PRELIMINARY OFFICIAL STATEMENT DATED JANUARY __, 2023

NEW ISSUE—BOOK-ENTRY ONLY **NO RATING**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2023 Bonds described herein is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2023 Bonds is exempt from State of California personal income tax. See the caption "TAX MATTERS" with respect to tax consequences relating to the 2023 Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

$3,430,000*
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (MCCALL MESA) OF THE CITY OF MENIFEE SPECIAL TAX BONDS, SERIES 2023A

Dated: Delivery Date **Due: September 1, as shown on inside cover page**

The Community Facilities District No. 2020-1 (McCall Mesa) of the City of Menifee Special Tax Bonds, Series 2023A (the "2023 Bonds") are being issued by Community Facilities District No. 2020-1 (McCall Mesa) of the City of Menifee (the "District") to: (i) finance certain public improvements needed with respect to the development of property located within the District, including public improvements to be owned by the City of Menifee (the "City"), and school facilities to be owned and operated by Romoland School District; (ii) fund a deposit to the reserve fund securing the 2023 Bonds and the 2022 Bonds (defined below); and (iii) pay costs of issuance for the 2023 Bonds. The 2023 Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq*. of the Government Code of the State of California) (the "Act"), and pursuant to that certain Bond Indenture, dated as of January 1, 2022, as supplemented by that certain First Supplement to Bond Indenture, dated as of February 1, 2023, (together, the "Indenture") each by and between the District and Wilmington Trust, National Association, as trustee (the "Trustee").

The 2023 Bonds are payable from Net Taxes (as defined herein) derived from a certain annual Special Tax (as defined herein) to be levied on taxable parcels within the District and from certain other funds pledged under the Indenture, all as further described herein. The 2023 Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes on a parity with the District's Special Tax Bonds, Series 2022A, which are currently outstanding in the aggregate principal amount of $11,275,000 (the "2022 Bonds"). The Special Tax is to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within the District. See the caption "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes" and Appendix A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The 2023 Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the 2023 Bonds may be made in principal amounts of $5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of the 2023 Bonds will not receive certificates representing their beneficial ownership of the 2023 Bonds but will receive credit balances on the books of their respective nominees. The 2023 Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Interest on the 2023 Bonds will be payable on each March 1 and September 1, commencing September 1, 2023. Principal of and interest on the 2023 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the 2023 Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2023 BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE 2023 BONDS. THE 2023 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The 2023 Bonds are subject to optional redemption, special mandatory redemption and mandatory sinking fund redemption prior to maturity as set forth herein. See the caption "THE BONDS — Redemption."

Investment in the 2023 Bonds involves risks that are not appropriate for certain investors. Certain events could affect the ability of the District to pay the principal of and interest on the 2023 Bonds when due. See the caption "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the 2023 Bonds.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE SECURITY OR TERMS OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

MATURITY SCHEDULE
(See Inside Cover Page)

The 2023 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the City and the District by Rutan & Tucker, LLP, Irvine, California, City Attorney, and for the District by Stradling Yocca Carlson & Rauth, a

* *Preliminary, subject to change.*

Professional Corporation, Disclosure Counsel, for the Underwriter by Kutak Rock LLP, Irvine, California, and for the Trustee by its counsel. It is anticipated that the Bonds in book-entry form will be available for delivery on or about February __, 2023.

[STIFEL LOGO]

Dated: January __, 2023

$3,430,000*
COMMUNITY FACILITIES DISTRICT NO. 2020-1 OF THE CITY OF MENIFEE (MCCALL MESA) SPECIAL TAX BONDS, SERIES 2023A

MATURITY SCHEDULE

BASE CUSIP®† 58680W

$__________ Serial Bonds

Maturity Date (September 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP No.†*
	$	%	%		

$__________ ______% Term Bonds due September 1, 20__ Yield_____% Price: ______ CUSIP No.† ___

* *Preliminary, subject to change.*

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CITY OF MENIFEE
COUNTY OF RIVERSIDE, CALIFORNIA

CITY COUNCIL

Bill Zimmerman, *Mayor*
Bob Karwin, *District 1*
Ricky Estrada, *District 2*
Lesa Sobek, *District 3*
Dean Deines, *District 4*

CITY ADMINISTRATORS

Armando G. Villa, *City Manager*
Rochelle Clayton, *Assistant City Manager*

CITY ATTORNEY

Rutan & Tucker, LLP
Irvine, California

BOND AND DISCLOSURE COUNSEL

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

MUNICIPAL ADVISOR

Urban Futures, Inc.
Orange, California

SPECIAL TAX CONSULTANT

Spicer Consulting Group, LLC
Temecula, California

APPRAISER

Kitty Siino & Associates, Inc.
Tustin, California

TRUSTEE

Wilmington Trust, National Association
Costa Mesa, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the City and the District. No dealer, broker, salesperson or other person has been authorized by the City, the District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the 2023 Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the District, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2023 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Owners of the 2023 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

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

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

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, the District or any other parties described herein since the date hereof. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

IN CONNECTION WITH THE OFFERING OF THE 2023 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 2023 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 2023 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE 2023 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a "plan," "expect," "estimate," "project," "budget," or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions "THE DISTRICT" and "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

The City maintains a website. However, the information presented on such website is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2023 Bonds.

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[INSERT VICINITY MAP]

[INSERT AERIAL PHOTOGRAPH]

$3,430,000*
COMMUNITY FACILITIES DISTRICT NO. 2020-1 OF THE CITY OF MENIFEE (MCCALL MESA) SPECIAL TAX BONDS, SERIES 2023A

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices (collectively, the "Official Statement"), is to provide certain information concerning the issuance by Community Facilities District No. 2020-1 (McCall Mesa) of the City of Menifee (the "District") of its Special Tax Bonds, Series 2023A in the aggregate principal amount of $3,430,000* (the "2023 Bonds"). The proceeds of the 2023 Bonds will be used to: (i) finance certain public improvements needed with respect to the development of property located within the District, including public improvements to be owned by the City of Menifee (the "City"), and school facilities to be owned and operated by Romoland School District; (ii) fund a deposit to the reserve fund securing the 2023 Bonds and the 2022 Bonds (defined below); and (iii) pay costs of issuance for the 2023 Bonds.

The 2023 Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq*. of the Government Code of the State of California) (the "Act"), a resolution adopted on January __, 2023, by the City Council of the City, acting as the legislative body of the District, and a Bond Indenture, dated as of January 1, 2022, as supplemented by that certain First Supplement to Bond Indenture dated as of February 1, 2023 (together, the "Indenture"), each by and between the District and Wilmington Trust, National Association, as trustee (the "Trustee"). The 2023 Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes (as such term is defined herein) and all moneys in the Special Tax Fund (other than the Administrative Expense Account therein) as described in the Indenture. The 2023 Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes and all moneys in the Special Tax Fund (other than the Administrative Expense Account therein) on a parity with the District's Special Tax Bonds, Series 2022A, which are currently outstanding in the aggregate principal amount of $11,275,000 (the "2022 Bonds"). The 2023 Bonds and the 2022 Bonds are referred to collectively herein as the "Bonds."

Under the terms of the Indenture, under certain conditions the District may issue additional bonds ("Parity Bonds") secured by the Net Taxes on a parity with the Bonds for purposes of refunding all or a portion of the Bonds or any Parity Bonds issued in the future. See "SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds for Refunding Purposes Only."

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of 2023 Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined have the meanings set forth in Appendix E.

The District

General. The City is located in the western portion of the County of Riverside (the "County"), California (the "State"). The District contains approximately 86 gross acres and approximately 59 net taxable acres, and is located in the northeastern portion of the City, on the southwest corner of Menifee Road and Rouse Road. The developer of the property within the District is Lennar Homes of California, LLC, a California limited liability company ("Lennar Homes"). The project within the District is being marketed by Lennar Homes as "Remington Place."

**Preliminary, subject to change.*

The property within the District is planned for 258 residential units within two product lines – Westward (132 homes) and Trailhead (126 homes). Lennar Homes has obtained building permits for all 258 planned homes within the District. As of November 10, 2022, Lennar Homes had completed and conveyed 236 homes within the District to individual homeowners. As of such date Lennar Homes owned five model homes and seventeen homes under construction (16 of which were over 95 percent complete). All remaining homes owned by Lennar Homes were in escrow as of November 10, 2022. Lennar Homes currently expects to complete and convey all homes planned within the District to individual homeowners by the end of February 2023.

The major infrastructure (sewer, water, storm drains, utilities, and arterial roads) necessary to develop the property within the District has been completed. Other than landscaping and final capping of certain streets associated with the remaining homes to be completed, all in-tract infrastructure in the District is complete.

Lennar Homes has completed a neighborhood park (the "Park") of approximately 5 acres in the District, which includes pickle-ball and basketball courts, play equipment and shade structures. In addition, Lennar Homes has completed open space and trails in the District which are connected to the Park. Such open space improvements include drainage basins which serve as part of the storm drainage system for the development.

See the captions "THE DISTRICT" and "PROPERTY OWNERSHIP AND THE DEVELOPMENT" for further information with respect to the District, Lennar Homes and development within the District.

Formation Proceedings. The District was formed on August 5, 2020 pursuant to the Act. The Act was enacted to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as defined in the Act) may establish a community facilities district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a community facilities district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness.

Pursuant to the Act, on May 20, 2020 the City Council adopted Resolution No. 20-891 (the "Resolution of Intention"), stating its intention to form the District and to authorize the levy of a special tax on the taxable property within the District, and Resolution No. 20-892, stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed $18,000,000 for the purpose of financing the purchase, construction, expansion or rehabilitation of certain public facilities to serve the area within the District.

Subsequent to a noticed public hearing on August 5, 2020, the City Council adopted Resolution Nos. 20-941 and 20-942 (collectively the "Resolution of Formation"). The Resolution of Formation: (i) established the District; (ii) authorized the levy of a special tax (the "Special Tax") within the District; (iii) determined the necessity to incur bonded indebtedness in an amount not to exceed $18,000,000 within the District; and (iv) called an election within the District on the proposition of incurring bonded indebtedness, levying the Special Tax and setting an appropriations limit.

On August 5, 2020, an election was held within the District in which the property owner within the District approved the proposition authorizing the issuance of bonds in an amount not to exceed $18,000,000. A Notice of Special Tax Lien for the District was recorded in the office of the County Recorder on August 31, 2020, as Document No. 2020-0405011. On August 19, 2020, the City Council adopted Ordinance No. 2020-311 (the "Ordinance") which authorizes the levy of a special tax pursuant to the Rate and Method of Apportionment approved at the August 5, 2020 election (the "Rate and Method"), a copy of which is attached hereto as Appendix A.

Sources of Payment for the Bonds

Special Taxes. As used in this Official Statement, the term "Special Tax" means the annual Special Tax which has been authorized pursuant to the Act and the Rate and Method to be levied upon taxable property within the District. See the caption "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes" and Appendix A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." See the caption "THE DISTRICT."

Under the Indenture, the District has pledged to repay the Bonds and any Parity Bonds from the Special Tax revenues remaining after the payment of certain annual Administrative Expenses of the District (the "Net Taxes") and from other amounts in the Special Tax Fund (other than the Administrative Expense Account therein) established under the Indenture. The Special Taxes are the primary source of security for the repayment of the Bonds and any Parity Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds and any Parity Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account therein, to the limited extent described in the Indenture. See the caption "SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund."

Foreclosure Proceeds. The District has covenanted in the Indenture for the benefit of the owners of the Bonds and Parity Bonds that it will: (i) commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of $5,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; and (ii) commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied; and (iii) diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Account is at least equal to the Reserve Requirement. See the caption "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*." There is no assurance that the property within the District can be sold for the appraised or assessed values described herein, or for a price sufficient to pay the principal of and interest on the Bonds in the event of a default in payment of Special Taxes by the current or future landowners within the District. See the caption "SPECIAL RISK FACTORS —Property Values."

EXCEPT FOR THE NET TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE 2023 BONDS. THE 2023 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY OR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND AMOUNTS HELD UNDER THE INDENTURE, AS MORE FULLY DESCRIBED HEREIN.

Appraisal Report

Kitty Siino & Associates, Inc. (the "Appraiser") has conducted an Appraisal dated [November 17, 2022] (the "Appraisal Report") of certain land and existing improvements within the District to provide an estimate of the market value of the fee simple interest of such land and improvements. The Appraisal Report provides an estimate of the approximate market value of the property in the District subject to the levy of Special Taxes, assuming that development of the property as currently planned will consist of 258 residential units. Based on the contingencies, assumptions and limiting conditions in the Appraisal Report, the Appraiser concluded that the minimum market value of all of the parcels within the District subject to the Special Tax was $138,733,314 as of November 10, 2022 (the "Date of Value").

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix D. The District makes no representation as to the accuracy of the Appraisal Report. See "THE DISTRICT — Appraisal Report" and "— Estimated Appraised Value-to-Lien Ratios." There is no assurance that property within the District can be sold for the prices set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to pay the Special Tax for that parcel in the event of a default in payment of Special Taxes by a property owner. See "THE DISTRICT," "SPECIAL RISK FACTORS — Property Values" herein and Appendix D.

Description of the 2023 Bonds

The 2023 Bonds will be issued and delivered as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the 2023 Bonds (the "Beneficial Owners") in the denominations of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the 2023 Bonds. In the event that the book-entry only system described herein is no longer used with respect to the 2023 Bonds, the 2023 Bonds will be registered and transferred in accordance with the Indenture. See Appendix G — "BOOK-ENTRY ONLY SYSTEM."

Principal of, premium, if any, and interest on the 2023 Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. See Appendix G — "BOOK-ENTRY ONLY SYSTEM."

The 2023 Bonds are subject to optional redemption, special mandatory redemption and mandatory sinking fund redemption prior to maturity as described herein. See the caption "THE 2023 BONDS — Redemption." For a more complete description of the 2023 Bonds and the basic documentation pursuant to which they are being sold and delivered, see the caption "THE 2023 BONDS" and Appendix E — "SUMMARY OF THE INDENTURE."

Tax Exemption

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2023 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2023 Bonds is exempt from State of California personal income tax. See the caption "TAX MATTERS" with respect to tax consequences relating to the 2023 Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

Set forth in Appendix C is the form of opinion of Bond Counsel expected to be delivered in connection with the issuance of the 2023 Bonds. For a more complete discussion of such opinion and certain tax consequences incident to the ownership of the 2023 Bonds, see the caption "TAX EXEMPTION."

