABLE 3 MINIMUM TAXABLE ACREAGE**

<b>Minimum Taxable Acreage</b>
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34.93 Acres
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## **SECTION L APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any claim of appeal must: (i) specifically identify the property by address and Assessor's Parcel Number; (ii) state the amount in dispute and whether it is the whole amount or any a portion of the Special Tax; (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect; (iv) include all documentation, if any, in support of the claim; and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. A representative(s) of CFD No. 2005-4 ("Representative") shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal.

C-6-10  
(CFD No. 2005-4 RMA)

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

#### **SECTION M MANNER OF COLLECTION**

The Annual Special Tax A and the 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 No. 2005-4 may collect Annual Special Tax A and/or Annual Special Tax B at a different time or in a different manner if necessary to meet its financial obligations.

## **APPENDIX C-7**

### **CFD No. 2006-1**

#### **FIRST AMENDED RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2006-1 OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT**

Annual Special Taxes shall be levied on and collected in Community Facilities District No. 2006-1 of the San Jacinto Unified School District ("CFD No. 2006-1") in each Fiscal Year, in an amount determined through the application of this First Amended Rate and Method of Apportionment ("First Amended RMA") described below. All of the real property in CFD No. 2006-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

#### **SECTION A DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County parcel map, that creates the boundaries of each Assessor's Parcel Number.

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

"Administrative Expenses" means any ordinary and necessary expenses of the School District or CFD No. 2006-1 related to the administration of CFD No. 2006-1.

"Annual Special Tax" means the Annual Special Tax A or Annual Special Tax B.

"Annual Special Tax A" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section F.

"Annual Special Tax B" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G.

"Assessor's Parcel" means a lot or parcel of land in CFD No. 2006-1 which is designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County Assessor for purposes of identification.

"Assigned Annual Special Tax" means the Assigned Annual Special Tax A or Assigned Annual Special Tax B.

"Assigned Annual Special Tax A" means the Special Tax of that name as set forth in Section D.

“Assigned Annual Special Tax B” means the Special Tax of that name as set forth in Section D.

“Backup Annual Special Tax” means the Backup Annual Special Tax A or Backup Annual Special Tax B.

“Backup Annual Special Tax A” means the Special Tax of that name described in Section E.

“Backup Annual Special Tax B” means the Special Tax of that name described in Section E.

“Board” means the Board of Trustees of San Jacinto Unified School District or its designee, acting as the legislative body of CFD No. 2006-1.

“Bonds” means the Tax A Bonds or Tax B Bonds.

“Bond Index” means the National Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody’s A1 and S&P’s A-plus, as reasonably determined by the Board.

“Bond Yield” means the yield on the last series of Bonds issued by or on behalf of CFD No. 2006-1, as calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the non-arbitrage certificate or other similar bond issuance document.

“Building Permit” means a permit for the construction of one or more Units issued by the City, or another public agency in the event the City no longer issues permits for the construction of Units within CFD No. 2006-1. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

“Building Square Footage” or “BSF” means the square footage of internal living space of a Unit, exclusive of garages or other structures not used as living space, as set forth in the Building Permit application for such Unit or other applicable records of the City.

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

“City” means the City of San Jacinto.

“County” means the County of Riverside, State of California.

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

“Exempt Property” means the property designated as Exempt Property in Section K.

“Final Subdivision Map” means a final tract map, parcel map, condominium plan lot line adjustment, or functionally equivalent map or instrument that creates individual Lots, recorded in the Office of the Recorder of the County.

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

“Homeowner” means any owner of a completed Unit constructed and sold within CFD No. 2006-1.

“Indenture” means the bond indenture, master trust agreement, fiscal agent agreement, or similar document, regardless of title, pursuant to which Tax A Bonds or Tax B Bonds are issued and which establishes the terms and conditions for the payment of such Tax A Bonds or Tax B Bonds, as modified, amended and/or supplemented from time to time in accordance with its terms.

“Lot” means an individual legal lot created by a Final Subdivision Map for which a Building Permit for a Unit has been or could be issued, provided that land for which one or more Building Permit(s) have been or could be issued for the construction of one or more model Units shall not be construed as a Lot until such land has been subdivided by a Final Subdivision Map.

“Maximum Annual Special Tax” means the Maximum Annual Special Tax A or the Maximum Annual Special Tax B.

“Maximum Annual Special Tax A” means for each Assessor’s Parcel and for each Fiscal Year the maximum Annual Special Tax A determined in accordance with Section C that can be levied on such Assessor’s Parcel by CFD No. 2006-1 in such Fiscal Year.

“Maximum Annual Special Tax B” means for each Assessor’s Parcel and for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C that can be levied on such Assessor’s Parcel by CFD No. 2006-1 in such Fiscal Year.

“Minimum Taxable Acreage” means the applicable Acreage listed in Table 3 set forth in Section K.

“Prepayment Amount” means the Tax A Prepayment Amount or Tax B Prepayment Amount.

“Proportionately” means that the ratios of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax is equal for all applicable Assessor’s Parcels.

“School District” means the San Jacinto Unified School District or any successor school district.

“Special Tax” means any of the special taxes authorized to be levied in CFD No. 2006-1 under the Act and this First Amended RMA.

“Tax A Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax A revenues.

“Tax A Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the annual debt service on the Tax A Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs of the Tax A Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax A Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) the portion of the Administrative Expenses of CFD No. 2006-1 applicable to Annual Special Tax A, (iv) any costs associated with the release of funds from an escrow account for the Tax A Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax A Bonds,

less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

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

“Tax A Prepayment Amount” means the amount required to prepay all of Annual Special Tax A obligation in full for an Assessor’s Parcel determined pursuant to Section H.

“Tax A Present Value of Taxes” means the present value of Annual Special Tax A applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2006-1, plus the expected Annual Special Tax A applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Bond Yield after Bond issuance or (ii) the most recently published Bond Index prior to the Bond issuance.

“Tax B Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax B revenues.

“Tax B Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the annual debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs on the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) a portion of the Administrative Expenses of CFD No. 2006-1 attributable to Annual Special Tax B, (iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

“Tax B Prepayment Amount” means the amount required to prepay all of Annual Special Tax B obligation in full for an Assessor’s Parcel determined pursuant to Section H.

“Tax B Present Value of Taxes” means the present value of Annual Special Tax B applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2006-1, plus the expected Annual Special Tax B applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Bond Yield after Bond issuance or (ii) the most recently published Bond Index prior to the Bond issuance.

“Taxable Property” means all Assessor’s Parcels which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property.

“Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.



**SECTION B**  
**ASSIGNMENT OF ASSESSOR'S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2006-07, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The classification of Exempt Property shall take into consideration Minimum Taxable Acreage as determined pursuant to Section K.

