

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2024

NEW ISSUE—BOOK-ENTRY ONLY

NO RATING

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

\$4,190,000\*

COMMUNITY FACILITIES DISTRICT NO. 2013-1 (KUNNY RANCH)  
OF THE CITY OF RIVERSIDE  
SPECIAL TAX BONDS, SERIES 2024

**Dated: Delivery Date**

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

The Community Facilities District No. 2013-1 (Kunny Ranch) of the City of Riverside, Special Tax Bonds, Series 2024 (the “Bonds”) are being issued by Community Facilities District No. 2013-1 (Kunny Ranch) of the City of Riverside (the “District”) to: (i) finance certain public improvements needed with respect to the development of property located within the District, (ii) fund a reserve account for the Bonds; and (iii) pay costs of issuance for the Bonds. The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and pursuant to a Bond Indenture, dated as of April 1, 2024 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

The 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 Special Tax is to be levied according to the Rate and Method of apportionment approved by the City Council of the City of Riverside (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 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 Bonds may be made in principal amounts of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Interest on the Bonds will be payable on each March 1 and September 1, commencing September 1, 2024. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, who will remit such payments to the Beneficial Owners of the Bonds.

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 BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE 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 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 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 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 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.

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**MATURITY SCHEDULE**  
**(See Inside Cover Page)**

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*The 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 LLP, 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 the City Attorney, and for the District by Stradling Yocca Carlson & Rauth LLP, 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 April \_\_, 2024.*

[RAYMOND JAMES LOGO]

Dated: \_\_\_\_\_, 2024

\* Preliminary, subject to change.  
4860-5292-8926v4/022025-0094

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

**MATURITY SCHEDULE**

**\$4,190,000\***

**COMMUNITY FACILITIES DISTRICT NO. 2013-1 (KUNNY RANCH)  
OF THE CITY OF RIVERSIDE  
SPECIAL TAX BONDS, SERIES 2024**

**BASE CUSIP®769053**

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.†</i>
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\$ _____	% Term Bonds due September 1, 20__	Yield: _____%	Price: _____	CUSIP No.† _____
\$ _____	% Term Bonds due September 1, 20__	Yield: _____%	Price: _____	CUSIP No.† _____
\$ _____	% Term Bonds due September 1, 20__	Yield: _____%	Price: _____	CUSIP No.† _____
\$ _____	% Term Bonds due September 1, 20__	Yield: _____%	Price: _____	CUSIP No.† _____

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**CITY OF RIVERSIDE  
COUNTY OF RIVERSIDE, CALIFORNIA**

**CITY COUNCIL**

Patricia Lock Dawson, *Mayor*  
Erin Edwards, *Councilmember, Ward 1*  
Clarissa Cervantes, *Councilmember, Ward 2*  
Ronald Fierro, *Councilmember, Ward 3*  
Chuck Conder, *Councilmember, Ward 4*  
Gaby Plascencia, *Councilmember, Ward 5*  
Jim Perry, *Councilmember, Ward 6*  
Steve Hemenway, *Councilmember, Ward 7*

**CITY STAFF**

Mike Futrell, *City Manager*  
Rafael Guzman, *Assistant City Manager*  
Kris Martinez, *Assistant City Manager*  
Donesia Gause, *City Clerk*  
Edward Enriquez, *Assistant City Manager/Chief Financial Officer/Treasurer*  
Phaedra Norton, *City Attorney*

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Newport Beach, California

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Irvine, California

**SPECIAL TAX CONSULTANT**

Webb Municipal Finance, LLC  
Riverside, California

**APPRAISER**

Kitty Siino & Associates, Inc.  
Tustin, California

**TRUSTEE**

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

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

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

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

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

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the 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 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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

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 Bonds.

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[INSERT AERIAL PHOTOGRAPH]

**\$4,190,000\***  
**COMMUNITY FACILITIES DISTRICT NO. 2013-1 (KUNNY RANCH)**  
**OF THE CITY OF RIVERSIDE**  
**SPECIAL TAX BONDS, SERIES 2024**

**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. 2013-1 (Kunny Ranch) of the City of Riverside (the “District”) of its Special Tax Bonds, Series 2024 in the aggregate principal amount of \$4,190,000\* (the “Bonds”). The proceeds of the Bonds will be used to: (i) finance certain public improvements needed with respect to the development of property located within the District; (ii) fund a reserve account for the Bonds; and (iii) pay costs of issuance for the Bonds.