Professionals Involved in the Offering

Wilmington Trust, National Association, Costa Mesa, California, will act as Trustee under the Indenture. Stifel, Nicolaus & Company, Incorporated (the "Underwriter") is the Underwriter of the 2023 Bonds. Certain proceedings in connection with the issuance and delivery of the 2023 Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure Counsel to the District in connection with the issuance of the 2023 Bonds. Certain legal matters will be passed on for the City and the District by Rutan & Tucker, LLP, Irvine, California, City Attorney, for the Underwriter by Kutak Rock LLP, Irvine, California, and for the Trustee by its counsel. Other professional services have been performed by Spicer Consulting Group, LLC, Temecula, California, as Special Tax Consultant (the "Special Tax Consultant") and by Kitty Siino & Associates, Tustin, California, as Appraiser.

For information concerning circumstances in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the 2023 Bonds, see the caption “FINANCIAL INTERESTS.”

Continuing Disclosure

Pursuant to a Continuing Disclosure Certificate to be executed by the District (the “District Continuing Disclosure Certificate”), the District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system (“EMMA”), maintained on the Internet at http://emma.msrb.org, certain annual financial information and operating data and notices of certain enumerated events. These covenants are being made in order to assist the Underwriter in complying with subsection (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission (“Rule 15c2-12”).

See “CONTINUING DISCLOSURE,” Appendix F — “FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE.”

Parity Bonds

Under the Indenture, the District may issue Parity Bonds secured by the Net Taxes on a parity with the Bonds but only to refund all or a portion of the Bonds or Parity Bonds. See the caption “SOURCES OF PAYMENT FOR THE BONDS — Parity Bonds.” Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes may also be levied in the future on the property within the District, which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See the captions “THE DISTRICT — Direct and Overlapping Debt” and “SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness.”

Bond Owners’ Risks

Certain events could affect the ability of the District to pay the principal of and interest on the 2023 Bonds when due. See the caption “SPECIAL RISK FACTORS” for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the 2023 Bonds. The purchase of the 2023 Bonds involves risks, and the 2023 Bonds may not be appropriate investments for some types of investors.

Other Information

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

Brief descriptions of the 2023 Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the 2023 Bonds and the Constitution and laws of the State, as well as the proceedings of the City Council, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the 2023 Bonds, by reference to the Indenture. Capitalized terms not otherwise defined in this Official Statement have the meanings set forth in Appendix E.

Copies of the Indenture and other documents and information are available for inspection and copies may be obtained from the City, 29844 Haun Road, Menifee, California, 92586, Attention: Assistant City Manager.

FINANCING PLAN

Estimated Sources and Uses of Funds

The following table sets forth the expected sources and uses of 2023 Bond proceeds.

Sources of Funds	
Principal Amount of 2023 Bonds	$
Plus/Less Net Original Issue Premium/Discount	
Total Sources	$
Uses of Funds:	
Acquisition and Construction Fund	$
Costs of Issuance[1]	
Reserve Account of the Special Tax Fund[2]	
Total Uses	$

(1) To pay costs of issuance of the 2023 Bonds, including legal fees, underwriter's discount, printing costs, Appraiser, Special Tax Consultant and Trustee fees.

(2) Such amount, together with $________ on deposit in the Reserve Account has been calculated to equal the Reserve Requirement as of the date of issuance of the 2023 Bonds.

THE 2023 BONDS

General Provisions

The 2023 Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing September 1, 2023 (each, an "Interest Payment Date"), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The 2023 Bonds will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof.

Interest on any 2023 Bond will be payable from the Interest Payment Date next preceding the date of authentication of such 2023 Bond, unless: (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day (each, a "Record Date") but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such 2023 Bond, in which event interest will be payable from the dated date of such 2023 Bond, as applicable; provided, however, that if at the time of authentication of such 2023 Bond, interest is in default, interest on such 2023 Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on such 2023 Bond, interest on such 2023 Bond will be payable from its dated date.

Interest on any 2023 Bond will be paid to the person whose name appears as its owner in the registration books held by the Trustee on the close of business on the Record Date. Principal of, premium, if any, due upon redemption is payable upon presentation and surrender of the 2023 Bonds at the principal corporate trust office of the Trustee in Costa Mesa, California.

The 2023 Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the 2023 Bonds. Ownership interests in the 2023 Bonds may be purchased in book-entry form only in denominations of $5,000 and any integral multiple thereof. So long as DTC is the securities depository all payments of principal and interest on the 2023 Bonds will be made to DTC and will be paid to the Beneficial Owners in accordance with DTC's procedures and the procedures of DTC's Participants. See APPENDIX G — "BOOK-ENTRY-ONLY SYSTEM."

In the event the 2023 Bonds are not held in book-entry form, interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the Bondowner at its address on the registration books kept by the Trustee. Pursuant to a written request prior to the Record Date of a Bondowner of at least $1,000,000 in aggregate principal amount of 2023 Bonds or of any issue of Parity Bonds, payment will be made by wire transfer in immediately available funds to a designated account in the United States.

Debt Service Schedule

The following table presents the annual debt service on the Bonds (including sinking fund redemptions), assuming that there are no optional or special mandatory redemptions. See the caption "—Redemption" below.

Year Ending September 1	***2022 Bonds Debt Service***	***2023 Bonds Principal***	***2023 Bonds Interest***	***Total 2023 Bonds Debt Service***	***Total Aggregate Debt Service***
2023	$509,400.00		$	$	$
2024	521,200.00				
2025	532,400.00				
2026	543,000.00				
2027	553,000.00				
2028	562,400.00				
2029	576,200.00				
2030	589,200.00				
2031	596,400.00				
2032	613,000.00				
2033	623,600.00				
2034	633,400.00				
2035	647,400.00				
2036	660,400.00				
2037	672,400.00				
2038	688,400.00				
2039	702,000.00				
2040	714,850.00				
2041	731,950.00				
2042	743,150.00				
2043	758,600.00				
2044	773,000.00				
2045	791,000.00				
2046	807,400.00				
2047	822,200.00				
2048	840,400.00				
2049	856,800.00				
2050	871,400.00				
2051	889,200.00				
2052	--				
2053	--				
Total	**$19,823,750.00**				**$**

Redemption

Optional Redemption. The 2023 Bonds may be redeemed at the option of the District from any source of funds on any Interest Payment Date on or after September 1, 20__, in whole or in part, from such maturities as are selected by the District and by lot within a maturity, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the date of redemption:

Redemption Date	***Redemption Price***
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 any Interest Payment Date thereafter	100

In the event that the District elects to redeem 2023 Bonds as provided above, the District will give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the 2023 Bonds of each maturity to be redeemed. The notice to the Trustee will be given at least 30 but no more than 60 days prior to the redemption date, or by such later date as is acceptable to the Trustee.

Mandatory Sinking Fund Redemption. The 2023 Bonds maturing on September 1, 20__ (the "20__ Term Bonds") will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established under the Indenture, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption will be selected by the Trustee by lot and will be redeemed at a redemption price for each redeemed 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 20__

Sinking Fund Redemption Date (September 1)	***Sinking Fund Payments***
	$
*	

* Maturity.

The 2023 Bonds maturing on September 1, 20__ (the "20__ Term Bonds") will be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Redemption Account established under the Indenture, on September 1, 20__, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20__ Term Bonds so called for redemption will be selected by the Trustee by lot and will be redeemed at a redemption price for each redeemed 20__ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

Term Bonds Maturing September 1, 20__

Sinking Fund Redemption Date (September 1)	***Sinking Fund Payments***
	$
*	

* Maturity.

If the District purchases Term Bonds during the Fiscal Year immediately preceding one of the sinking fund redemption dates specified above, the District will notify the Trustee at least 45 days prior to the redemption date as to the principal amount purchased, and the amount purchased will be credited at the time of purchase to the next Sinking Fund Payment for the Term Bond so purchased, to the extent of the full principal amount of the purchase. All Term Bonds purchased will be cancelled pursuant to the Indenture.

In the event of a partial optional redemption or special mandatory redemption of the Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis.

Special Mandatory Redemption from Special Tax Prepayments. The 2023 Bonds are subject to special mandatory redemption as a whole or in part on a pro rata basis among maturities and by lot within a maturity, on any Interest Payment Date on or after March 1, 20__, and will be redeemed by the Trustee, from any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the Rate and Method (the "Prepayments") deposited to the Redemption Account pursuant to the Indenture, plus amounts transferred from the Reserve Account pursuant to the Indenture, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

Redemption Date	***Redemption Price***
Any Interest Payment Date from March 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 any Interest Payment Date thereafter	100

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

See the caption "SPECIAL RISK FACTORS — Potential Early Redemption of 2023 Bonds from Prepayments or Community Facilities District Bond Proceeds" for a discussion of the potential for a lower than expected yield on the 2023 Bonds as a result of a special mandatory redemption from prepayment of Special Taxes or proceeds of bonds of other community facilities districts.

Notice of Redemption. So long as the 2023 Bonds are held in book-entry form, notice of redemption will be sent by the Trustee to DTC and not to the Beneficial Owners of the 2023 Bonds under the DTC book-entry only system. Neither the District nor the Trustee is responsible for notifying the Beneficial Owners, who are to be notified in accordance with the procedures in effect for the DTC book-entry system. See Appendix G — "BOOK-ENTRY ONLY SYSTEM."

The Trustee will give notice, in the name of the District, of the redemption of 2023 Bonds. Such notice of redemption will: (i) specify the CUSIP numbers (if any), the 2023 Bond numbers and the maturity date or dates of the 2023 Bonds selected for redemption, except that where all of the 2023 Bonds are subject to redemption, or all of the 2023 Bonds of one maturity are to be redeemed, the 2023 Bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the 2023 Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the 2023 Bonds are to be redeemed; (v) in the case of 2023 Bonds to be redeemed only in part, state the portion of such 2023 Bond which is to be redeemed; (vi) state the date of issue of the 2023 Bonds as originally issued; (vii) state the rate of interest borne by each 2023 Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the 2023 Bonds being redeemed as specified by the Trustee. Such notice will further state that on the date fixed for redemption, there will become due and payable on each 2023 Bond, or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable. At least 30 days but no more than 45 days prior to the redemption date, the Trustee will mail a copy of such notice of redemption, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register, and to the original purchaser of any 2023 Bonds; provided, however, so long as the 2023 Bonds are registered in the name of the Nominee, such notice shall be given in such manner as complies with the requirements of the Depository. The actual receipt by the Owner of any 2023 Bond of notice of such redemption is not a condition precedent to redemption, and neither the failure to receive nor any defect in such notice will affect the validity of the proceedings for the redemption of such 2023 Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as provided in the Indenture will be conclusive as against all parties and the Owner is not entitled to show that he or she failed to receive notice of such redemption.

In addition to the foregoing notice, further notice will be given by the Trustee as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption will be sent not later than the date that notice of redemption is given to the Owners pursuant to the Indenture by first class mail or facsimile to the Depository and to any other registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the 2023 Bonds as determined by the Trustee and to one or more of the national information services that the Trustee determines are in the business of disseminating notice of redemption of obligations such as the 2023 Bonds.

Upon the payment of the redemption price of any 2023 Bonds being redeemed, each check or other transfer of funds issued for such purpose will to the extent practicable bear the CUSIP number identifying, by issue and maturity, the 2023 Bonds being redeemed with the proceeds of such check or other transfer.

With respect to any notice of optional redemption of 2023 Bonds, such notice may state that such redemption is conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such 2023 Bonds to be redeemed and that, if the District determines that such moneys will not be so received on or prior to the redemption date, said notice shall be of no force and effect and the Trustee shall not be required to redeem such 2023 Bonds. If any condition stated in the redemption notice for an optional redemption shall not have been satisfied on or prior to the redemption date: (i) the redemption notice shall be of no force and effect, (ii) the District shall not be required to redeem such 2023 Bonds, (iii) the redemption shall not be made, and (iv) the Trustee shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Selection of 2023 Bonds for Redemption. If less than all of the 2023 Bonds Outstanding are to be redeemed, the portion of any 2023 Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or an integral multiple thereof. In selecting portions of such 2023 Bonds for redemption, the Trustee will treat such 2023 Bonds, as applicable, as representing that number of 2023 Bonds of $5,000 denominations which is obtained by dividing the principal amount of such 2023 Bonds to be redeemed in part by $5,000. The procedure for the selection of Parity Bonds for redemption may be modified as set forth in the Supplemental Indenture for such Parity Bonds. The Trustee will promptly notify the District in writing of the 2023 Bonds, or portions thereof, selected for redemption.

Partial Redemption of 2023 Bonds. Upon surrender of any 2023 Bond to be redeemed in part only, the District will execute and the Trustee will authenticate and deliver to the Owner, at the expense of the District, a new 2023 Bond or 2023 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2023 Bonds surrendered, with the same interest rate and the same maturity.

Effect of Notice and Availability of Redemption Money. Notice of redemption having been duly given, as provided in the Indenture, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption: (i) the 2023 Bonds, or portions thereof, designated for redemption will, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in the Indenture, anything in the Indenture or in the 2023 Bonds to the contrary notwithstanding; (ii) upon presentation and surrender thereof at the office of the Trustee, the redemption price of such 2023 Bonds will be paid to the Owners thereof; (iii) as of the redemption date the 2023 Bonds, or portions thereof so designated for redemption will be deemed to be no longer Outstanding and such 2023 Bonds, or portions thereof, will cease to bear further interest; and (iv) as of the date fixed for redemption no Owner of any of the 2023 Bonds, or portions thereof so designated for redemption will be entitled to any of the benefits of the Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

Registration, Transfer and Exchange

Registration. The Trustee will keep sufficient books for the registration and transfer of the 2023 Bonds. The ownership of the 2023 Bonds will be established by the Bond registration books held by the Trustee.

Transfer or Exchange. Subject to the limitations set forth in the following paragraph, the registration of any 2023 Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such 2023 Bond for cancellation at the office of the Trustee, accompanied by delivery of written instrument of transfer in a form acceptable to the Trustee and duly executed by the Owner or his or her duly authorized attorney.

2023 Bonds may be exchanged at the office of the Trustee for a like aggregate principal amount of 2023 Bonds for other authorized denominations of the same maturity and issue. The Trustee may not collect from the Owner any charge for any new 2023 Bond issued upon any exchange or transfer, but will require the Owner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any 2023 Bonds are surrendered for registration of transfer or exchange, the District will execute and the Trustee will authenticate and deliver a new 2023 Bond or 2023 Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee is not required to register transfers or make exchanges of: (i) 2023 Bonds for a period of 15 days next preceding any selection of the 2023 Bonds to be redeemed; or (ii) any 2023 Bonds chosen for redemption.

SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

The 2023 Bonds are special, limited obligations of the District payable only from amounts pledged under the Indenture and from no other sources. The 2023 Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes and all moneys in the Special Tax Fund (other than the Administrative Expense Account therein) on a parity with the 2022 Bonds.

The Special Taxes are the primary source of security for the repayment of the Bonds. Under the Indenture, the District has pledged to repay the Bonds from the Net Taxes (which are Special Tax revenues remaining after the payment of the annual Administrative Expenses in an amount not to exceed the Administrative Expenses Cap (as defined in the Indenture)) and from amounts held in the Special Tax Fund (other than amounts held in the Administrative Expense Account therein). Special Tax revenues include the proceeds of the annual Special Tax levy received by the District, including any scheduled payments and Prepayments thereof, and the net proceeds of the redemption of delinquent Special Taxes or sale of property sold as a result of foreclosure of the lien of delinquent Special Taxes to the amount of said lien, and penalties and interest thereon; provided that any delinquent Special Tax sold to an independent third-party or to the City for 100% of the delinquent amount will no longer be pledged under the Indenture to the payment of the Bonds or Parity Bonds.

In the event that the Special Tax revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund (other than the Administrative Expense Account therein), including amounts held in the Reserve Account therein, for the exclusive benefit of the Owners of the Bonds.

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

Special Taxes

Authorization and Pledge. In accordance with the provisions of the Act, the City established the District on August 5, 2020 for the purpose of financing of various public improvements required in connection with the proposed development within the District. At a special election held on August 5, 2020, the qualified elector within the District authorized the District to incur indebtedness in an amount not to exceed $18,000,000 for the District and the levy of the Special Taxes on property within the District to repay such bonds and to finance the Facilities (as defined below). The qualified elector within the District also voted to approve the Rate and Method which authorized the Special Tax to be levied to repay indebtedness of the District, including the Bonds.

The Bonds will be repaid only from annual Net Taxes derived from the levy and collection of Special Taxes pursuant to the Rate and Method. The Rate and Method permits the prepayment of Special Taxes for an Assessor's Parcel, and any such Prepayments will be applied to redeem Bonds and Parity Bonds, if any. The Net Taxes collected from the annual Special Tax levy and the proceeds of any Prepayment have been pledged under the Indenture to the repayment of the Bonds and Parity Bonds.

The Special Taxes levied in any Fiscal Year may not exceed the maximum rates authorized pursuant to the Rate and Method. See "— *Rate and Method of Apportionment of Special Tax*" and Appendix A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." There is no assurance that the Net Taxes will, in all circumstances, be adequate to pay the principal of and interest on the Bonds when due. See the caption "SPECIAL RISK FACTORS — Insufficiency of Special Tax Revenues."

Rate and Method of Apportionment of Special Tax. The Rate and Method applicable to the District is contained in Appendix A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." The meaning of the defined terms used in this section are as set forth in Appendix A.

In general, the Rate and Method imposes a different Maximum Special Tax on Taxable Property within the District depending upon whether such Taxable Property is classified as: (i) "Developed Property" (in general, Taxable Property not classified as Approved Property, Undeveloped Property, Provisional Undeveloped Property that are not Exempt Property pursuant to the provisions of the Rate and Method and which is included in a Final Map recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied and a building permit for new construction has been issued before May 1 preceding such Fiscal Year), (ii) "Approved Property" (in general, parcels of Taxable Property included in a Final Map recorded prior to the January 1 preceding the Fiscal Year in which the Special Tax is being levied, that have an assigned Assessor's Parcel Number from the County shown on an Assessor's Parcel Map for the individual lot included on the Final Map, but for which no building permit was issued before May 1 preceding such Fiscal Year), (iii) "Undeveloped Property" (in general, Taxable Property that is not "Developed Property," "Approved Property" or "Provisional Undeveloped Property") or (iv) "Provisional Undeveloped Property" (in general, Taxable Property that would otherwise be classified as Exempt Property but cannot be classified as Exempt Property because to do so would reduce the Acreage of all Taxable Property below the required minimum Acreage set forth in the Rate and Method). Different Maximum Special Taxes are also applicable to Developed Property depending upon: (a) its status as either "Residential Property" or "Non-Residential Property," (b) in the case of Residential Property, its status as "Single Family Residential Property" or "Multifamily Property" or (c) in the case of Single Family Residential Property, the Building Square Footage of the structure.

Pursuant to the Rate and Method the District is required to determine the "Special Tax Requirement" for each Fiscal Year. The Special Tax Requirement for the District is the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds and Parity Bonds due in the calendar year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount equal to establish or replenish any reserve funds established in association with the Bonds and Parity Bonds, (v) an amount to cure any delinquencies in the amount of principal or interest on the Bonds that occurred in a previous Fiscal Year, (vi) for the collection or accumulation of funds for the acquisition or construction of facilities authorized by the District or the payment of debt service on Bonds or Parity Bonds anticipated to be issued, provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property or Undeveloped Property, and, less (vii) any amounts available to pay debt service or other periodic costs on the Bonds and Parity Bonds pursuant to the Indenture.

The Special Tax Requirement for the District is to be satisfied first by levying the Special Tax Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax. If additional moneys are needed to satisfy the Special Tax Requirement, the Special Tax will be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel. If additional moneys are still needed to satisfy the Special Tax Requirement, the Special Tax will be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel. If additional moneys are needed to satisfy the Special Tax Requirement, the Special Tax on each Assessor's Parcel of Developed Property for which the Maximum Special Tax is the Backup Special Tax will be increased Proportionately from the Assigned Special Tax up to 100% of the Backup Special Tax. Finally, if additional moneys are needed to satisfy the Special Tax Requirement, the Special Tax will be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property at up to 100% of the Maximum Special Tax applicable to each such Assessor's Parcel. Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax applicable to any other Assessor's Parcel be increased by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

For Fiscal Year 2023-24, the Assigned Special Tax for Developed Property within the District that is classified as Single Family Residential Property will range from $2,552.21 per taxable unit with a Building Square Footage of less than 1,800 square feet to $3,870.23 per taxable unit with a Building Square Footage of greater than 3,601 square feet. On each July 1 the Assigned Special Tax rates for Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

Table 1 below sets forth the Assigned Special Tax for Developed Property, the projected Fiscal Year 2023-24 Special Tax levy and the percent of such levy based on land use type.

Based on development status as of November 10, 2022, all 258 parcels planned for residential development within the District will be classified as Developed Property for the Fiscal Year 2023-24 Special Tax levy. Annual Debt Service on the 2023 Bonds has been sized based on the expected Special Tax revenues to be received in each Fiscal Year from the 258 parcels classified as Developed Property based on development status as of November 10, 2022, assuming that the Special Taxes are levied at 100% of the Assigned Special Tax. Assuming no delinquencies, the Special Tax levy on 258 parcels of Developed Property within the District will generate in each Fiscal Year not less than the Administrative Expenses Cap plus 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year, assuming that Special Taxes are levied and collected on such Developed Property pursuant to the Rate and Method.

TABLE 1
CITY OF MENIFEE
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (MCCALL MESA)
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2023-24

Land Use Type	*Residential Floor Area (sq. ft.)*	*Maximum/ Assigned Special Tax Rates Fiscal Year 2023-24*[(1)]	*Special Tax Levy Rates Fiscal Year 2023-24*	*Percent of Maximum/ Assigned Rate*	*No. of Units*	*Aggregate Estimated Special Tax Revenues Fiscal Year 2023-24*[(2)]	*Percent of Total*
Residential Property	< 1,800	$2,552.21	$2,552.21	100.0%	29	$ 74,014.09	9.2%
Residential Property	1,800 - 2,100	2,706.08	2,706.08	100.0	38	102,831.04	12.8
Residential Property	2,101 - 2,400	2,840.85	2,840.85	100.0	30	85,225.50	10.6
Residential Property	2,401 - 2,700	3,039.30	3,039.30	100.0	38	115,493.40	14.4
Residential Property	2,701 - 3,000	3,184.69	3,184.69	100.0	49	156,049.81	19.5
Residential Property	3,001 - 3,300	3,279.13	0.00	0.0	0	0.00	0.0
Residential Property	3,301 - 3,600	3,373.58	3,373.58	100.0	37	124,822.46	15.6
Residential Property	<3,601	3,870.23	3,870.23	100.0	37	143,198.51	17.9
Multifamily Property	N/A	19,040.19	0.00	0.0	0	0.00	0.0
Non-Residential Property	N/A	19,040.19	0.00	0.0	0	0.00	0.0
Total					**258**	**$ 801,634.81**	**100.0%**

(1) Reflects the Assigned Special Tax rate for Developed Property and the Maximum Special Tax for Multifamily Property and Non-Residential Property.
(2) Includes the Fiscal Year 2023-24 Administrative Expenses Cap of $31,836.24. The Administrative Expenses Cap escalates at 2% per Fiscal Year.
Source: Spicer Consulting Group, LLC.

Backup Special Tax Rates. The Backup Special Tax for an Assessor's Parcel within a Final Map classified or to be classified as Single Family Property is calculated by multiplying the Maximum Special Tax per acre of Undeveloped Property by the acreage of Single Family Residential Property expected to exist in such Final Map at the time of calculation and dividing such product by the number of residential units expected to exist in such Final Map at the time of calculation.

In the event any portion of the Final Map is changed or modified, the Backup Special Tax for all Assessor's Parcels within such changed or modified area shall be $19,040.19 per acre for Fiscal Year 2023-24. Notwithstanding the foregoing, the Backup Special Tax for an Assessor's Parcel of Developed Property for which a certificate of occupancy has been granted may not be revised. In the event any superseding Final Map is recorded as a Final Map within the boundaries of the District, the Backup Special Tax for all Assessor's Parcels within such Final Map shall be $19,040.19 per acre for Fiscal Year 2023-24. The Backup Special Tax shall not apply to Multifamily Residential Property or Non-Residential Property. On each July 1 the Backup Special Tax rate will increase by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

Prepayment of Special Taxes. The Maximum Special Tax obligation may be prepaid and permanently satisfied for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Approved Property or Undeveloped Property for which a building permit has been issued, (iii) Approved Property or Undeveloped Property for which a building permit has not been issued, and (iv) Assessor's Parcels of Provisional Undeveloped Property that are not Exempt Property. In addition, the Maximum Special Tax obligation for an Assessor's Parcel of Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property may be partially prepaid. The Prepayment amount is calculated based on the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount, Administrative Fees and Expenses and less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any), all as specified in Section G of the Rate and Method attached as Appendix A. Prepayments of Special Taxes will be applied to effect an extraordinary redemption of Bonds and Parity Bonds. See "THE 2023 BONDS — Redemption — *Special Mandatory Redemption from Special Tax Prepayments*."

Estimated Debt Service Coverage. In connection with the issuance of the 2023 Bonds, the Special Tax Consultant will certify that the Maximum Special Tax that may be levied in each Fiscal Year on Assessor's Parcels which are Developed Property as of November 10, 2022 (258 parcels) within the District classified as Taxable Property will be at least equal to the sum of: (i) 110% of Maximum Annual Debt Service on the Bonds; plus (ii) the Administrative Expenses Cap. Actual collections of the Special Tax will depend on the amount of Special Tax delinquencies.

Limitation on Special Tax Levy and Potential Impact on Coverage. Pursuant to Section 53321(d) of the Government Code, the special tax levied against any assessor's parcel for which an occupancy permit for private residential use has been issued will not be increased as a consequence of delinquency or default by the owner of any other assessor's parcel within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the tax levy to the Assigned Special Tax in all years.

Levy, Collection and Application of Special Taxes. The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes, although it is possible that the District could elect to provide handbills to property owners within the District.

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

The District will make certain covenants in the Indenture which are intended to ensure that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the District's ability to collect sufficient Special Taxes to pay debt service on the Bonds, Parity Bonds and Administrative Expenses when due.

First, the District has covenanted in the Indenture that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

Second, the District has covenanted in the Indenture, to the maximum extent that the law permits it to do so, not to initiate proceedings to reduce the maximum Special Tax rates for the District, unless, in connection therewith, the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that: (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (ii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds.

Third, the District has covenanted in the Indenture that, in the event that any initiative is adopted by the qualified electors within the District which purports to reduce the maximum Special Tax below the levels specified in the preceding paragraph or to limit the power of the District to levy the Special Taxes for the purposes set forth in the Indenture, it will commence and pursue legal action in order to preserve its ability to comply with such covenants. The District can provide no assurance that any such legal action will be successful. See the caption "SPECIAL RISK FACTORS — Proposition 218."

Fourth, the District has covenanted in the Indenture that it will not adopt any policy pursuant to the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District has first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Net Taxes to pay the principal of and interest on the Bonds and Parity Bonds when due.

See Appendix E under the caption "COVENANTS AND WARRANTY."

Although the Special Taxes constitute liens on taxed parcels within the District, they do not constitute a personal indebtedness of the owners of property within the District. Moreover, other liens for taxes and assessments already exist on the property located within the District and others could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners in the District. See the captions "THE DISTRICT — Direct and Overlapping Debt" and "SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness." There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described under the caption "SPECIAL RISK FACTORS."

Proceeds of Foreclosure Sales. The net proceeds received following a judicial foreclosure sale of property within the District resulting from a property owner's failure to pay the Special Taxes when due are included within the Net Taxes pledged to the payment of principal of and interest on the Bonds and any Parity Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Taxes levied, the City Council, as the legislative body of the District, may order that Special Taxes be collected by a Superior Court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District has covenanted in the Indenture for the benefit of the owners of the Bonds and any Parity Bonds that it will: (i) commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of $5,000 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due; and (ii) commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied; and (iii) diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Account is at least equal to the Reserve Requirement.

The District has covenanted in the Indenture that it will deposit the net proceeds of any foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds. See APPENDIX E — "SUMMARY OF THE INDENTURE — COVENANTS AND WARRANTY — Covenants" herein.

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

Collection of Special Taxes and Flow of Funds. The Special Taxes will be levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes, although it is possible that the District could elect to provide handbills to property owners within the District. When the County apportions Special Taxes to the District, the District will transmit the Special Taxes to the Trustee for deposit in the Special Tax Fund established by the Indenture.

Except for Prepayments, which will be deposited to the Redemption Account of the Special Tax Fund, the Trustee will, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee will transfer the Special Taxes on deposit in the Special Tax Fund on the dates, in the amounts and in the following order of priority, to:

First: To the Administrative Expense Account in an amount up to the Administrative Expenses Cap.