**SECTION C**  
**MAXIMUM ANNUAL SPECIAL TAX**

**1.     Developed Property**

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Fiscal Year or (ii) the Backup Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

**2.     Undeveloped Property**

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

**SECTION D**  
**ASSIGNED ANNUAL SPECIAL TAXES**

Each Fiscal Year all Taxable Property shall be subject to Assigned Annual Special Tax A and Assigned Annual Special Tax B.

**1.     Developed Property**

The Assigned Annual Special Tax A and Assigned Annual Special Tax B for each Assessor's Parcel of Developed Property for each Fiscal Year shall be the amount specified in Table 1 according to the Building Square Footage of a Unit.

**TABLE 1**

**ASSIGNED ANNUAL SPECIAL TAXES FOR  
DEVELOPED PROPERTY**

<b>Building Square Footage</b>	<b>Assigned Annual Special Tax A</b>	<b>Assigned Annual Special Tax B</b>
< 2,400 BSF	\$582.39 per Unit	\$1,397.18 per Unit
2,400 - 2,650 BSF	\$638.23 per Unit	\$1,437.22 per Unit
2,651 – 2,900 BSF	\$694.08 per Unit	\$1,477.25 per Unit
2,901 – 3,150 BSF	\$772.26 per Unit	\$1,533.30 per Unit
3,151 – 3,400 BSF	\$867.19 per Unit	\$1,601.36 per Unit
> 3,400 BSF	\$990.05 per Unit	\$1,689.44 per Unit

**2. Undeveloped Property**

The Assigned Annual Special Tax A and the Assigned Annual Special Tax B per acre of Acreage for an Assessor's Parcel of Undeveloped Property for each Fiscal Year shall be the amount determined by reference to Table 2.

**TABLE 2**

**ASSIGNED ANNUAL SPECIAL TAX FOR  
UNDEVELOPED PROPERTY FOR FISCAL YEAR 2006-07**

Assigned Annual Special Tax A	\$4,700.62 per Acre
Assigned Annual Special Tax B	\$9,078.73 per Acre

**SECTION E  
BACKUP ANNUAL SPECIAL TAX**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax A and Backup Annual Special Tax B. The Backup Annual Special Tax A and Backup Annual Special Tax B rate for an Assessor's Parcel of Developed Property within a Final Subdivision Map shall be the rate per Lot calculated according to the following formula in Fiscal Year 2006-07 or such later Fiscal Year in which such Final Subdivision Map is created:

$$BA = (ZA \times A) / L$$

or

$$BB = (ZB \times A) / L$$

The terms above have the following meanings:

- BA = Backup Annual Special Tax A per Lot for the applicable Fiscal Year
- BB = Backup Annual Special Tax B per Lot for the applicable Fiscal Year
- ZA = Assigned Annual Special Tax A per Acre of Undeveloped Property in the Fiscal Year the calculation is performed
- ZB = Assigned Annual Special Tax B per Acre of Undeveloped Property in the Fiscal Year the calculation is performed
- A = Acreage of Taxable Property expected to exist in such Final Subdivision Map at the time of calculation, as determined by the Board pursuant to Section K
- L = Number of Lots in the applicable Final Subdivision Map at the time of calculation

Notwithstanding the foregoing, if the Final Subdivision Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax A and the Backup Annual Special Tax B for each Assessor's Parcel of Developed Property in such Final Subdivision Map area changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Tax A and the total Backup Annual Special Tax B revenue anticipated to apply to the changed or modified area of the Final Subdivision Map prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property of the Final Subdivision Map that is anticipated to be changed or modified, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax A per square foot of Acreage and Backup Annual Special Tax B per square foot of Acreage that shall be applicable to Assessor's Parcels of Developed Property in such changed or modified area of the Final Subdivision Map for all remaining Fiscal Years in which the Special Tax may be levied.

## SECTION F

### METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX A

Commencing Fiscal Year 2006-07, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax A as follows:

- Step One: The Board shall levy an Annual Special Tax A on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax A up to the Maximum

Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.

## **SECTION G METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX B**

Commencing Fiscal Year 2006-07, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax B as follows:

- Step One: The Board shall levy an Annual Special Tax B on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax B up to the Maximum Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

## **SECTION H PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A and Annual Special Tax B obligation, shall provide CFD No. 2006-1 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the prepayment amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$\begin{aligned} AP &= APVT - RFC + PAF \\ &\text{or} \\ BP &= BPVT - RFC + PAF \end{aligned}$$

The terms above have the following meanings:

AP	=	Tax A Prepayment Amount
BP	=	Tax B Prepayment Amount
APVT	=	Tax A Present Value of Taxes
BPVT	=	Tax B Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

With respect to any Assessor's Parcel that is prepaid, the Board shall indicate in the records of CFD No. 2006-1 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Tax shall cease.

## SECTION I PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAX A

The Annual Special Tax A obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax A obligation would be prepaid.

### **1. Partial Prepayment Times and Conditions**

Prior to the conveyance of the first production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the Taxable Property within such Final Subdivision Map may elect in writing to the Board to prepay a portion of the Annual Special Tax A obligations for all the Assessor's Parcels within such Final Subdivision Map, as calculated in Section I.2. below. The partial prepayment of each Annual Special Tax A obligation shall be collected for all Assessor's Parcels prior to the conveyance of the first production Unit on a lot within such Final Subdivision Map.

### **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

PP	=	the Partial Prepayment Amount
P <sub>G</sub>	=	the Prepayment Amount calculated according to Section H
F	=	the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax A obligation

### **3. Partial Prepayment Procedures and Limitations**

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2006-1 that there has been a partial prepayment of the Annual Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax A obligation and the partial release of the Annual Special Tax A lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax A shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax A and the Backup Annual Special Tax A for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Tax A that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

## **SECTION J TERMINATION OF SPECIAL TAX**

The Annual Special Tax A shall be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax A Bonds by CFD No. 2006-1, but in no event shall the Annual Special Tax A be levied later than Fiscal Year 2042-43.

The Annual Special Tax B shall be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax B Bonds, by CFD No. 2006-1, but in no event shall the Annual Special Tax B be levied later than Fiscal Year 2049-50.

## **SECTION K EXEMPTIONS**

The Board shall classify property as Exempt Property in the following priority (i) Assessor's Parcels owned by the Federal Government, the State of California, the County of Riverside or other local government agencies, (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction, (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners' association has an easement, (iv) 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, (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board, and provided that no such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

**TABLE 3**  
**MINIMUM TAXABLE ACREAGE**

<b>Minimum Taxable Acreage</b>
43.42 Acres

**SECTION L**  
**APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any claim of appeal must: (i) specifically identify the property by address and Assessor's Parcel Number; (ii) state the amount in dispute and whether it is the whole amount or a portion of the Special Tax; (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect; (iv) include all documentation, if any, in support of the claim; and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. A representative(s) of CFD No. 2006-1 ("Representative") shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the Representative's decisions shall indicate.

**SECTION M**  
**MANNER OF COLLECTION**

The Annual Special Tax A and the 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 No. 2006-1 may collect Annual Special Tax A and/or Annual Special Tax B at a different time or in a different manner if necessary to meet its financial obligations.

## **APPENDIX C-8**

### **CFD No. 2006-2**

#### **RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2006-2 OF THE SAN JACINTO UNIFIED SCHOOL DISTRICT**

Annual Special Taxes shall be levied on and collected in Community Facilities District No. 2006-2 of the San Jacinto Unified School District ("CFD No. 2006-2") in each Fiscal Year, in an amount determined through the application of this rate and method of apportionment described below. All of the real property in CFD No. 2006-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

#### **SECTION A DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, parcel map, condominium plan, or other recorded County parcel map, that creates the boundaries of each Assessor's Parcel Number.

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

"Administrative Expenses" means any ordinary and necessary expenses of the School District or CFD No. 2006-2 related to the administration of CFD No. 2006-2.

"Annual Special Tax" means the Annual Special Tax A or Annual Special Tax B.

"Annual Special Tax A" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section F.

"Annual Special Tax B" means the Special Tax levied in each Fiscal Year on an Assessor's Parcel as set forth in Section G.

"Assessor's Parcel" means a lot or parcel of land in CFD No. 2006-2 which is designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County Assessor for purposes of identification.

"Assigned Annual Special Tax" means the Assigned Annual Special Tax A or Assigned Annual Special Tax B.

"Assigned Annual Special Tax A" means the Special Tax of that name as set forth in Section D.



“Assigned Annual Special Tax B” means the Special Tax of that name as set forth in Section D.

“Backup Annual Special Tax” means the Backup Annual Special Tax A or Backup Annual Special Tax B.

“Backup Annual Special Tax A” means the Special Tax of that name described in Section E.

“Backup Annual Special Tax B” means the Special Tax of that name described in Section E.

“Board” means the Board of Trustees of San Jacinto Unified School District or its designee, acting as the legislative body of CFD No. 2006-2.

“Bonds” means the Tax A Bonds or Tax B Bonds.

“Bond Index” means the National Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing in 30 years with an average rating equivalent to Moody’s A1 and S&P’s A-plus, as reasonably determined by the Board.

“Bond Yield” means the yield on the last series of Bonds issued by or on behalf of CFD No. 2006-2, as calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the non-arbitrage certificate or other similar bond issuance document.

“Building Permit” means a permit for the construction of one or more Units issued by the City, or another public agency in the event the City no longer issues permits for the construction of Units within CFD No. 2006-2. For purposes of this definition, “Building Permit” shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

“Building Square Footage” or “BSF” means the square footage of internal living space of a Unit, exclusive of garages or other structures not used as living space, as set forth in the Building Permit application for such Unit or other applicable records of the City.

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

“City” means the City of San Jacinto.

“County” means the County of Riverside, State of California.

“Developed Property” means, for each Fiscal Year, all Assessor’s Parcels for which Building Permits for the construction of Units were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor’s Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor’s Parcel is associated with a Lot, as determined reasonably by the Board.

“Exempt Property” means the property designated as Exempt Property in Section K.

“Final Subdivision Map” means a final tract map, parcel map, condominium plan lot line adjustment, or functionally equivalent map or instrument that creates individual Lots, recorded in the Office of the Recorder of the County.

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

2. “Homeowner” means any owner of a completed Unit constructed and sold within CFD No. 2006-

“Indenture” means the bond indenture, master trust agreement, fiscal agent agreement, or similar document, regardless of title, pursuant to which Tax A Bonds or Tax B Bonds are issued and which establishes the terms and conditions for the payment of such Tax A Bonds or Tax B Bonds, as modified, amended and/or supplemented from time to time in accordance with its terms.

“Lot” means an individual legal lot created by a Final Subdivision Map for which a Building Permit for a Unit has been or could be issued, provided that land for which one or more Building Permit(s) have been or could be issued for the construction of one or more model Units shall not be construed as a Lot until such land has been subdivided by a Final Subdivision Map.

“Maximum Annual Special Tax” means the Maximum Annual Special Tax A or the Maximum Annual Special Tax B.

“Maximum Annual Special Tax A” means for each Assessor’s Parcel and for each Fiscal Year the maximum Annual Special Tax A determined in accordance with Section C that can be levied on such Assessor’s Parcel by CFD No. 2006-2 in such Fiscal Year.

“Maximum Annual Special Tax B” means for each Assessor’s Parcel and for each Fiscal Year the maximum Annual Special Tax B determined in accordance with Section C that can be levied on such Assessor’s Parcel by CFD No. 2006-2 in such Fiscal Year.

“Minimum Taxable Acreage” means the applicable Acreage listed in Table 3 set forth in Section K.

“Prepayment Amount” means the Tax A Prepayment Amount or Tax B Prepayment Amount.

“Proportionately” means that the ratios of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax is equal for all applicable Assessor’s Parcels.

“School District” means the San Jacinto Unified School District or any successor school district.

“Special Tax” means any of the special taxes authorized to be levied in CFD No. 2006-2 under the Act and this RMA.

“Tax A Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax A revenues.

“Tax A Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the annual debt service on the Tax A Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs of the Tax A Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax A Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) the portion of the Administrative Expenses of CFD No. 2006-2 applicable to Annual Special Tax A, (iv) any costs associated with the release of funds from an escrow account for the Tax A Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax A Bonds,

less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

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

“Tax A Prepayment Amount” means the amount required to prepay all of Annual Special Tax A obligation in full for an Assessor’s Parcel determined pursuant to Section H.

“Tax A Present Value of Taxes” means the present value of Annual Special Tax A applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2006-2, plus the expected Annual Special Tax A applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Bond Yield after Bond issuance or (ii) the most recently published Bond Index prior to the Bond issuance.

“Tax B Bonds” means any obligation to pay or repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, payable from Annual Special Tax B revenues.

“Tax B Minimum Annual Special Tax Requirement” means the amount required in any Fiscal Year to pay: (i) the annual debt service on the Tax B Bonds in the Calendar Year beginning in such Fiscal Year, (ii) other periodic costs on the Tax B Bonds, including but not limited to, credit enhancement fees and charges and rebate payments on the Tax B Bonds due in the Calendar Year beginning in such Fiscal Year, (iii) a portion of the Administrative Expenses of CFD No. 2006-2 attributable to Annual Special Tax B, (iv) any costs associated with the release of funds from an escrow account for the Tax B Bonds, (v) any amount required to establish or replenish any reserve funds established in association with the Tax B Bonds, less (vi) any amounts on deposit in any fund or account which are available to pay for items (i) through (v) above pursuant to any applicable Indenture in such Calendar Year.