Second: To the Interest Account, an amount such that the balance in the Interest Account one Business Day prior to each Interest Payment Date is equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account will be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

Third: To the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to September 1 of each year, is equal the principal payment due on the Bonds and any Parity Bonds maturing on such September 1 and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due at maturity.

Fourth: To the Redemption Account, the amount needed to make the balance in the Redemption Account one Business Day prior to each September 1 on which a Sinking Fund Payment is due equal to the Sinking Fund Payment due on any Outstanding Bonds and Parity Bonds on such September 1; provided, however, that, if amounts in the Special Tax Fund are inadequate to make the foregoing transfers, then any deficiency will be made up by an immediate transfer from the Reserve Account, if funded, pursuant to the Indenture; and thereafter, to pay the principal and premium, if any, due in connection with an optional redemption of Bonds or Parity Bonds.

Fifth: To the Reserve Account of the Special Tax Fund to the extent necessary to replenish the Reserve Account to the Reserve Requirement.

Sixth: To the Administrative Expense Account of the Special Tax Fund the amount of any Administrative Expenses for the current Bond Year in excess of the Administrative Expenses Cap as directed by the City.

Seventh: To the Rebate Fund established by the Indenture to the extent directed by the City pursuant to the Indenture.

Eighth: To the Surplus Fund established by the Indenture such remaining amounts in the Special Tax Fund after making the foregoing transfers on September 1.

Reserve Account of the Special Tax Fund

In order to secure further the payment of principal of and interest on the Bonds, the District is required, to maintain in the Reserve Account an amount equal to the Reserve Requirement. The term "Reserve Requirement" is defined in the Indenture to mean, that amount as of any date of calculation, equal to the lesser of: (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any; (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; provided, however, that the Reserve Requirement shall not exceed $____________ except in connection with the issuance of Parity Bonds. There is currently $_________ on deposit in the Reserve Fund. Upon the issuance of the 2023 Bonds, the Reserve Requirement will be $_________. On the date of issuance of the 2023 Bonds, the District will deposit $__________ from proceeds of the 2023 Bonds into the Reserve Account to increase the amount therein to the Reserve Requirement. The Reserve Requirement may be satisfied in whole or in part by cash, a Reserve Policy (as defined in the Indenture), or a combination thereof.

Subject to the limits on the maximum annual Special Tax levy set forth in the Rate and Method and in the Indenture, the District has covenanted in the Indenture to levy Special Taxes in an amount sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Reserve Account at the Reserve Requirement. Amounts in the Reserve Account are to be applied: (i) to pay debt service on the Bonds, or any Parity Bonds, including Sinking Fund Payments, to the extent that other monies are not available therefor; (ii) to redeem Bonds or Parity Bonds in the event of prepayment of Special Taxes, to optionally redeem Bonds or Parity Bonds or in connection with a partial defeasance of Bonds or Parity Bonds, in accordance with the Indenture; and (iii) to pay any rebate requirements. See Appendix E under the caption "CREATION OF FUNDS AND APPLICATION OF PROCEEDS — Reserve Account of the Special Tax Fund."

No Teeter Plan

Although the Riverside County Board of Supervisors has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") which allows each entity levying secured property taxes in the County to draw on the amount of property taxes levied rather than the amount actually collected, as provided for in Section 4701 et seq. of the California Revenue and Taxation Code, the District is not included in the County Teeter Plan. Consequently, the District may not draw on the County Tax Loss Reserve Fund in the event of delinquencies in Special Tax payments within the District.

Parity Bonds for Refunding Purposes Only

The Indenture provides that, upon satisfaction of certain conditions, the District may issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund (other than in the Administrative Expenses Account therein) and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued; provided, however, Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Among other conditions, in order to issue Parity Bonds to refund all or a portion of the Bonds or any Parity Bonds, the District shall have received a Certificate of the Special Tax Administrator certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds. See Appendix E under the caption "DEFEASANCE AND PARITY BONDS."

THE DISTRICT

General Description of the District

The District contains approximately 86 gross acres and approximately 59 net taxable acres, and is located in the northeastern portion of the City, on the southwest corner of Menifee Road and Rouse Road. The property within the District is being developed by Lennar Homes. The project within the District is being marketed by Lennar Homes as "Remington Place."

The property within the District is planned for 258 residential units within two product lines – Westward (132 homes) and Trailhead (126 homes). As of November 10, 2022, Lennar Homes had completed and conveyed 236 homes within the District to individual homeowners. As of such date Lennar Homes owned five model homes and seventeen homes under construction (16 of which were over 95 percent complete). All remaining homes owned by Lennar Homes were in escrow as of November 10, 2022. Lennar Homes currently expects to complete and convey all homes planned within the District to individual homeowners by the end of February 2023.

The major infrastructure (sewer, water, storm drains, utilities, and arterial roads) necessary to develop the property within the District has been completed. Other than landscaping and final capping of certain streets associated with the remaining homes to be completed, all in-tract infrastructure in the District is complete.

Lennar Homes has completed the Park of approximately 5 acres in the District, which includes pickle-ball and basketball courts, play equipment and shade structures. In addition, Lennar Homes has completed open space and trails in the District which are connected to the Park. Such open space improvements include drainage basins which serve as part of the storm drainage system for the development.

Water and sewer service to the property within the District is currently supplied by the Eastern Municipal Water District. Electricity is currently supplied by Southern California Edison and gas by Southern California Gas Company. Public education instruction is provided by Romoland School District and Perris Union High School District.

The property within the District is not located in an Alquist-Priolo Earthquake Study Zone and is not located within one-half mile of an active earthquake fault. Additionally, the District is not located in a flood plain area or in an area which the Department of Forestry and Fire Protection of the State of California has designated as a high fire hazard severity zone. Notwithstanding the foregoing, the property in the District may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. See "SPECIAL RISK FACTORS — Natural Disasters."

A map showing the location of the District and an aerial photograph thereof appear following the Table of Contents.

Authorized Uses of Bond Proceeds

Proceeds of the Bonds are authorized to be used to pay for the costs of construction of City facilities, including certain storm drain and street improvements, and the costs of school facilities to be owned and operated by the Romoland School District. See the caption "FINANCING PLAN."

Appraisal Report

The estimated assessed value of the property within the District, as shown on the County's assessment roll for Fiscal Year 2022-23 is approximately $45,716,797, which as a result of timing of the County's determination of the assessed values for Fiscal Year 2022-23, does not reflect the substantial development activity that has taken place since such value was determined.

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

The purpose of the Appraisal Report was to estimate the market value of the property within the District subject to the lien of the Special Taxes. The estimate of market value takes into consideration and assumes the improvements to be funded with the proceeds of the Bonds have been installed and that the remaining costs to develop the project within the District provided to the Appraiser by Lennar Homes are correct. As a result, the value conclusions are based upon a hypothetical condition that all improvements and benefits to the District, which are to be funded with the proceeds of the 2023 Bonds, are completed and in place or have accrued to the property.

Subject to the assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of November 10, 2022, the market value of the Taxable Property within the District was $138,733,314. In valuing the property within the District, the Appraiser used a sales comparison approach for the property to be developed and, with respect to the Lennar Homes-owned models and production units more than 95% complete, a discounted cash flow analysis was applied. The discounted cash flow analysis accounts for remaining development costs, marketing and carrying costs and a discount rate through the estimated absorption period for such models and production units.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix D. The City, the Underwriter and the District make no representation as to the accuracy of the Appraisal Report. There is no assurance that the property within the District can be sold for the prices set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to pay the Special Tax for that parcel in the event of a default in payment of Special Taxes by the landowner. See "SPECIAL RISK FACTORS — Property Values," Appendix D — "APPRAISAL REPORT."

Estimated Appraised Value-to-Lien Ratios

The aggregate appraised value of property within the District is $138,733,314. Dividing the aggregate estimate of value by the principal amount of the Bonds results in a value to lien ratio of 9.43-to-1* for the District. See "SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness." The assessed value of the property within the District is $45,716,797 for Fiscal Year 2023-24, which as a result of timing of the County's determination of the assessed values for Fiscal Year 2023-24, does not reflect the substantial development activity that has taken place since such value was determined. Dividing the assessed value by the outstanding principal amount of the Bonds debt results in an estimated assessed value-to-lien ratio of 3.11-to-1* for the District.

Based on ownership status as of November 10, 2022 and assuming no additional transfer of property, individual homeowners and Lennar Homes are expected to be responsible for approximately 90.80% and 9.20%, respectively, of the projected Fiscal Year 2023-24 Special Tax levy.

Table 2 below sets forth the appraised value-to-lien ratio of the Taxable Property within the District based on the appraised values set forth in the Appraisal Report, the principal amount of the Bonds and outstanding overlapping indebtedness. Table 3 below sets forth the estimated appraised value-to-lien ratios for Taxable Property within the District by various ranges based upon the principal amount of the Bonds and outstanding overlapping indebtedness.

Annual Debt Service on the 2023 Bonds has been sized based on the expected Special Tax revenues to be received in each Fiscal Year from the 258 parcels classified as Developed Property, assuming that the Special Taxes are levied at 100% of the Assigned Special Tax.

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* *Preliminary, subject to change.*

TABLE 2
CITY OF MENIFEE
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (MCCALL MESA)
ESTIMATED VALUE-TO-LIEN RATIOS
ALLOCATED BY PROPERTY OWNER

Property Owner[1]	*No. of Parcels*	*Appraised Property Value*[2]	*Percent of Appraised Value*	*Maximum Special Tax*[3]	*Percentage of Maximum Special Tax*	*Estimated Fiscal Year 2023-24 Special Tax Levy*[4]*	*Percent of Estimated Fiscal Year 2023-24 Special Tax Levy**	*CFD 2020-1 2023 Bonds*[5]*	*All Other Overlapping Debt Issued*[6]	*Appraised Value-to-Lien Ratio**
Developed Property										
Individually Owned	236	$ 129,532,068	93.37%	$ 827,437	91.30%	$ 727,856	90.80%	$ 3,114,320	$ 10,842,391	9.28:1
Lennar Homes Owned	22	9,201,246	6.63	78,888	8.70	73,778	9.20	315,680	1,099,028	6.50:1
Total of Developed Property	**258**	**$ 138,733,314**	**100.00%**	**$ 906,325**	**100.00%**	**$ 801,634**	**100.00%**	**$ 3,430,000**	**$ 11,941,419**	**9.03:1**

* *Preliminary, subject to change.*
(1) Property ownership status as of November 10, 2022.
(2) Based on the appraised value set forth in the Appraisal Report as of the November 10, 2022, Date of Value.
(3) Based on the greater of the Assigned Special Tax or Backup Special Tax rate on parcels of Developed Property. See "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — Rate and Method of Apportionment of Special Tax."
(4) Estimated Fiscal Year 2023-24 Special Tax Levy based upon development status as of November 10, 2022 and an Administrative Expense Cap for Fiscal Year 2023-24 of $31,836.24. The Special Tax levy shown is equal to 100% of the Assigned Special Tax rates on Developed Property.
(5) Allocated based on estimated Fiscal Year 2023-24 Special Tax levy.
(6) Includes $11,275,000 outstanding principal amount of the 2022 Bonds and outstanding overlapping indebtedness. See Table 4 below.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

TABLE 3
CITY OF MENIFEE
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (MCCALL MESA)
VALUE-TO-LIEN STRATIFICATION*

Value-to-Lien Category	*No. of Parcels of Developed Property*	*Percent of Developed Property*	*Appraised Value*[(1)]	*Percent of Appraised Value*	*CFD 2020-1 Estimated Fiscal Year 2023-24 Special Tax Levy*	*Percent Share of Estimated Fiscal Year 2023-24 Special Tax Levy*	*CFD 2020-1 2023 Bonds*[(2)]	*Percent Share of CFD 2020-1 2023 Bonds*	*All Other Overlapping Debt*[(3)]
Less than 3.00:1	0	0.00%	$ 0	0.00%	$ 0	0.00%	$ 0	0.00%	$ 0
Between 3.00:1 to 6.00:1[(4)]	8	3.10	3,200,112	2.31	29,798	3.72	127,497	3.72	443,876
Between 6.01:1 to 9.00:1	77	29.84	42,510,984	30.64	260,385	32.48	1,114,122	32.48	3,878,774
Greater than 9.00:1[(4)]	173	67.05	93,022,218	67.05	511,453	63.80	2,188,381	63.80	7,618,768
Total	**258**	**100.00%**	**$ 138,733,314**	**100.00%**	**$ 801,636**	**100.00%**	**$ 3,430,000**	**100.00%**	**$ 11,941,418**

* *Preliminary, subject to change.*

(1) Based on the appraised value set forth in the Appraisal Report as of the November 10, 2022, Date of Value.

(2) Allocated based on the estimated Fiscal Year 2023-24 Special Tax levy and reflects 258 building permits issued as of November 10, 2022 and an Administrative Expense Cap for Fiscal Year 2023-24 of $31,836.24.

(3) Includes $11,275,000 outstanding principal amount of the 2022 Bonds and outstanding overlapping indebtedness. See Table 4 below.

(4) The minimum value to lien in the 3.00:1 to 6.00:1 category is 3.85:1*. The maximum value to lien in the Greater than 9.01:1 category is 10.16:1*.