“Tax B Prepayment Amount” means the amount required to prepay all of Annual Special Tax B obligation in full for an Assessor’s Parcel determined pursuant to Section H.

“Tax B Present Value of Taxes” means the present value of Annual Special Tax B applicable to such Assessor’s Parcel in the current Fiscal Year not yet received by the School District for CFD No. 2006-2, plus the expected Annual Special Tax B applicable to such Assessor’s Parcel in each remaining Fiscal Year until the termination date specified in Section J using as the discount rate the (i) Bond Yield after Bond issuance or (ii) the most recently published Bond Index prior to the Bond issuance.

“Taxable Property” means all Assessor’s Parcels which are not Exempt Property.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property.

“Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

**SECTION B**  
**ASSIGNMENT OF ASSESSOR'S PARCELS**

For each Fiscal Year, beginning with Fiscal Year 2006-07, each Assessor's Parcel shall be classified as Taxable Property or Exempt Property. Furthermore, each Assessor's Parcel of Taxable Property shall be classified as Developed Property or Undeveloped Property. Developed Property shall be further classified based on the Building Square Footage of the Unit. The classification of Exempt Property shall take into consideration Minimum Taxable Acreage as determined pursuant to Section K.

**SECTION C**  
**MAXIMUM ANNUAL SPECIAL TAX**

**1.     Developed Property**

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax A for such Fiscal Year or (ii) the Backup Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Developed Property in each Fiscal Year shall be the greater of (i) the Assigned Annual Special Tax B for such Fiscal Year or (ii) the Backup Annual Special Tax B for such Fiscal Year.

**2.     Undeveloped Property**

The Maximum Annual Special Tax A for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax A for such Fiscal Year.

The Maximum Annual Special Tax B for each Assessor's Parcel classified as Undeveloped Property in each Fiscal Year shall be the Assigned Annual Special Tax B for such Fiscal Year.

**SECTION D**  
**ASSIGNED ANNUAL SPECIAL TAXES**

Each Fiscal Year all Taxable Property shall be subject to Assigned Annual Special Tax A and Assigned Annual Special Tax B.

**1.     Developed Property**

The Assigned Annual Special Tax A and Assigned Annual Special Tax B for each Assessor's Parcel of Developed Property in Fiscal Year 2006-07 shall be the amount specified in Table 1 according to the Building Square Footage of a Unit, subject to increases described below.

**TABLE 1**  
**ASSIGNED ANNUAL SPECIAL TAXES FOR**  
**DEVELOPED PROPERTY**

<b>Building Square Footage</b>	<b>Assigned Annual Special Tax A</b>	<b>Assigned Annual Special Tax B</b>
< 2,300 BSF	\$460.50 per Unit	\$1,138.29 per Unit
2,300 - 2,550 BSF	\$482.59 per Unit	\$1,198.23 per Unit
2,551 - 2,800 BSF	\$524.77 per Unit	\$1,312.72 per Unit
2,801 - 3,050 BSF	\$570.93 per Unit	\$1,438.00 per Unit
3,051 - 3,300 BSF	\$612.90 per Unit	\$1,551.89 per Unit
> 3,300 BSF	\$648.24 per Unit	\$1,647.80 per Unit

Each July 1, commencing July 1, 2007, the Assigned Annual Special Tax for each Assessor's Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**2. Undeveloped Property**

The Assigned Annual Special Tax A and the Assigned Annual Special Tax B per acre of Acreage for an Assessor's Parcel of Undeveloped Property in Fiscal Year 2006-07 shall be the amount determined by reference to Table 2, subject to increase as described below.

**TABLE 2**  
**ASSIGNED ANNUAL SPECIAL TAX FOR**  
**UNDEVELOPED PROPERTY FOR FISCAL YEAR 2006-07**

Assigned Annual Special Tax A	\$3,161.37 per Acre
Assigned Annual Special Tax B	\$7,928.80 per Acre

Each July 1, commencing July 1, 2007, the Assigned Annual Special Tax per acre of Acreage for each Assessor's Parcel of Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

**SECTION E**  
**BACKUP ANNUAL SPECIAL TAX**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax A and Backup Annual Special Tax B. The Backup Annual Special Tax A and Backup Annual Special Tax B rate for an Assessor's Parcel of Developed Property within a Final Subdivision Map shall be the rate per Lot calculated according to the following formula in Fiscal Year 2006-07 or such later Fiscal Year in which such Final Subdivision Map is created, subject to increases as described below:

$$BA = (ZA \times A) / L$$

or

$$BB = (ZB \times A) / L$$

The terms above have the following meanings:

- BA = Backup Annual Special Tax A per Lot for the applicable Fiscal Year
- BB = Backup Annual Special Tax B per Lot for the applicable Fiscal Year
- ZA = Assigned Annual Special Tax A per Acre of Undeveloped Property in the Fiscal Year the calculation is performed
- ZB = Assigned Annual Special Tax B per Acre of Undeveloped Property in the Fiscal Year the calculation is performed
- A = Acreage of Taxable Property expected to exist in such Final Subdivision Map at the time of calculation, as determined by the Board pursuant to Section K
- L = Number of Lots in the applicable Final Subdivision Map at the time of calculation

Each July 1, commencing July 1 following the initial calculation of the Backup Annual Special Tax rate for an Assessor's Parcel of Developed Property within a Final Subdivision Map, the Backup Annual Special Tax for each Lot within such Final Subdivision Map shall be increased by two percent (2.00%) at the amount in effect the prior Fiscal Year.

Notwithstanding the foregoing, if the Final Subdivision Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax A and the Backup Annual Special Tax B for each Assessor's Parcel of Developed Property in such Final Subdivision Map area changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Tax A and the total Backup Annual Special Tax B revenue anticipated to apply to the changed or modified area of the Final Subdivision Map prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property of the Final Subdivision Map that is anticipated to be changed or modified, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax A per square foot of Acreage and Backup Annual Special Tax B per square foot of Acreage that shall be applicable to Assessor's Parcels of Developed Property in such changed or modified area of the Final Subdivision Map for all remaining Fiscal Years in which the Special Tax may be levied. Each July 1, commencing the July 1 following the change or modification to the Final Subdivision Map, the amount determined by this Section shall be increased by two percent (2.00%) of the amount in effect the prior Fiscal Year.

## SECTION F

### METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX A

Commencing Fiscal Year 2006-07, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax A as follows:

- Step One: The Board shall levy an Annual Special Tax A on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax A Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax A on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax A up to the Maximum Annual Special Tax A applicable to each such Assessor's Parcel to satisfy the Tax A Minimum Annual Special Tax Requirement.

## **SECTION G**

### **METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX B**

Commencing Fiscal Year 2006-07, and for each subsequent Fiscal Year, the Board shall levy an Annual Special Tax B as follows:

- Step One: The Board shall levy an Annual Special Tax B on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts to be levied in step one is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts to be levied in steps one and two is insufficient to satisfy the Tax B Minimum Annual Special Tax Requirement, then the Board shall Proportionately levy an Annual Special Tax B on each Assessor's Parcel of Developed Property from the Assigned Annual Special Tax B up to the Maximum Annual Special Tax B applicable to each such Assessor's Parcel to satisfy the Tax B Minimum Annual Special Tax Requirement.

## **SECTION H**

### **PREPAYMENT OF ANNUAL SPECIAL TAXES**

The Annual Special Tax obligations of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid. However, the Annual Special Tax B obligation of an Assessor's Parcel may be prepaid only after or concurrently with the prepayment of the Annual Special Tax A obligation for such Assessor's Parcel. An owner of an Assessor's Parcel intending to prepay the Annual Special Tax A and Annual Special Tax B obligation, shall provide CFD No. 2006-2 with written notice of intent to prepay. Within thirty (30) days of receipt of such

written notice, the Board shall reasonably determine the prepayment amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$AP = APVT - RFC + PAF$$

or

$$BP = BPVT - RFC + PAF$$

The terms above have the following meanings:

AP	=	Tax A Prepayment Amount
BP	=	Tax B Prepayment Amount
APVT	=	Tax A Present Value of Taxes
BPVT	=	Tax B Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

With respect to any Assessor's Parcel that is prepaid, the Board shall indicate in the records of CFD No. 2006-2 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Tax shall cease.

## **SECTION I**

### **PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAX A**

The Annual Special Tax A obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax A obligation would be prepaid.

#### **1. Partial Prepayment Times and Conditions**

Prior to the conveyance of the first production Unit on a Lot within a Final Subdivision Map, the owner of no less than all the Taxable Property within such Final Subdivision Map may elect in writing to the Board to prepay a portion of the Annual Special Tax A obligations for all the Assessor's Parcels within such Final Subdivision Map, as calculated in Section I.2. below. The partial prepayment of each Annual Special Tax A obligation shall be collected for all Assessor's Parcels prior to the conveyance of the first production Unit on a lot within such Final Subdivision Map.



## **2. Partial Prepayment Amount**

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

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount
- P<sub>G</sub> = the Prepayment Amount calculated according to Section H
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax A obligation

## **3. Partial Prepayment Procedures and Limitations**

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2006-2 that there has been a partial prepayment of the Annual Special Tax A obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax A obligation and the partial release of the Annual Special Tax A lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax A shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax A and the Backup Annual Special Tax A for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Tax A that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

## **SECTION J TERMINATION OF SPECIAL TAX**

The Annual Special Tax A shall be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax A Bonds by CFD No. 2006-2, but in no event shall the Annual Special Tax A be levied later than Fiscal Year 2042-43.

The Annual Special Tax B shall be levied for a term of 35 Fiscal Years after the issuance of the last series of Tax B Bonds, by CFD No. 2006-2, but in no event shall the Annual Special Tax B be levied later than Fiscal Year 2049-50.

## **SECTION K EXEMPTIONS**

The Board shall classify property as Exempt Property in the following priority (i) Assessor's Parcels owned by the Federal Government, the State of California, the County of Riverside or other local government agencies, (ii) Assessor's Parcels with public utility easements or other restrictions making impractical their utilization for other than the purposes set forth in the easement or restriction, (iii) Assessor's Parcels owned exclusively by a homeowners' association or which the homeowners'

association has an easement, (iv) 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, (v) Assessor's Parcels for which a building permit(s) was issued on or before May 1 of the prior Fiscal Year for the construction of a commercial or industrial building as reasonably determined by the Board, and provided that no such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

**TABLE 3**  
**MINIMUM TAXABLE ACREAGE**

**Minimum Taxable  
Acreage**

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36.65 Acres

**SECTION L**  
**APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any claim of appeal must: (i) specifically identify the property by address and Assessor's Parcel Number; (ii) state the amount in dispute and whether it is the whole amount or a portion of the Special Tax; (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect; (iv) include all documentation, if any, in support of the claim; and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. A representative(s) of CFD No. 2006-2 ("Representative") shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the Representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the Representative's decisions shall indicate.

**SECTION M**  
**MANNER OF COLLECTION**

The Annual Special Tax A and the 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 No. 2006-2 may collect Annual Special Tax A and/or Annual Special Tax B at a different time or in a different manner if necessary to meet its financial obligations.

## **APPENDIX D**

### **GENERAL INFORMATION ABOUT THE CITY OF SAN JACINTO AND RIVERSIDE COUNTY**

*The following information is included only for the purpose of supplying general information regarding the City of San Jacinto and Riverside County. This information is provided only for general informational purposes, and provides prospective investors limited information about Riverside County and its economic base. The Bonds are not a debt of the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable therefor.*

#### **General**

San Jacinto Unified School District is located in Riverside County, California. Set forth below is certain demographic information in Riverside County that could affect the economic environment within which the School District operates.

#### **Riverside County**

Riverside County, which encompasses 7,177 square miles, was organized in 1893 from territory in San Bernardino and San Diego Counties. Located in the southeastern portion of California, Riverside County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the South by San Diego and Imperial Counties and on the west by Orange and Los Angeles Counties. There are 24 incorporated cities in Riverside County.

Riverside County's varying topology includes desert, valley and mountain areas as well as gently rolling terrain. Three distinct geographical areas characterize Riverside County: the western valley area, the higher elevations of the mountains, and the deserts. The western valley, the San Jacinto mountains and the Cleveland National Forest experience the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions. Riverside County is the site for famous resorts, such as Palm Springs, as well as a leading area for inland water recreation. Nearly 20 lakes in Riverside County are open to the public. The dry summers and moderate to cool winters make it possible to enjoy these and other recreational and cultural facilities on a year-round basis.

#### **City of San Jacinto**

The City of San Jacinto, incorporated April 9, 1888, is located in western Riverside County, approximately 80 miles east of Los Angeles, 493 miles south of San Francisco, and 90 miles north of San Diego. San Jacinto is situated 1,546 feet above sea level, and encompasses an area of 26.81 square miles. Average annual rainfall is 13.5 inches per year, with an average 342 days of sunshine each year and average annual temperatures of 80.2 - 45.1 degrees Fahrenheit. The City has thirty-three public parks and community centers, and San Jacinto is the home of the Valley-Wide Regional Park, a 36-acre park and recreational facility featuring a 22,000-square-foot sports center, lighted tennis courts, ball diamonds, privately operated batting cages, soccer fields, picnic area and play equipment. Area golf enthusiasts can enjoy both private and public courses.