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

Direct and Overlapping Debt

The District is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within the District is shown in Table 4 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within the District; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

TABLE 4
CITY OF MENIFEE
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (MCCALL MESA)
DIRECT AND OVERLAPPING DEBT
AS OF NOVEMBER 10, 2022

I. Appraised Value(1)	$ 138,733,314

II. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels in CFD No. 2020-1(3)	Amount Applicable
CITY OF MENIFEE CFD NO. 2020-1, SERIES 2022A	CFD	$ 11,275,000	$ 11,275,000	100.000%	258	$ 11,275,000
CITY OF MENIFEE CFD NO. 2020-1, SERIES 2023A	CFD	3,430,000	3,430,000	100.000	258	3,430,000*
TOTAL LAND SECURED BONDED DEBT(2)						**$ 14,705,000***

Authorized but Unissued Direct and Overlapping Indebtedness	Type	Authorized	Unissued	% Applicable	Parcels in CFD No. 2020-1(3)	Amount Applicable
CITY OF MENIFEE CFD NO. 2020-1(2)	CFD	$ 18,000,000	$ 0	100.000%	258	$ 0
TOTAL UNISSUED LAND SECURED INDEBTEDNESS						**$ 0**

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS	**$ 14,705,000**

III. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels in CFD No. 2020-1(3)	Amount Applicable
METROPOLITAN WATER DEBT SERVICE	GO	$ 850,000,000	$ 50,105,000	0.045%	258	$ 22,395
MT. SAN JACINTO JR. COLLEGE DEBT SERVICE	GO	190,000,000	157,750,000	0.040	258	62,351
PERRIS UNION HIGH SCHOOL DEBT SERVICE	GO	347,415,402	299,532,812	0.194	258	581,673
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT(2)						**$ 666,419**

Authorized but Unissued Direct and Overlapping Indebtedness	Type	Authorized	Unissued	% Applicable	Parcels in CFD No. 2020-1(3)	Amount Applicable
METROPOLITAN WATER DEBT SERVICE	GO	$ 850,000,000	$ 0	0.045%	258	$ 0
MT. SAN JACINTO JR. COLLEGE DEBT SERVICE	GO	295,000,000	105,000,000	0.040	258	41,501
PERRIS UNION HIGH SCHOOL DEBT SERVICE	GO	347,420,000	4,598	0.194	258	9
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS						**$ 41,510**

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS	**$ 707,930**
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	**$ 15,371,419***
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS	**$ 15,412,930***

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt	9.43:1*
Total Outstanding Bonded Debt	9.03:1*

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* *Preliminary, subject to change.*
(1) Based on the appraised value set forth in the Appraisal Report as of the November 10, 2022, Date of Value.
(2) Parity Bonds may only be issued for refunding purposes.
(3) All parcels have subdivided into 258 individual parcels. As of November 10, 2022, all 258 parcels are Developed Property per the Rate and Method for Fiscal Year 2023-24.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Table 5 below describes the estimated Fiscal Year 2023-24 effective tax burden for Lennar Homes' development in the District based on the average appraised value of homes within each Land Use Category (as defined in the Rate and Method) as of the Date of Value, the estimated Fiscal Year 2023-24 Special Tax levy and Fiscal Year 2022-23 actual levies for all other overlapping taxing jurisdictions. Based on the foregoing, the projected debt service on the 2023 Bonds and the Administrative Expenses Cap of $46,512 (which amount shall escalate at 2% per Fiscal Year), in Fiscal Year 2023-24, the projected effective tax rates to be levied on Developed Property in the District ranges from approximately 1.87% to 1.96%.

TABLE 5
CITY OF MENIFEE
COMMUNITY FACILITIES DISTRICT NO. 2020-1 (MCCALL MESA)
ESTIMATED FISCAL YEAR 2023-24 TAX OBLIGATION
FOR A SAMPLE OF DEVELOPED PROPERTY

	TR 31098								
	Trailhead					*Westward*			
	Lennar Homes								
Plan Type	1	2	3	4	5	1	2	3	4
CFD Tax Category	Less than 1,800 S.F.	1,800 to 2,100 S.F.	2,101 to 2,400 S.F.	2,701 to 3,000 S.F.	1,800 to 2,100 S.F.	2,401 to 2,700 S.F.	3,301 to 3,600 S.F.	Greater than 3,601 S.F.	2,701 to 3,000 S.F.
Home Size	1,769	1,912	2,131	2,767	2,051	2,590	3,423	4,134	2,767
Appraisal Value[1]	$ 468,785	$ 497,120	$ 522,095	$ 581,070	$ 527,107	$ 505,050	$ 588,756	$ 661,440	$ 581,070
***Ad Valorem* Property Taxes:**									
General Purpose	$ 4,688	$ 4,971	$ 5,221	$ 5,811	$ 5,271	$ 5,051	$ 5,888	$ 6,614	$ 5,811
Metro Water West (0.00350%)	16	17	18	20	18	18	21	23	20
Mt. San Jacinto Jr College (0.01320%)	62	66	69	77	70	67	78	87	77
Perris Union High School District (0.088590%)	415	440	463	515	467	447	522	586	515
Total General Property Taxes	$ 5,181	$ 5,494	$ 5,771	$ 6,423	$ 5,826	$ 5,583	$ 6,509	$ 7,310	$ 6,423
Assessment, Special Taxes & Parcel Charges:									
Flood Control Stormwater / Cleanwater / Santa Ana	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4	$ 4
Valleywide Regional Facilities LMD 88-1	6	6	6	6	6	6	6	6	6
Valleywide LMD Menifee North Park	236	236	236	236	236	236	236	236	236
MWD Standby East charge	7	7	7	7	7	7	7	7	7
EMWD Infrastructure Availability Charge	11	11	11	11	11	11	11	11	11
City of Menifee CFD 2017-1, Zone 4 Maintenance Services	992	992	992	992	992	992	992	992	992
City of Menifee CFD 2020-1 (McCall Mesa)[2]	2,551	2,706	2,841	3,185	2,706	3,039	3,374	3,870	3,185
Total Assessments & Special Taxes	$ 3,807	$ 3,962	$ 4,097	$ 4,441	$ 3,962	$ 4,295	$ 4,630	$ 5,126	$ 4,441
Projected Total Property Tax	**$ 8,988**	**$ 9,456**	**$ 9,867**	**$ 10,862**	**$ 9,787**	**$ 9,877**	**$ 11,136**	**$ 12,436**	**$ 10,862**
Projected Effective Tax Rate	**1.92%**	**1.90%**	**1.89%**	**1.87%**	**1.86%**	**1.96%**	**1.89%**	**1.88%**	**1.87%**

(1) Based on the average appraised value for homes in each Land Use Class (as defined in the Rate and Method) set forth in the Appraisal Report as of the Date of Value.
(2) Reflects the estimated Fiscal Year 2023-24 Special Tax levy for Developed Property.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

Delinquency History

In Fiscal Year 2021-22, which was the first fiscal year in which Special Taxes were levied, the District levied Special Taxes on 127 parcels of Developed Property in the amount of $376,868.58. As of December 1, 2022, one parcel was delinquent in the payment of the Special Tax for Fiscal Year 2021-22 in the amount of $1,530.51.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

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

Notwithstanding the belief of Lennar Homes that it will have sufficient funds to complete its planned development in the District, no assurance can be given that amounts necessary to fund the remaining planned development by Lennar Homes in the District will be available when needed. None of Lennar Homes, or any other entity or person, is under any legal obligation of any kind to expend funds for the development of the property as planned by Lennar Homes in the District. Any contributions by Lennar Homes or any other entity or person to fund the costs of its development are entirely voluntary. If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned development by Lennar Homes within the District, the remaining portions of such development may not be completed. Lennar Homes has no legal obligation to Bondholders to make any such funds available for construction or development, or the payment of ad valorem property taxes or the Special Taxes. See the caption "SPECIAL RISK FACTORS."

General

The District contains approximately 86 gross acres and approximately 59 net taxable acres, and is located in the northeastern portion of the City, on the southwest corner of Menifee Road and Rouse Road. The project within the District is being marketed by Lennar Homes as "Remington Place."

The major infrastructure (sewer, water, storm drains, utilities, and arterial roads) necessary to develop the property within the District has been completed. Other than landscaping and final capping of certain streets associated with the remaining homes to be completed, all in-tract infrastructure in the District is complete.

Lennar Homes has completed the Park of approximately 5 acres in the District, which includes pickle-ball and basketball courts, play equipment and shade structures. In addition, Lennar Homes has completed open space and trails in the District which are connected to the Park. Such open space improvements include drainage basins which serve as part of the storm drainage system for the development.

Planned Development Within the District

The property within the District is planned for 258 residential units within two product lines – Westward (132 homes) and Trailhead (126 homes). As of November 10, 2022, Lennar Homes had completed and conveyed 236 homes within the District to individual homeowners. As of such date Lennar Homes owned five model homes and seventeen homes under construction (16 of which were over 95 percent complete). All remaining homes owned by Lennar Homes were in escrow as of November 10, 2022. Lennar Homes currently expects to complete and convey all homes planned within the District to individual homeowners by the end of February 2023.

As of November 10, 2022, within the Westward product line, Lennar Homes had completed and conveyed 115 of the 132 planned homes to individual homeowners. As of such date, Lennar Homes owned two model homes and 15 homes under construction, all of which were over 95 percent complete and in escrow. Home sizes within the Westward product line range from approximately 2,590 to 4,134 square feet. Actual sales prices for the closed homes have ranged from approximately $493,000 to $856,415. The contract prices for the homes in escrow range from $502,540 to $743,135.

As of November 10, 2022, within the Trailhead product line, Lennar Homes had completed and conveyed 121 of the 126 planned homes to individual homeowners. As of such date, Lennar Homes owned three model homes and two homes under construction (one of which was over 95 percent complete), all of which were in escrow. Home sizes within the Trailhead product line range from approximately 1,769 to 2,767 square feet. Actual sales prices for the closed homes have ranged from approximately $433,400 to $649,030. The contract prices for the homes in escrow range from $512,605 to $647,560.

No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans outlined herein, or that the home construction and sale plans or prices set forth above will not change after the date of this Official Statement. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. Lennar Homes continuously evaluates its product lines and prices in light of the then current market conditions. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors.

Lennar Homes

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

Lennar Corporation is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports, proxy statements, and other information, including financial statements, with the Securities and Exchange Commission (the "SEC"). Such filings, particularly Lennar Corporation's annual report on Form 10-K and its most recent quarterly report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such filings can also be accessed over the internet at the SEC's website at www.sec.gov. *This internet address is included for reference only and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.*

Copies of Lennar Corporation's annual report and related financial statements are available from Lennar Corporation's website at www.Lennar.com. *This internet address is included for reference only and the* *information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement.*

Financing Plan. To date, Lennar Homes has financed its land acquisition and various site development costs related to its property in the District through internally generated funds. Development within the District is substantially complete. As of November 10, 2022, Lennar Homes expected to incur approximately $1.4 million on remaining homebuilding and closeout costs for its project in the District. Lennar Homes expects to use home sales revenues and internal funding to complete its development within the District, and believes that it will have sufficient funds available to complete its planned development as described in this Official Statement.

Although Lennar Homes expects to have sufficient funds available to complete its development in the District as described in this Official Statement, there can be no assurance that amounts necessary to finance the development costs will be available from Lennar Homes, Lennar Corporation or any other source when needed. Neither Lennar Corporation, nor any of its subsidiaries or related entities are under any legal obligation of any kind to expend funds for the development of and construction of homes on its property in the District. Any contributions by Lennar Homes or Lennar Corporation to fund the costs of such development are entirely voluntary.

Except as described in this Official Statement and except for those remaining consents, permits, authorizations, certifications and approvals of governmental entities required in the ordinary course of development, Lennar Homes has no actual knowledge of any impediment to construction which could be reasonably expected to have a material adverse effect on its ability to complete the planned development of its property within the District as described in the Official Statement. *Although the information in this Official Statement reflects the current development expectations of Lennar Homes, no assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth herein will not change after the date of this Official Statement. Lennar Homes reserves the right to change its development at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation.*

SPECIAL RISK FACTORS

The 2023 Bonds have not been rated by any rating agency, and the purchase of the 2023 Bonds involves significant risks that are not appropriate for certain investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the 2023 Bonds. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the 2023 Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the 2023 Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See "— Property Values" below.

Risks of Real Estate Secured Investments Generally

The 2023 Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation: (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses; (iv) adverse changes in local market conditions; and (v) increased delinquencies due to rising mortgage costs and other factors.

No assurance can be given that the property owners within the District will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See the caption "— Enforcement Delays — Bankruptcy" for a discussion of certain limitations on the District's ability to pursue judicial proceedings with respect to delinquent parcels.

Insufficiency of Special Tax Revenues

As discussed below, the Special Taxes may not produce revenues sufficient to pay the debt service on the 2023 Bonds due to nonpayment of the amounts levied.

In order to pay debt service on the 2023 Bonds, it is generally necessary that the Special Taxes be paid in a timely manner. Should the Special Taxes not be paid on time, the District has established a Reserve Account under the Indenture to be maintained in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent other funds are not available. See "SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund." The District has covenanted in the Indenture to maintain in the Reserve Account an amount equal to the Reserve Requirement, subject, however, to the availability of Net Taxes in amounts sufficient to do so and to the limitation that the District may not levy the Special Tax in any Fiscal Year at a rate in excess of the maximum amounts permitted under the Rate and Method. See Appendix A and Appendix E hereto. As a result, if a significant number of Special Tax delinquencies occurs within the District, the District could be unable to replenish the Reserve Account to the Reserve Requirement due to the limitations on the amount of the Special Tax that may be levied. If such defaults were to continue in successive years, the Reserve Account could be depleted and a default on the 2023 Bonds could occur.

The Act provides that, if any property within the District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts, but it is doubtful that they would be upheld as to, for example, property owned by the federal government. If for any reason property within the District becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government or another public agency, subject to the limitation of the Maximum Special Tax, the Special Tax will be reallocated to the remaining taxable parcels within the District. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon their willingness and/or ability to pay the Special Tax. Moreover, if a substantial portion of additional land within the District became exempt from the Special Tax because of public ownership, or otherwise, the Maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the 2023 Bonds when due and a default will occur with respect to the payment of such principal and interest.

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

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the 2023 Bonds (if the Reserve Account has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the City on behalf of the District of the proceeds of sale. The District may adjust the future Special Tax levied on taxable parcels in the District, subject to limitations described above under the caption "THE DISTRICT — Rate and Method of Apportionment," to provide an amount required to pay interest on and principal of the Bonds, and the amount, if any, necessary to replenish the Reserve Account to an amount equal to the Reserve Requirement, and to pay all current expenses. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against taxable parcels in the District will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the Maximum Special Tax rates. See "— Enforcement Delays — Bankruptcy."

No assurance can be given that the real property subject to sale or foreclosure will be sold, or if sold, that the proceeds of sale will be sufficient to pay any delinquent installments of the Special Tax. The Act does not require the City to purchase or otherwise acquire any lot or parcel of property to be sold at foreclosure if there is no other purchaser at such sale. The Act and the Indenture do specify that the Special Tax will have the same lien priority as for *ad valorem* property taxes in the case of delinquency. Section 53356.6 of the Act requires that property sold pursuant to foreclosure under the Act be sold for not less than the amount of judgment in the foreclosure action, plus post judgment interest and authorized costs, unless the consent of the owners of 75% of the Outstanding Bonds and any Parity Bonds is obtained.