## Population

The following sets forth the City and County population estimates as of January 1, for the years 2011 to 2018:

### City of San Jacinto and Riverside County Population

<b>Year</b>	<b>City of San Jacinto</b>	<b>Riverside County</b>
2011	44,616	2,212,874
2012	45,338	2,239,715
2013	45,999	2,265,290
2014	46,424	2,291,699
2015	46,841	2,318,762
2016	47,348	2,348,213
2017	47,560	2,382,640
2018	48,146	2,415,955

*Source: State of California Department of Finance.*

## Largest Employers in Riverside County

The following table lists the largest employers within the County as of 2018:

### County of Riverside Major Employers As of 2018

<b>Company</b>	<b>Number of Employees</b>
County of Riverside	22,038
March Air Reserve Base	9,000
University of California, Riverside	8,829
Kaiser Permanente Riverside Medical Center	5,500
Corona-Norco Unified School District	5,478
Pechanga Resort & Casino	4,750
Riverside Unified School District	4,200
Hemet Unified School District	4,058
Riverside University Health System – Medical Center	3,965
Morongo Casino Resort & Spa	3,800

*Source: Riverside County Economic Development Agency.*

## Employment and Industry

The City is included in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA). The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 4.6 percent in January 2019, up from a revised 3.9 percent in December 2018, and unchanged from the year-ago estimate of 4.6 percent. This compares with an unadjusted unemployment rate of 4.8 percent for California and 4.5 percent for the nation during the same period. The unemployment rate was 4.8 percent in Riverside County, and 4.5 percent in San Bernardino County.

The following table shows the average annual estimated numbers of wage and salary workers by industry for the calendar years 2014-2018. This does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

**Riverside-San Bernardino-Ontario Metropolitan Statistical Area  
Civilian Labor Force, Employment and Unemployment  
(Annual Averages)**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Civilian Labor Force <sup>(1)</sup>	1,921,000	1,956,900	1,984,900	2,023,200	2,053,400
Employment	1,765,300	1,828,200	1,866,600	1,920,400	1,966,800
Unemployment	155,700	128,600	118,300	102,800	86,800
Unemployment Rate	8.1%	6.6%	6.0%	5.1%	4.2%
Agriculture	14,400	14,800	14,600	14,500	14,500
Mining, Logging and Construction	78,900	86,900	92,900	98,400	106,000
Manufacturing	91,400	96,200	98,700	99,200	101,300
Trade, Transportation and Utilities	314,800	333,100	347,900	365,500	378,300
Information	11,300	11,400	11,500	11,300	11,200
Financial Activities	42,900	44,000	44,600	44,200	43,700
Professional & Business Services	138,700	147,400	144,900	146,900	150,600
Educational & Health Services	195,900	206,300	215,700	226,700	240,000
Leisure & Hospitality	144,800	151,700	160,200	166,300	170,000
Other Services	43,000	44,000	44,600	45,400	45,600
Government	228,800	233,300	242,300	251,000	257,500
Total All Industries <sup>(2)</sup>	1,304,800	1,369,100	1,417,900	1,469,400	1,518,700

<sup>(1)</sup> Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

<sup>(2)</sup> Total may not add due to rounding.

Source: State of California Employment Development Department.

## Commercial Activity

Total taxable sales during calendar year 2017 in the City were reported to be \$258,201,745, a 5.53% increase from the total taxable sales of \$244,673,182 reported during calendar year 2016. A summary of historic taxable sales within the City during the past five years for which data is available is shown in the following table.

**City of San Jacinto**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousand)**

<b>Year</b>	<b>Retail Stores</b>		<b>Total All Outlets</b>	
	<b>Number of Permits</b>	<b>Taxable Transactions</b>	<b>Number of Permits</b>	<b>Taxable Transactions</b>
2011	404	\$168,570	599	\$193,050
2012	417	178,509	608	202,402
2013	402	186,205	588	208,934
2014	422	191,058	603	215,922
2015	446	213,458	682	237,342
2016	466	224,461	722	244,673
2017	461	235,950	730	258,202

*Source: California State Board of Equalization and California Department of Tax and Fee Administration.*

Total taxable sales during calendar year 2017 in the County were reported to be \$36,132,813,697, a 5.56% increase from the total taxable sales of \$34,231,143,867 reported during calendar year 2016. A summary of historic taxable sales within the County during the past five years for which data is available is shown in the following table.

**County of Riverside**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousand)**

<b>Year</b>	<b>Retail Stores</b>		<b>Total All Outlets</b>	
	<b>Number of Permits</b>	<b>Taxable Transactions</b>	<b>Number of Permits</b>	<b>Taxable Transactions</b>
2011	33,398	\$18,576,285	46,886	\$25,641,497
2012	34,683	20,016,668	48,316	28,096,009
2013	33,391	21,306,774	46,805	30,065,467
2014	34,910	22,646,343	48,453	32,035,687
2015	38,036	23,281,724	56,846	32,910,910
2016	38,445	24,022,136	57,771	34,231,144
2017	38,967	25,581,948	58,969	36,132,814

*Source: California State Board of Equalization and California Department of Tax and Fee Administration.*

**Riverside County Personal Income**

“Personal Income” is defined as 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). A summary of historic personal income figures within the County during the past five years for which data is available is shown in the following table.

**Per Capita Personal Income  
(Dollars in Thousand)**

<b>Year</b>	<b>Riverside County</b>	<b>California</b>	<b>United States</b>
2013	\$33,383	\$49,173	\$44,826
2014	34,732	52,237	47,025
2015	36,603	55,679	48,940
2016	37,827	57,497	49,831
2017	39,261	59,796	51,640

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

### **Riverside County Agriculture**

[Agriculture is an important source of income in Riverside County. In 2015, principal agricultural products were milk, nursery stock, table grapes, lemons, hay, eggs, bell peppers, dates, carrots and grapefruit. Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near Riverside County's eastern border.]

### **Riverside County Transportation**

Easy access to job opportunities in Riverside County and nearby Los Angeles, Orange and San Diego Counties is important to Riverside County's employment picture. Several major freeways and highways provide access between Riverside County and all parts of Southern California. The Riverside Freeway (State Route 91) extends southwest through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses the width of Riverside County, the western-most portion of which links up with major cities and freeways in the eastern part of Los Angeles County and the southern part of San Bernardino County. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. The Moreno Valley Freeway (U.S. 60) provides an alternate (to Interstate 10) east-west link to Los Angeles County.

Currently, Metrolink provides commuter rail service to Los Angeles and Orange Counties from several stations in Riverside County. Transcontinental passenger rail service is provided by Amtrak with a stop in Indio. Freight service to major west coast and national markets is provided by two transcontinental railroads - Burlington Northern/Santa Fe and Union Pacific. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, including the cities of Palm Springs and Indio. The City of Banning also operates a local bus system.

Riverside County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Ontario International Airport Authority, a joint powers authority between the City of Ontario and San Bernardino County. Ten major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Force Base, which converted from an active duty base to a reserve-only base on April 1, 1996. Plans

for joint military and civilian use of the base thereafter are presently being formulated by the March AFB Joint Powers Authority, comprised of Riverside County and the Cities of Riverside, Moreno Valley and Perris.

### **Riverside County Environmental Control Services**

**Water Supply.** Riverside County obtains a large part of its water supply from groundwater sources, with certain areas of Riverside County, such as the City of Riverside, relying almost entirely on groundwater. As in most areas of Southern California, this groundwater source is not sufficient to meet countywide demand and Riverside County's water supply is supplemented by imported water. At the present time imported water is provided by the Colorado River Aqueduct and the State Water Project.

At the regional and local level, there are several water districts that were formed for the primary purpose of supplying supplemental water to the cities and agencies within their areas. The Rancho California Water District, the Coachella Valley Water District, the Western Municipal Water District and the EMWD are the largest of these water districts in terms of area served. Riverside County is also served by the San Geronio Pass Water Agency, Desert Water Agency and Palo Verde Irrigation District.

**Flood Control.** Primary responsibility for planning and construction of flood control and drainage systems within Riverside County is provided by the Riverside County Flood Control and Water Conservation District and the Coachella Valley Water District Stormwater Protection and Flood Control Unit.

**Sewage.** [There are 18 wastewater treatment agencies in Riverside County's Santa Ana River region and nine in Riverside County's Colorado River Basin region.] Most residents in the rural unsewered areas of Riverside County rely upon septic tanks and leach fields as an environmentally acceptable method of sewage disposal.

### **Riverside County Education**

There are four elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in Riverside County. [Ninety-five percent of all K-12 students attend schools in the unified school districts.] The three largest unified districts are Riverside Unified School District, Moreno Valley Unified School District and Corona-Norco Unified School District.

There are seven two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley and Palo Verde Valley. There are also two universities and a four-year college located in the City of Riverside - the University of California, Riverside, La Sierra University and California Baptist College.

There is currently one School District-authorized, independent charter school, San Jacinto Valley Academy, operating within the School District. San Jacinto Valley Academy serves grades K-12. Enrollment for fiscal years 2016-17 and 2017-18 was 1,369 and 1,435, respectively. [The School District expects enrollment for fiscal year 2017-18 to increase. The School District cannot provide any assurances whether additional charter schools will be established within the territory of the School District, or as to the impact these or other charter school developments may have on the School District's finances in future years.]



## **APPENDIX E**

### **SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS**

**APPENDIX F**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

*Upon delivery of the Series 2019 Bonds, Orrick, Herrington & Sutcliffe LLP proposes to render its final approving opinion with respect to the Series 2019 Bonds in substantially the following form:*

[Date of Delivery]

San Jacinto Unified School District  
Financing Authority  
San Jacinto, California

San Jacinto Unified School District Financing Authority  
Special Tax Revenue Bonds, Series 2019

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(Final Opinion)

Ladies and Gentlemen:

[To Come]

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

## APPENDIX G

### FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”), dated as of [June] 1, 2019, is by and between the SAN JACINTO UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the “Authority”), and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee (the “Trustee”).

#### WITNESSETH:

WHEREAS, pursuant to the Indenture, dated as of [June] 1, 2019, by and between the Authority and the Trustee, the Authority has issued its San Jacinto Unified School District Financing Authority Special Tax Revenue Bonds, Series 2019 (the “Series 2019 Bonds”), in the aggregate principal amount of \$\_\_\_\_\_; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Authority and the Trustee for the benefit of the Owners and Beneficial Owners of the Series 2019 Bonds and in order to assist the underwriter of the Series 2019 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the receipt whereof is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

“Annual Report” means any Annual Report provided by the Authority pursuant to, and as described in, Sections 2 and 3 hereof.

“Annual Report Date” means the date in each year that is the first day of the month following the ninth month after the end of the Authority’s fiscal year, which date, as of the date of this Disclosure Agreement, is April 1.

“Authority” means the San Jacinto Unified School District Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State, and any successor thereto.

“Disclosure Representative” means the Assistant Superintendent, Business Services of the School District, or such other officer or employee of the School District as the School District shall designate in writing to the Trustee from time to time.

“Dissemination Agent” means Willdan Financial Services, 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 Trustee a written acceptance of such designation.

“Financial Obligation” means (a) a debt obligation of the Authority, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the Authority, or (c) a guarantee of (i) a debt obligation of the Authority, or (ii) a

derivative instrument described in clause (b), above; provided, however, that the term “Financial Obligation” shall not include “municipal securities” (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a “final official statement” (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Indenture” means the Indenture, dated as of [June] 1, 2019, by and between the Authority and Zions Bancorporation, National Association, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“Listed Events” means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

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

“Official Statement” means the Official Statement, dated June \_\_, 2019, relating to the Series 2019 Bonds.

“Participating Underwriter” means the original underwriter of the Series 2019 Bonds required to comply with the Rule in connection with the offering of the Series 2019 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.

“School District” means the San Jacinto Unified School District, a school district organized and existing under the laws of the State, and any successor thereto.

“Trustee” means Zions Bancorporation, National Association, as Trustee under the Indenture, or any successor thereto as Trustee thereunder, substituted in its place as provided therein.

Section 2. Provision of Annual Reports. (a) The Authority shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report that is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2018-19 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Authority, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Authority’s fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the Authority shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Authority and the Dissemination Agent to determine if the Authority is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Trustee shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide each Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the Authority and (if the Dissemination Agent is not the Trustee) the Trustee certifying that such Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The Authority's Annual Report shall contain or incorporate by reference the following:

(a) The Authority's audited financial statements, if any, 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, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements, in a format similar to that used for the Authority's audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) The following information with respect to the Series 2019 Bonds and the CFD Bonds:

(i) The principal amount of Series 2019 Bonds Outstanding as of the December 31 next preceding the Annual Report Date;

(ii) The principal amount of Bonds Outstanding as of the December 31 next preceding the Annual Report Date;

(iii) The principal amount of CFD Bonds of each Community Facilities District outstanding as of the December 31 next preceding the Annual Report Date;

(iv) For each of the Community Facilities Districts, the principal amount of additional bonds payable on a parity with the CFD Bonds of such Community Facilities District, if any, outstanding as of the December 31 next preceding the Annual Report Date;

(v) The balance in the Reserve Fund established under each CFD Indenture, and a statement of the Reserve Requirement (as defined in such CFD Indenture), as of the December 31 next preceding the Annual Report Date;