Prior to July 1, 1983, the right of redemption from foreclosure sales was limited to a period of one year from the date of sale. Under legislation effective July 1, 1983, the statutory right of redemption from such foreclosure sales has been repealed. However, a period of 20 days must elapse after the date on which the notice of levy of the interest in real property was served on the judgment debtor before the sale of such lot or parcel can be made. Furthermore, if the purchaser at the sale is the judgment creditor (e.g., the District), an action may be commenced by the delinquent property owner within 90 days after the date of sale to set aside such sale. The constitutionality of the aforementioned legislation, which repeals the one year redemption period, has not been tested and there can be no assurance that, if tested, such legislation will be upheld. (Section 701.680 of the Code of Civil Procedure of the State.)

Property Values

The value of the property within the District is a critical factor in determining the investment quality of the 2023 Bonds. If a property owner is delinquent in the payment of Special Taxes, the District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See "THE DISTRICT — Appraisal Report" and Appendix D — "APPRAISAL REPORT."

The Appraiser has estimated, on the basis of certain assumptions and limiting conditions contained in the Appraisal Report, that as of the Date of Value, the market value of the land and improvements within the District was approximately $138,733,314. See "THE DISTRICT — Appraisal Report." The Appraisal Report indicates the Appraiser's opinion as to the market value of the properties referred to therein as of the date and under the conditions specified therein. The Appraiser's opinion reflects conditions prevailing in the applicable market as of the Date of Value. The Appraiser's opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not change adversely in the future.

Prospective purchasers of the 2023 Bonds should not assume that the taxable land within the District could be sold for the appraised amount or for the assessed values at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of market value of the property in the District, the Appraiser assumes that any sale will be unaffected by undue stimulus and will occur following a reasonable marketing period, which is not always present in a foreclosure sale. See Appendix D for a description of other assumptions made by the Appraiser and for the definitions and limiting conditions used by the Appraiser. Any event which causes one of the Appraiser's assumptions to be untrue could result in a reduction of the value of the taxable land and improvements within the District from the market value estimated by the Appraiser.

No assurance can be given that any bid will be received for a parcel with delinquent Special Taxes offered for sale at foreclosure or, if a bid is received, that such bid will be sufficient to pay all delinquent Special Taxes. See "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*."

Natural Disasters

The District, like all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within the District is not located in an Alquist-Priolo Earthquake Study Zone and is not located within one-half mile of an active earthquake fault. Additionally, the District is not located in a flood plain area.

In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events.

The District is not located in an area which the Department of Forestry and Fire Protection of the State of California has designated as a high fire hazard severity zone. However, there is a risk of residential property within the District being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the District. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property.

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

Hazardous Substances

While government taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may also be relevant. One of the most serious in terms of the potential reduction in the value of a parcel is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Super Fund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of a parcel whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the District be affected by a hazardous substance, is to reduce the marketability and value by the costs of remedying the condition.

The District is not aware of the presence of any federally or state classified hazardous substances in violation of any environmental laws, located on the property within the District. However, it is possible that such materials do currently exist and that the District is not aware of them.

It is possible that property in the District may be liable for hazardous substances in the future as a result of the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or the existence, currently, on the property of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling such substance. All of these possibilities could have the effect of reducing the value of the applicable property.

Enforcement Delays – Bankruptcy

In the event of a delinquency in the payment of the Special Taxes, the District is required to commence enforcement proceedings under the circumstances described under the caption "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*." However, prosecution of such proceedings could be delayed due to crowded local court calendars or by bankruptcy, insolvency and other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940) and by the laws of the State relating to judicial and non-judicial foreclosure. Although bankruptcy proceedings would not cause the liens of the Special Taxes to become extinguished, bankruptcy of a person or entity with an interest in the applicable property could result in a delay in the enforcement proceedings because federal bankruptcy laws provide for an automatic stay of foreclosure and tax sale proceedings. Any such delay could increase the likelihood of delay or default in payment of the principal of and interest on the applicable 2023 Bonds. The various legal opinions to be delivered in connection with the issuance of the 2023 Bonds, including Bond Counsel's approving legal opinion, are qualified as to the enforceability of the 2023 Bonds and the Indenture by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public entities such as the District.

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the properties within the District on the regular ad valorem property tax bills sent to owners of such properties by the County Tax Collector. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do ad valorem property tax installments.

See APPENDIX E — "SUMMARY OF THE INDENTURE — COVENANTS AND WARRANTY — Covenants" for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See "— FDIC/Federal Government Interests in Parcels" for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessment and limitations on the District's ability to foreclose on the lien of the Special Taxes in certain circumstances.

FDIC/Federal Government Interests in Parcels

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

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

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

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

In the case of Fannie Mae and Freddie Mac, in the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or 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 the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. For a discussion of risks associated with taxable parcels within the District becoming owned by the federal government, federal government entities or federal government sponsored entities, see "—Insufficiency of Special Tax Revenues."

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

Direct and Overlapping Indebtedness

The ability of an owner of property within the District to pay the applicable Special Taxes could be affected by the existence of other taxes and assessments imposed upon taxable parcels. See "THE DISTRICT — Direct and Overlapping Debt" herein. The City and other public agencies whose boundaries overlap those of the District could impose additional taxes or assessment liens on the property within the District in order to finance public improvements or services to be located or provided inside of or outside of such area. The lien created on the property within the District through the levy of such additional taxes may be on a parity with the lien of the Special Taxes applicable to the property within the District.

The imposition of additional liens on a parity with the Special Taxes may reduce the ability or willingness of property owners to pay the Special Taxes and increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Taxes.

Payment of Special Taxes is not a Personal Obligation of the Property Owners

An owner of a taxable parcel is not personally obligated to pay Special Taxes. Rather, Special Taxes are an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully Special Taxes, the District has no recourse against the property owner.

No Acceleration Provision

The 2023 Bonds do not contain a provision allowing for the acceleration of the 2023 Bonds in the event of a payment default or other default under the terms of the 2023 Bonds or the Indenture.

Limited Obligations

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

The District's legal obligations with respect to any delinquent Special Taxes are limited to: (i) payments from the Reserve Account to the extent of funds on deposit therein; and (ii) the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which Special Taxes are delinquent. See the caption "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*." The Bonds cannot be accelerated in the event of any default.

The obligation to pay Special Taxes does not constitute a personal obligation of the current or subsequent owners of the respective parcels which are subject to such liens. See the caption "— Payment of the Special Tax is Not a Personal Obligation of the Property Owners." Enforcement of Special Tax payment obligations by the District is limited to judicial foreclosure in the Superior Court of California, County of Riverside. There is no assurance that any current or subsequent owner of a parcel subject to a Special Tax lien will be able to pay the amounts due or that such owner will choose to pay such amounts even though financially able to do so.

Failure by owners of the parcels to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the District to sell parcels that have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Special Taxes levied against such parcels may result in the inability of the District to make full or timely payments of debt service on the Bonds, which may in turn result in the depletion of the Reserve Account. See the caption "— Enforcement Delays — Bankruptcy."

Ballot Initiatives

Articles XIII A, XIII B, XIII C, and XIII D of the California Constitution were adopted pursuant to measures qualified for the ballot pursuant to the State's constitutional initiative process. From time to time, other initiative measures could be adopted by California voters. The adoption of any such initiative might place limitations on the ability of the State, the City, or other local agencies to increase revenues or to increase appropriations.

Proposition 218

An initiative measure entitled "The Right to Vote on Taxes Act" ("Proposition 218") was approved by the voters at the November 5, 1996 statewide general election. Among other things, Proposition 218 added a new Article XIII C to the California Constitution which 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. While the application of Proposition 218 in this context has not yet been interpreted by the courts and the matter is not completely free from doubt, it is not likely that Proposition 218 has conferred on the voters the power to effect a repeal or reduction of the Special Tax if the result thereof would be to impair the security of the 2023 Bonds.

It may be possible, however, for voters or the City Council, acting as the legislative body of the District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the future levy of Special Taxes in amounts greater than the amount necessary for the timely retirement of the Bonds. Nevertheless, to the maximum extent that the law permits it to do so, the District has covenanted that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates for the District, unless, in connection therewith, the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that: (i) such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than the Administrative Expense Cap plus 110% of the Annual Debt Service due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such proposed reduction; and (ii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. The District has also covenanted that, in the event an initiative is adopted which purports to reduce or otherwise alter the Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

Litigation with Respect to Community Facilities Districts

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

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

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

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

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

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

The Special Tax Election in the District. With respect to the San Diego Decision, the facts of such case show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The elections held in the District had less than 12 registered voters at the time of the election to authorize the Special Taxes. In the San Diego Decision, the court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the court's holding in the San Diego Decision does not apply to the Special Tax election in the District. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax…shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. The petitioners in *Horizon* filed the writ of mandate within 30 days of the landowner election. Voters in the District approved Special Tax on August 5, 2020. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the District believes that no successful challenge to the Special Tax being levied in accordance with the Rate and Method may now be brought. In connection with the issuance of the 2023 Bonds, Bond Counsel expects to deliver its opinion in the proposed form attached hereto as Appendix C.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," interest on the 2023 Bonds could cease to be excluded from gross income for purposes of federal income taxation, retroactive to the date the 2023 Bonds were issued, as a result of future acts or omissions of the District or the City. In addition, it is possible that future changes in applicable federal tax laws could cause interest on the 2023 Bonds to be included in gross income for federal income taxation or could otherwise reduce the equivalent taxable yield of such interest and thereby reduce the value of the 2023 Bonds.

No Ratings – Limited Secondary Market

The District has not applied to have the 2023 Bonds rated by any nationally recognized bond rating company, and it does not expect to do so in the future.

There can be no guarantee that there will be a secondary market for the 2023 Bonds or, if a secondary market exists, that such 2023 Bonds can be sold for any particular price. Although the District has committed to provide certain financial and operating information, there can be no assurance that such information will be available to 2023 Bond owners on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating for the 2023 Bonds or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Limitations on Remedies

Remedies available to the Owners of the 2023 Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the 2023 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the 2023 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Potential Early Redemption of 2023 Bonds from Prepayments or Community Facilities District Bond Proceeds

Property owners within the District are permitted to prepay their Special Taxes at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping community facilities district. Such prepayments will result in a redemption of the 2023 Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the prepayment. The resulting redemption of 2023 Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See the caption "THE 2023 BONDS — Redemption — *Special Mandatory Redemption from Special Tax Prepayments*."

Cybersecurity

The City, like many other public and private entities, rely on computer and other digital networks and systems to conduct their operations. The City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks. No assurance can be given that the efforts of the City to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, or the administration of the 2023 Bonds. The City is also reliant on other entities and service providers in connection with the administration of the 2023 Bonds, including without limitation, the County tax collector for the levy and collection of Special Taxes and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the levy and collection of Special Taxes or the payment of debt service on the 2023 Bonds.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Certificate, dated as of February 1, 2023 (the "Disclosure Certificate"), to be executed and delivered by the District at the time of issuance of the 2023 Bonds, the District will covenant for the benefit of the holders and Beneficial Owners of the 2023 Bonds to provide certain financial information and operating data relating to the District by March 1 following the end of the District's Fiscal Year (currently its Fiscal Year ends on June 30) (the "Annual Report"), commencing with the Annual Report for the Fiscal Year ending June 30, 2022, and to provide notices of the occurrence of certain enumerated events. The initial Annual Report to be filed by March 1, 2023, shall consist of this Official Statement and audited financial statements of the District, if any. The Annual Report and the notices of enumerated events will be filed by the District with EMMA. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events is set forth in Appendix F — "FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with subsection (b)(5) of Rule 15c2-12.

The District has not had any continuing disclosure undertakings outstanding during the previous five-year period. The City has retained Spicer Consulting Group, LLC to serve as Dissemination Agent for the continuing disclosure undertaking related to the 2023 Bonds, and has adopted policies and procedures with respect to its continuing disclosure practices.

TAX EXEMPTION

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the 2023 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the 2023 Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest on the 2023 Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity of a 2023 Bond over the issue price of a 2023 Bond (the first price at which a substantial amount of the 2023 Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Beneficial Owner will increase the Beneficial Owner's basis in the applicable 2023 Bond.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the 2023 Bonds is based upon certain representations of fact and certifications made by the District, the City and others and is subject to the condition that the District, the City and others making such representations comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2023 Bonds to assure that interest (and original issue discount) on the 2023 Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the 2023 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2023 Bonds. The District and the City will covenant to comply with all such requirements.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable 2023 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable 2023 Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Beneficial Owner's basis in the applicable 2023 Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2023 Bond premium may result in a Beneficial Owner realizing a taxable gain when a 2023 Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2023 Bond to the Beneficial Owner. Purchasers of the 2023 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2023 Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2023 Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2023 Bonds might be affected as a result of such an audit of the 2023 Bonds (or by an audit of other similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2023 Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2023 Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2023 BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE 2023 BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2023 BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2023 BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2023 BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE 2023 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 2023 BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2023 Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the 2023 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the 2023 Bonds for federal income tax purposes with respect to any 2023 Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the 2023 Bonds is excluded from gross income for federal income tax purposes provided that the District and the City continue to comply with certain requirements of the Code, the ownership of the 2023 Bonds and the accrual or receipt of interest (and original issue discount) with respect to the 2023 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2023 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2023 Bonds.

Should interest on the 2023 Bonds (including any original issue discount) become includable in gross income for federal income tax purposes, the 2023 Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

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

LEGAL OPINION

The legal opinion of Bond Counsel approving the validity of the 2023 Bonds, in substantially the form set forth as Appendix C hereto, will be made available to purchasers of the 2023 Bonds at the time of original delivery of the 2023 Bonds. Certain legal matters will be passed upon for the City and the District by Rutan & Tucker, LLP, Irvine, California, City Attorney, and for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel, for the Underwriter by Kutak Rock LLP, Irvine, California, and for the Trustee by its counsel. Bond Counsel undertakes no responsibility to the purchasers of the 2023 Bonds for the accuracy, completeness or fairness of this Official Statement.

ABSENCE OF LITIGATION

In connection with the issuance of the 2023 Bonds, the City Attorney will deliver an opinion to the effect that, to their actual knowledge, after due inquiry and investigation, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, or any unfavorable decision, ruling or finding, against or affecting the District, which would adversely impact the District's ability to complete the transactions described in, or contemplated by, the Indenture or this Official Statement, restrain or enjoin the collection of the Special Taxes, or in any way contest or affect the validity of the 2023 Bonds, the Indenture, the Special Taxes, or the transactions described herein.

NO RATING

The District has not made, and does not contemplate making, an application to any rating organization for the assignment of a rating on the 2023 Bonds.