(c) The following information with respect to each Community Facilities District:

(i) The total assessed value of all parcels within such Community Facilities District on which the special taxes of such Community Facilities District are levied as shown on the assessment roll of the Riverside County Assessor last equalized prior to the December 31 next preceding the Annual Report Date;

(ii) A five year summary of special tax collections for such Community Facilities District and delinquencies for all parcels within such Community Facilities District substantially

in the form of the table for such Community Facilities District entitled “Special Tax Collections and Delinquency Rates” in the Official Statement;

(iii) An update for such Community Facilities District of the table for such Community Facilities District entitled “Principal Owners/Taxpayers by Percent of Special Tax Levy” in the Official Statement;

(iv) An update for such Community Facilities District of the table for such Community Facilities District entitled “Value-to-Lien Ratios and Overlapping Debt” in the Official Statement;

(v) The status of foreclosure proceedings and a summary of the results of any foreclosure sales with respect to parcels within such Community Facilities District as of the December 31 next preceding the Annual Report Date;

(vi) The identity of any property owner representing more than 5% of the special tax levy for such Community Facilities District delinquent in payment of such special taxes as of the December 31 next preceding the Annual Report Date; and

(vii) A land ownership summary listing property owners responsible for more than 5% of the annual special tax of such Community Facilities District, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the December 31 next preceding the Annual Report Date and a summary of any pending assessed value appeals to parcels owned by each one.

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, that have been made available to the public on the MSRB’s website. The Authority shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2019 Bonds or the CFD Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties.

(iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

(vi) Tender offers.

(vii) Defeasances.

(viii) Rating changes.

(ix) Bankruptcy, insolvency, receivership or similar event of the Authority.

(x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

For purposes of the event identified in paragraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(b) Pursuant to the provisions of this Section, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2019 Bonds or the CFD Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) Unless described in paragraph (v) of subsection (a) of this Section, material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2019 Bonds or other material events affecting the tax status of the Series 2019 Bonds.

(ii) Modifications to rights of holders of the Series 2019 Bonds or the CFD Bonds.

(iii) Optional, unscheduled or contingent Series 2019 Bond calls.

(iv) Release, substitution, or sale of property securing repayment of the Series 2019 Bonds.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation, or acquisition involving the Authority or a Community Facilities District or the sale of all or substantially all of the assets of the Authority or a Community Facilities District, 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.

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(viii) Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Series 2019 Bonds.

(c) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event. The Trustee shall have no responsibility for determining (i) the materiality of any such event, or (ii) whether any such event reflects financial difficulties.

(d) If a Listed Event described in subsection (b) of this Section occurs, the Authority shall determine if such event would be material under applicable Federal securities law.

(e) If a Listed Event described in subsection (a) of this Section occurs, or if the Authority determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the Authority shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, in a timely manner not later than ten business days after the date of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (b) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2019 Bonds pursuant to the Indenture.

Section 5. 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 6. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2019 Bonds. If such termination occurs prior to the final maturity of the Series 2019 Bonds, the Authority shall give, or cause to be given, notice of such termination in a filing with the MSRB.

Section 7. 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Authority and the Trustee. The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the Authority in a timely manner and in a form suitable for filing. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Authority; provided, however, that the Trustee shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), 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 subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) or (b) of Section 4 hereof, 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 Series 2019 Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series 2019 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by Owners of the Series 2019 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of Owners or Beneficial Owners of the Series 2019 Bonds.



In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the 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 a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall 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 9. 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 required to be filed pursuant to this Disclosure Agreement, 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 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 notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. Default. In the event of a failure of the Authority, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2019 Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner or Beneficial Owner of the Series 2019 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the Trustee or the Dissemination Agent, as the case may be, 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 Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement to the extent permitted by law, the Authority agrees to indemnify and save the Dissemination Agent, and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, and which are not due to its negligence or its willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and the termination of this Disclosure Agreement.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners and

Beneficial Owners from time to time of the Series 2019 Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Laws. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 14. 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.

SAN JACINTO UNIFIED SCHOOL  
DISTRICT FINANCING AUTHORITY

By: \_\_\_\_\_  
Diane Perez, Executive Director

ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION, AS TRUSTEE

By: \_\_\_\_\_  
Authorized Officer

ACCEPTED AND AGREED TO:

WILLDAN FINANCIAL SERVICES, AS  
DISSEMINATION AGENT

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: San Jacinto Unified School District Financing Authority

Name of Bond Issue: San Jacinto Unified School District Financing Authority  
Special Tax Revenue Bonds, Series 2019

Date of Issuance: June \_\_, 2019

NOTICE IS HEREBY GIVEN that the San Jacinto Unified School District Financing Authority (the "Authority") has not provided an Annual Report with respect to the above-named Bonds, as required by the Continuing Disclosure Agreement, dated as of [June] 1, 2019, by and between the Authority and Zions Bancorporation, National Association, as Trustee. [The Authority anticipates that such Annual Report will be filed by \_\_\_\_\_, 20\_\_.]

Dated: \_\_\_\_\_

Zions Bancorporation, National Association, as  
Trustee, on behalf of the San Jacinto Unified  
School District Financing Authority

\_\_\_\_\_

cc: San Jacinto Unified School District  
Financing Authority

## APPENDIX H

### DTC BOOK-ENTRY ONLY SYSTEM

*The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2019 Bonds, payment of principal of, premium, if any, and interest on the Series 2019 Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2019 Bonds, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Authority believes to be reliable, but the Authority does not take responsibility for the completeness or accuracy thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the Series 2019 Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Series 2019 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 Official Statement. 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.*

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2019 Bonds. The Series 2019 Bond 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 Series 2019 Bond certificate will be issued for the Series 2019 Bond, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The information on such website is not incorporated herein by such reference or otherwise.

Purchases of Series 2019 Bond under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bond on DTC’s records. The ownership interest of each actual purchaser of each Series 2019 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from

DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019 Bond 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 Series 2019 Bond, except in the event that use of the book-entry system for the Series 2019 Bond is discontinued.

To facilitate subsequent transfers, all Series 2019 Bond 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 Series 2019 Bond 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 Series 2019 Bond; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 Bond are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019 Bond may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019 Bond, such as redemptions, tenders, defaults, and proposed amendments to the Indenture or the CFD Indentures. For example, Beneficial Owners of Series 2019 Bond may wish to ascertain that the nominee holding the Series 2019 Bond for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2019 Bond 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2019 Bond unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2019 Bond are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, premium, if any, interest and other payments on the Series 2019 Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority, or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, interest and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be

the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2019 Bond at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2019 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2019 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY-ONLY SYSTEM IS USED FOR THE SERIES 2019 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES ONLY TO CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE. ANY FAILURE OF CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2019 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.