UNDERWRITING

The 2023 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the 2023 Bonds at a price of $_________ (being the $___________ aggregate principal amount of the 2023 Bonds, less an Underwriter's discount of $__________, [plus/less] net original issue [premium/discount] of $__________). The Bond Purchase Agreement relating to the 2023 Bonds provides that the Underwriter will purchase all of the 2023 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriter's compensation is contingent upon the successful issuance of the 2023 Bonds.

Under certain circumstances, the Underwriter may offer and sell the 2023 Bonds to certain dealers and others at prices lower or yields higher than those stated on the page immediately following the cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

FINANCIAL INTERESTS

The fees being paid to the Underwriter and its counsel, Bond Counsel, Disclosure Counsel and the Trustee are contingent upon the issuance and delivery of the 2023 Bonds. From time to time, Stradling Yocca Carlson & Rauth, a Professional Corporation, represents the Underwriter on matters unrelated to the 2023 Bonds.

MUNICIPAL ADVISOR

The District has retained Urban Futures, Inc., Orange, California, as Municipal Advisor for the sale of the 2023 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

Urban Futures, Inc., is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion, assumptions, projections, anticipated events or estimates, whether or not expressly stated, they are set forth as such and not as presentations of fact, and actual results may differ substantially from those set forth therein. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the Owners of the 2023 Bonds.

The summaries of certain provisions of the 2023 Bonds, statutes and other documents or agreements referred to in this Official Statement do not purport to be complete, and reference is made to each of them for a complete statement of their provisions. Copies are available for review by making requests to the City.

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

COMMUNITY FACILITIES DISTRICT NO. 2020-1 (MCCALL MESA) OF THE CITY OF MENIFEE

By: ______________________________________

Armando G. Villa
City Manager of the City of Menifee

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

COMMUNITY FACILITIES DISTRICT NO. 2020-1 (MCCALL MESA) OF THE CITY OF MENIFEE

A Special Tax (all capitalized terms not otherwise defined herein are defined in Section A, "Definitions", below) shall be applicable to each Assessor's Parcel of Taxable Property located within the boundaries of the City of Menifee Community Facilities District No. 2020-1 (McCall Mesa) ("CFD No. 2020-1"). The amount of Special Tax to be levied in each Fiscal Year on an Assessor's Parcel shall be determined by the City Council of the City of Menifee, acting in its capacity as the legislative body of CFD No. 2020-1, by applying the appropriate Special Tax for Developed Property, Approved Property, Undeveloped Property, and Provisional Undeveloped Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof in Section F, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or **"Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded parcel map or instrument. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2020-1: the costs of computing the Special Taxes and preparing the Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting Special Taxes to the Trustee; the costs of the Trustee (including legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2020-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2020-1 or any designee thereof of complying with continuing disclosure requirements of the City, CFD No. 2020-1 and any major property owner associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2020-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City's annual administration fees and third party expenses. Administration Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 2020-1 for any other administrative purposes of CFD No. 2020-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Approved Property" means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, (ii) that have an assigned Assessor's Parcel Number from the County shown on an Assessor's Parcel Map for the individual lot included on the Final Map, and (iii) that have not been issued a building permit on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Assessor's Parcel" means a lot or parcel of land 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 for purposes of identification.

"Assigned Special Tax" means the Special Tax of that name described in Section D below.

"Backup Special Tax" means the Special Tax of that name described in Section D below.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Tax of CFD No. 2020-1 have been pledged.

"Boundary Map" means a recorded map of the CFD which indicates the boundaries of the CFD.

"Building Permit" means the first legal document issued by a local agency giving official permission for new construction. For purposes of this definition, "Building Permit" may or may not include expired or cancelled building permits, or any subsequent building permit document(s) authorizing new construction on an Assessor's Parcel that are issued or changed by the City after the first original issuance, as determined by the CFD Administrator, provided that following such determination the Maximum Special Tax that may be levied on all Assessor's Parcels of Taxable Property will be at least 1.1 times annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses.

"Building Square Footage" or **"BSF"** means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the Building Permit for such Assessor's Parcel.

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

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement, and providing for the levy and collection of the Special Taxes.

"CFD" or **"CFD No. 2020-1"** means Community Facilities District No. 2020-1 (McCall Mesa) established by the City under the Act.

"City" means the City of Menifee, State of California.

"City Council" means the City Council of the City of Menifee, acting as the legislative body of CFD No. 2020-1.

"Condominium Plan" means a condominium plan pursuant to California Civil Code, Section 4200 *et seq*.

"County" means the County of Riverside, State of California.

"Developed Property" means all Assessor's Parcels that: (i) are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) a Building Permit for new construction was issued on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

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

“Final Map” means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or recordation of a Condominium Plan that creates individual lots for which Building Permits may be issued without further subdivision.

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

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

“Land Use Category” means any of the categories listed in Table 1 of Section D.

“Maximum Special Tax” means for each Assessor’s Parcel, the maximum Special Tax, determined in accordance with Section D below, that can be levied by CFD No. 2020-1 on such Assessor’s Parcel.

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

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor’s Parcel is Non-Residential Property.

“Partial Prepayment Amount” means the amount required to prepay a portion of the Special Tax obligation for an Assessor’s Parcel, as described in Section G.2.

“Prepayment Amount” means the amount required to prepay the Special Tax obligation in full for an Assessor’s Parcel, as described in Section G.1.

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

“Provisional Undeveloped Property” means all Assessor’s Parcels of Taxable Property that would otherwise be classified as Exempt Property pursuant to the provisions of Section F, but cannot be classified as Exempt Property because to do so would be reduce the Acreage of all Taxable Property below the required minimum Acreage set forth in Section F.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more Residential Units.

“Residential Unit” or **“RU”** means a residential unit that is used or intended to be used as a domicile by one or more persons, as determined by the CFD Administrator.

"Single Family Residential Property" means all Assessor's Parcels of Residential Property other than Multifamily Property.

"Special Tax" or **"Special Taxes"** means any of the special taxes authorized to be levied within CFD No. 2020-1 pursuant to the Act to fund the Special Tax Requirement.

"Special Tax Requirement " means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to replenish any reserve funds established under the Indenture in association with the Bonds to the extent that replenishment has not been included in the computation of the Special Tax Requirement in a previous Fiscal Year, (v) to cure any delinquencies in the amount of principal or interest on the Bonds that occurred in a previous Fiscal Year, and (vi) for the collection or accumulation of funds for the acquisition or construction of facilities authorized by CFD No. 2020-1 or the payment of debt services on Bonds anticipated to be issued, provided that the inclusion of such amount does not cause an increase in the levy of Special Tax on Approved Property or Undeveloped Property as set forth in Steps Two or Three of Section E., less (vii) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to the Indenture.

"Taxable Property" means all Assessor's Parcels within CFD No. 2020-1, which are not Exempt Property.

"Taxable Unit" means either a Residential Unit or an Acre.

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

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

B. SPECIAL TAX

Commencing Fiscal Year 2020-2021 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes on all Taxable Property, up to the applicable Maximum Special Tax, to fund the Special Tax Requirement.

C. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX

Each Fiscal Year, beginning with Fiscal Year 2020-2021, each Assessor's Parcel within CFD No. 2020-1 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor's Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property or Provisional Undeveloped Property.

Assessor's Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Each Assessor's Parcel of Residential Property shall further be classified as a Single Family Residential Property or Multifamily Property. Each Assessor's Parcel of Single Family Residential Property shall be further assigned to a Land Use Category based on its Building Square Footage.

In the event that there are parent Assessor's Parcel(s) for which one or more Building Permits have been issued and the County has not yet assigned final Assessor's Parcel Number(s) to the lots on which the Residential Unit(s) have been or will be built (in accordance with the Final Map or Condominium Plan) on such parent Assessor's Parcel for a Fiscal Year, the amount of the Special Tax on such parent Assessor's Parcel for such Fiscal Year shall be determined as follows: (1) the CFD Administrator shall first determine an amount of the Maximum Special Tax levy for such Assessor's Parcel, based on the classification of such Assessor's Parcel as Undeveloped Property; (2) the amount of the Special Tax for the Residential Units on such Assessor's Parcel for which Building Permits have been issued shall be determined based on the Developed Property Special Tax rates and such amounts shall be levied as Developed Property in accordance with Step 1 and, if applicable, Step

4 of Section E below; and (3) the amount of the Special Tax levy on the Taxable Property in such Assessor's Parcel not subject to the Special Tax levy in clause (2) shall be equal to: (A) the percentage of the Maximum Special Tax rate levied on Undeveloped Property pursuant to Step 3 of Section E below, multiplied by the total of the amount determined in clause (1), less (B) the amount determined in clause (2).

D. MAXIMUM SPECIAL TAX

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel of Single Family Residential Property in any Fiscal Year shall be the greater of (i) the Assigned Special Tax for such Assessor's Parcel or (ii) the Backup Special Tax.

The Maximum Special Tax for each Assessor's Parcel of Multifamily Property and Non-Residential Property shall be the applicable Assigned Special Tax described in Table 1 of Section D.

a. Assigned Special Tax

Each Fiscal Year, each Assessor's Parcel of Single Family Residential Property, Multifamily Property or Non-Residential Property shall be subject to an Assigned Special Tax. The Assigned Special Tax for Fiscal Year 2020-2021 applicable to an Assessor's Parcel of Developed Property shall be determined pursuant to Table 1 below.

TABLE 1
ASSIGNED SPECIAL TAX FOR DEVELOPED PROPERTY
FISCAL YEAR 2020-2021

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax Per Taxable Unit
1. Single Family Residential Property	RU	Less than 1,800 sq. ft	$2,405.00
2. Single Family Residential Property	RU	1,800 sq. ft to 2,100 sq. ft	$2,550.00
3. Single Family Residential Property	RU	2,101 sq. ft to 2,400 sq. ft	$2,677.00
4. Single Family Residential Property	RU	2,401 sq. ft to 2,700 sq. ft	$2,864.00
5. Single Family Residential Property	RU	2,701 sq. ft to 3,000 sq. ft	$3,001.00
6. Single Family Residential Property	RU	3,001 sq. ft to 3,300 sq. ft	$3,090.00
7. Single Family Residential Property	RU	3,301 sq. ft to 3,600 sq. ft	$3,179.00
8. Single Family Residential Property	RU	Greater than 3,600 sq. ft	$3,647.00
9. Multifamily Property	Acre	N/A	$17,942.00
10. Non-Residential Property	Acre	N/A	$17,942.00

On each July 1, commencing July 1, 2021, the Assigned Special Tax rate for Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

b. Multiple Land Use Categories

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax for each Taxable Unit for all Land Use Categories located on the Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

c. Backup Special Tax

The Backup Special Tax for an Assessor's Parcel within a Final Map classified as Single Family Residential Property shall calculated according to the following formula.

$$B = (U \times A) / L$$

The terms above have the following meanings:

B = Backup Special Tax per Assessor's Parcel classified or to be classified as Single Family Residential Property within the Final Map.

U = Maximum Special Tax per Acre of Undeveloped Property per Section D.3 below.

A = Acreage of Single Family Residential Property expected to exist in such Final Map at the time of calculation, as determined by the Administrator

L = Number of Assessor's Parcels of Single Family Residential Property expected to exist after build out in such Final Map at the time of calculation, as determined by the Administrator.

In the event any portion of the Final Map is changed or modified, the Backup Special Tax for all Assessor's Parcels within such changed or modified area shall be $17,942 per Acre.

Notwithstanding the foregoing, the Backup Special Tax for an Assessor's Parcel of Developed Property for which a certificate of occupancy has been granted may not be revised.

In the event any superseding Final Map is recorded as a Final Map within the boundaries of the CFD, the Backup Special Tax for all Assessor's Parcels within such Final Map shall be $17,942 per Acre. The Backup Special Tax shall not apply to Multifamily Residential Property or Non-Residential Property.

On each July 1, commencing July 1, 2021, the Backup Special Tax rate shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

2. Approved Property

The Maximum Special Tax for each Assessor's Parcel of Approved Property expected to be classified as Single Family Residential Property shall be the Backup Special Tax computed pursuant to Section D.1.c above.

The Maximum Special Tax for each Assessor's Parcel of Approved Property not expected to be classified as Single Family Residential Property shall be $17,942 per Acre.

On each July 1, commencing July 1, 2021, the Maximum Special Tax rate for Approved Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

3. Undeveloped Property and Provisional Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel of Undeveloped Property and Provisional Undeveloped Property shall be $17,942 per Acre.

On each July 1, commencing July 1, 2021, the Maximum Special Tax rate for Undeveloped Property and Provisional Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing Fiscal Year 2021-22 and for each subsequent Fiscal Year, the City Council shall levy Special Taxes on all Taxable Property in accordance with the following steps:

Step One: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax rates in Table 1 to satisfy the Special Tax Requirement.

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

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

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

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

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax applicable to any other Assessor's Parcel be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

F. EXEMPTIONS

The City shall classify as Exempt Property, in the chronological order in which the property becomes exempt, (i) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by the State of California, Federal or other local governments, including school districts, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels which are owned by, irrevocably offered for dedication, encumbered by or restricted in use by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) Assessor's Parcels restricted to other types of public uses determined by the City Council, provided that no such classification would reduce the sum of all Taxable Property to less than 42.08 Acres.

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 42.08 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 42.08 Acres will be classified as Provisional Undeveloped Property, and will be subject to Special Tax pursuant to Step Five in Section E.

G. PREPAYMENT OF SPECIAL TAX

The following additional definitions apply to this Section G:

"CFD Facilities" means $13,000,000 expressed in 2020 dollars, which shall increase by the Construction Inflation Index on July 1, 2021, and on each July 1 thereafter, or such lower amount (i) determined by the City Council as sufficient to provide the facilities under the authorized bonding program for CFD No. 2020-1, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Tax levied under this Rate and Method of Apportionment.

"Construction Fund" means an account specifically identified in the Indenture or functionally equivalent to hold funds, which are available for expenditure to acquire or construct facilities eligible to be financed by CFD No. 2020-1.

"Construction Inflation Index" means the greater of (i) 2% and (ii) the annual percentage change in the Engineering News-Record Building Cost Index for the city of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the city of Los Angeles.

"Future Facilities Costs" means the CFD Facilities minus facility costs available to be funded, or that were funded, through existing construction or escrow accounts funded by the Outstanding Bonds or Special Taxes, and minus facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

"Outstanding Bonds" means all previously issued Bonds issued and secured by the levy of Special Tax which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Tax.

1. Prepayment in Full

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

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

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

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

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.

2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, or Provisional Undeveloped Property, compute the Maximum Special Tax for the Assessor's Parcel.

3. Divide the Maximum Special Tax derived pursuant to paragraph 2 by the total amount of Maximum Special Taxes that could be levied assuming build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax for Assessor's Parcels of Developed Property not including any Assessor's Parcels for which the Special Tax obligation has been previously prepaid.

4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").

6. Determine the Future Facilities Costs.

7. Multiply the quotient derived pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's Parcel (the "Future Facilities Amount").

8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax prepayments.

9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.

10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.

11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "Defeasance Amount").

12. Verify the administrative fees and expenses of the CFD, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Special Tax obligation for the Assessor's Parcel and the redemption of Outstanding Bonds (the "Administrative Fees and Expenses").

13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.

14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit.

15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by the CFD.

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

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

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

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

2. Prepayment in Part

The Special Tax obligation for an Assessor's Parcel of Developed Property, Approved Property, Undeveloped Property, or Provisional Undeveloped Property may be partially prepaid. For purposes of determining the Partial Prepayment Amount, the provisions of Section G.1 shall be modified as provided by the following formula:

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

These terms have the following meaning:

PP	=	Partial Prepayment Amount
P_E	=	the Prepayment Amount calculated according to Section G.1
F	=	the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Special Tax obligation
A	=	the Administrative Fees and Expenses determined pursuant to Section G.1

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

With respect to any Assessor's Parcel for which the Special Tax obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 15 of Section G.1, and (ii) indicate in the records of the CFD that there has been a partial prepayment for the Assessor's Parcel and that a portion of the Special Tax obligation equal to the remaining percentage (1.00 - F) of the applicable Special Tax will continue to be levied on the Assessor's Parcel pursuant to Section E.

H. TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax shall be levied on all Assessor's Parcels subject to the Special Tax pursuant to Section E. The Special Tax shall cease not later than the 2064-2065 Fiscal Year, however, Special Taxes will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all the required interest and principal payments on the CFD No. 2020-1 Bonds have been paid; (ii) all authorized facilities of CFD No. 2020-1 have been acquired and all reimbursements to the developer have been paid, (iii) no delinquent Special Taxes remain uncollected and (iv) all other obligations of CFD No. 2020-1 have been satisfied.

I. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2020-1 may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

J. APPEALS OF SPECIAL TAXES

Any taxpayer may file a written appeal of the Special Taxes levied on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall grant a credit to eliminate or reduce future Special Taxes on the appellant's Assessor's Parcel(s). No refunds of previously paid Special Taxes shall be made unless approved by the CFD Administrator.

The CFD Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Taxes and any taxpayer who appeals, as herein specified.

APPENDIX B

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information relating to the City of Menifee (the "City") and the County of Riverside, California (the "County"), California (the "State") is supplied solely for purposes of information. Neither the City nor the County is obligated in any manner to pay principal of or interest on the 2023 Bonds or to cure any delinquency or default on the 2023 Bonds. The 2023 Bonds are payable solely from the sources described in the Official Statement.

General

The City of Menifee is located approximately 80 miles southeast of Los Angeles in the southwestern portion of Riverside County. The City incorporated on October 1, 2008 as a general law City. The City has slightly more than 103,000 residents and covers an area of over 46 square miles.

Population

The following table offers population figures for the City, the County and the State for 2017 through 2021.

Area	***2017***	***2018***	***2019***	***2020***	***2021***
City of Menifee	90,157	92,110	94,710	97,094	103,617
County of Riverside	2,374,555	2,397,662	2,419,057	2,440,719	2,424,587
State of California	39,352,398	39,519,535	39,605,361	39,648,938	39,303,157

Source: California State Department of Finance, Demographic Research Unit. 2010 Census Benchmark.

Building Activity

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the City and County from 2017 through 2021.

BUILDING PERMIT VALUATIONS
City of Menifee
2017-2021
(Dollars in Thousands)

	2017	***2018***	***2019***	***2020***	***2021***
Valuation ($000):					
Residential	$ 220,269	$ 296,414	$343,285	$448,581	$391,923
Non-residential	17,705	38,992	1,150	94,195	39,831
Total*	$ 237,974	$ 335,406	$344,435	$542,776	$431,754
Residential Units:					
Single family	714	967	922	1,457	1,256
Multiple family	0	0	330	0	0
Total	714	967	1,252	1,457	1,256

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

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BUILDING PERMIT VALUATIONS
County of Riverside
2017-2021
(Dollars in Thousands)

	2017	*2018*	*2019*	*2020*	*2021*
Residential	$1,903,417	$2,558,081	$2,275,405	$3,071,183	$2,262,642
Non-residential	1,433,691	1,959,680	1,285,856	1,153,778	1,543,998
Total*	$3,337,108	$4,517,761	$3,561,261	$4,224,961	3,806,640
Residential Units:					
Single family	6,265	7,540	6,563	8,443	7,360
Multiple family	1,070	1,628	1,798	723	1,126
Total	7,335	9,168	8,361	9,166	8,486

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

Employment

The following tables show the largest employers located in the City and County as of June 30, 2021.

LARGEST EMPLOYERS
City of Menifee
(as of June 30, 2021)

Rank	*Name of Business*	*Employees*	*Type of Business*
1.	Menifee Union School District	1,665	School District
2.	Mt. San Jacinto College District	1,100	School District
3.	Romoland Elementary School District	595	School District
4.	Target Corporation	380	Retail Stores
5.	Menifee Valley Medical Center	365	Medical Center
6.	Stater Brothers	290	Grocery Stores
7.	City of Menifee	231	City Government
8.	Southern California Edison	220	Community Services
9.	Texas Roadhouse	200	Restaurant
10.	United Parcel Services (UPS)	175	Package Delivery Company

Source: City of Menifee Comprehensive Annual Financial Report for the year ending June 30, 2021.

LARGEST EMPLOYERS
County of Riverside
(as of June 30, 2021)

Rank	***Name of Business***	***Employees***	***Type of Business***
1.	County of Riverside	22,952	County Government
2.	Amazon	10,500	Online Retail
3.	March Air Reserve Base	9,600	Military Reserve Base
4.	University of California, Riverside	8,909	University
5.	Stater Brothers Markets	8,304	Supermarkets
6.	Moreno Valley Unified School District	6,250	School District
7.	Kaiser Permanente Riverside Medical Center	5,780	Medical Center
8.	Corona-Norco Unified School District	5,478	School District
9.	Hemet Unified School District	4,460	School District
10.	Ross Dress for Less	4,313	Retail Stores

Source: County of Riverside Comprehensive Annual Financial Report for the year ending June 30, 2021.

Employment and Industry

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

The following table represents the Annual Average Labor Force and Industry Employment for the period from 2017 through 2021.

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

	2017	*2018*	*2019*	*2020*	*2021*
Civilian Labor Force	2,012,900	2,045,000	2,074,500	2,088,600	2,118,200
Civilian Employment	1,909,500	1,956,800	1,989,700	1,880,500	1,961,800
Civilian Unemployment	103,400	88,200	84,800	208,100	156,400
Civilian Unemployment Rate	5.1%	4.3%	4.1%	10.0%	7.4%
Total Farm	14,500	14,500	15,400	14,100	13,900
Total Nonfarm	1,453,300	1,506,600	1,552,800	1,495,200	1,569,100
Total Private	1,202,300	1,249,400	1,291,600	1,247,200	1,325,400
Goods Producing	196,400	206,100	208,900	201,300	205,400
Mining and Logging	1,000	1,200	1,200	1,300	1,400
Construction	97,400	105,200	107,200	104,900	109,200
Manufacturing	98,000	99,800	100,600	95,100	94,800
Service Providing	1,256,900	1,300,500	1,343,800	1,293,900	1,363,700
Trade, Transportation and Utilities	363,900	379,400	395,100	406,900	443,100
Wholesale Trade	63,100	66,100	67,700	65,600	67,000
Retail Trade	180,900	181,200	180,700	168,800	177,600
Transportation, Warehousing and Utilities	119,900	132,100	146,600	172,500	198,600
Information	11,600	11,400	11,500	9,400	9,600
Financial Activities	44,700	44,600	45,000	44,100	44,900
Professional and Business Services	147,300	152,000	158,700	154,000	167,300
Educational and Health Services	226,700	239,500	250,300	248,700	253,300
Leisure and Hospitality	166,300	170,600	175,900	141,300	158,900
Other Services	45,400	45,800	46,200	40,200	43,000
Government	251,000	257,200	261,200	248,000	243,600
Total, All Industries	1,467,800	1,521,100	1,568,100	1,509,300	1,583,000

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

Source: State of California, Employment Development Department, March 2021 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for the period from 2017 through 2021 for the City, the County, the State and the nation as a whole.

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

Year and Area	*Labor Force*	*Employment*[(1)]	*Unemployment*[(2)]	*Unemployment Rate (%)*[(3)]
2017				
City of Menifee	38,000	36,100	1,900	5.0%
County of Riverside	1,072,200	1,015,800	56,300	5.3
State of California	19,173,800	18,246,800	927,000	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
City of Menifee	39,100	37,400	1,700	4.3%
County of Riverside	1,091,400	1,042,700	48,700	4.5
State of California	19,263,900	18,442,400	821,500	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
City of Menifee	39,600	38,000	1,600	4.0%
County of Riverside	1,104,000	1,057,900	46,100	4.2
State of California	19,353,700	18,550,500	803,200	4.2
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
City of Menifee	40,400	36,400	4,100	10.1%
County of Riverside	1,107,700	997,700	110,000	9.9
State of California	18,821,200	16,913,100	1,908,100	10.1
United States	160,472,000	147,795,000	12,947,000	8.1
2021				
City of Menifee	42,200	39,000	3,200	7.5%
County of Riverside	1,129,600	1,046,700	82,800	7.4
State of California	18,923,200	17,541,900	1,381,200	7.3
United States	162,294,000	155,975,000	6,319,000	3.9

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. 2021 Benchmark.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in Riverside County increased by 71% between 2008 and 2020. The following tables summarize personal income for Riverside County for 2008 through 2020.

PERSONAL INCOME
Riverside County
2008-2020
(Dollars in Thousands)

Year	***Riverside County***	***Annual Percent Change***
2008	$66,862,826	--%
2009	65,663,326	(1.7)
2010	68,084,905	3.6
2011	72,170,010	6.0
2012	74,093,810	2.7
2013	76,470,084	3.2
2014	80,268,670	5.0
2015	85,386,347	6.4
2016	89,644,299	5.0
2017	93,156,635	3.9
2018	97,619,217	4.8
2019	102,037,774	4.5
2020	114,090,413	11.8

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

The following table summarizes per capita personal income for Riverside County, California and the United States for 2008-2020. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2008-2020

Year	*Riverside County*	*California*	*United States*
2008	$31,624	$43,890	$40,904
2009	30,448	42,044	39,284
2010	30,699	43,636	40,547
2011	32,200	46,175	42,739
2012	32,748	48,813	44,605
2013	33,462	49,303	44,860
2014	34,875	52,363	47,071
2015	36,745	55,833	49,019
2016	38,114	58,048	50,015
2017	39,148	60,549	52,118
2018	40,587	63,720	54,606
2019	42,418	66,619	56,490
2020	45,834	70,192	59,510

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

Taxable Sales

The table below presents taxable sales for the years 2016 through 2021 for the City.

TAXABLE SALES
City of Menifee
2016-2021
(Dollars in Thousands)

Year	*Permits*	*Taxable Transactions*
2016	1,342	628,923
2017	1,426	683,385
2018	1,484	742,128
2019	1,568	776,545
2020	1,726	752,610
2021	1,756	974,142

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2016-2021.

The table below presents taxable sales for the years 2016 through 2021 for the County.

TAXABLE SALES
County of Riverside

2016-2021
(Dollars in Thousands)

Year	*Permits*	*Taxable Transactions*
2016	57,742	34,483,693
2017	58,969	36,407,460
2018	61,433	38,919,498
2019	64,063	40,626,998
2020	69,284	42,313,474
2021	64,335	55,535,196

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2016-2021.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Closing Date]

City of Menifee
Community Facilities District No. 2020-1 (McCall Mesa)
Menifee, California

Re: *$__________ Community Facilities District No. 2020-1 (McCall Mesa) of the City of Menifee Special Tax Bonds, Series 2023A*

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the City of Menifee (the "City") taken in connection with the formation of Community Facilities District No. 2020-1 (McCall Mesa) of the City of Menifee (the "District") and the authorization and issuance of the District's Special Tax Bonds, Series 2023A in the aggregate principal amount of $_______ (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the City, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), a resolution adopted by the City Council of the City, acting in its capacity as the legislative body of the District (the "City Council") on January __, 2023 (the "Resolution"), and a Bond Indenture dated as of January 1, 2022, as supplemented by that certain First Supplement to Bond Indenture, dated as of February 1, 2023 (collectively, the "Indenture"), each by and between the District and Wilmington Trust, National Association, as trustee (the "Trustee"). All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

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

(2) The First Supplement to Bond Indenture has been duly executed and delivered by the District. The Indenture creates a valid pledge of, and the Bonds are secured by, the Net Taxes and the amounts on deposit in certain funds and accounts established under the Indenture, as and to the extent provided in the Indenture. The Indenture is enforceable in accordance with its terms; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment

of Administrative Expenses or as to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

(4) Interest on the Bonds is exempt from State of California personal income tax.

(5) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to an Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by an Owner will increase the Owner's basis in the applicable Bond.

(6) The amount by which an Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in an Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner.

The opinions expressed in paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the District and the City comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District and the City have covenanted to comply with all such requirements. Except as set forth in paragraphs (3), (4), (5) and (6) above, we express no opinion as to any tax consequences related to the Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Tax Certificate executed by the District and the City and other documents related to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon advice or approval of bond counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and expressly disclaim any duty to advise the Owners of the Bonds with respect to matters contained in the Official Statement or other offering material.

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

Respectfully submitted,

APPENDIX D

APPRAISAL REPORT

APPENDIX E

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of the provisions thereof.

APPENDIX F

FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2023 Bonds, payment of principal, premium, if any, accreted value and interest on the 2023 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2023 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2023 Bonds. The 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond will be issued for each annual maturity of the 2023 Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2023 Bonds, except in the event that use of the book-entry system for the 2023 Bonds is discontinued.

To facilitate subsequent transfers, all 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2023 Bonds may wish to ascertain that the nominee holding the 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2023 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its 2023 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2023 Bonds by causing the Direct Participant to transfer the Participant's interest in the 2023 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2023 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2023 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2023 Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2023 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2023 Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2023 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2023 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.