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and a Bond Indenture, dated as of April 1, 2024 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes (as 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.

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

**The District**

**General.** The City of Riverside (the “City”) is located in the northwestern portion of the County of Riverside (the “County”), California (the “State”), four miles south of the 60 freeway and midway between the 91 freeway and Interstate 15. The District is located in the southern portion of the City, approximately 2.5 miles southeast of the 91 freeway, ten miles northeast of Interstate 15 and 5.5 miles south of the Interstate 215/60 freeway/91 freeway interchange. The District contains approximately 93.25 gross acres, including an approximately 18.08 acre open space lot, and is located in the Alessandro Heights neighborhood, east of Whitegate Avenue and north of Bradley Street, south of Tiger Tail Drive, and on both sides of Golden Star Avenue. The District consists of Tract Map 33029 which includes 21 numbered lots and Tract Map 33029-2 which includes 53 residential lots for a total of 74 planned single family detached homes in a project that has been marketed by Beazer Homes Holdings, LLC, a Delaware limited liability company (“Beazer Homes”) as “Hillcrest,” formerly known as Kunny Ranch. As of January 16, 2024, as described in the Appraisal Report (defined below), of the 74 homes planned within the District, 53 homes had been completed and conveyed to individual homeowners and Beazer Homes owned four completed model homes (three of which were in escrow), eight homes over 95% complete (five of which were in escrow), and nine homes under construction (eight of which were in escrow). As of March 1, 2024, \_\_\_\_\_ homes had been completed and conveyed to individual homeowners and Beazer Homes owned \_\_\_\_\_ completed model homes (\_\_\_\_\_ of which were in escrow), \_\_\_\_\_ homes over 95% complete (\_\_\_\_\_ of which were in escrow), and \_\_\_\_\_ homes under construction (\_\_\_\_\_ of which were in escrow). Beazer Homes currently expects to complete construction of the homes within the District by April 2024.

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\* Preliminary, subject to change.

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

**Formation Proceedings.** The District was formed on December 3, 2013 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 October 22, 2013, the City Council adopted Resolution No. 22585 (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. 22586, stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed \$5,500,000 for the purpose of financing the design, construction and acquisition of certain public facilities to serve the area within the District.

Subsequent to a noticed public hearing on December 3, 2013, the City Council adopted Resolution Nos. 22601 and 22602 on December 3, 2013 (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 \$5,500,000 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 December 3, 2013, an election was held within the District in which the property owners within the District approved the proposition authorizing the issuance of bonds in an amount not to exceed \$5,500,000 to finance the Facilities. A Notice of Special Tax Lien for the District was recorded in the office of the County Recorder on December 4, 2013, as Document No. 2013-0565395. On December 10, 2013, the City Council adopted Ordinance No. 7239 (the “Ordinance”) which authorizes the levy of a special tax pursuant to the Rate and Method of Apportionment approved at the December 3, 2013, election (the “Rate and Method”), a copy of which is attached hereto as Appendix A.

On August 29, 2018 a notice of cancellation of special tax lien was recorded on Tract 33029-1 (APNs 141-300-011 thru 018) which have subsequently been developed into eight dwelling units which are no longer included within the District.

### **Sources of Payment for the Bonds**

**Special Taxes.** As used in this Official Statement, the term “Special Tax” means the annual Special Tax (as defined in the Rate and Method) 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 (as defined herein) 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 will covenant 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 BONDS. THE 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 February 9, 2024 (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 “as-is” condition 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 74 single-family detached residential units. Based on the 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 \$64,628,402 as of January 16, 2024 (the “Date of Value”). See Appendix D — “APPRAISAL REPORT.”

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,” “SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness,” and Appendix D — “APPRAISAL REPORT.”

### **Description of the Bonds**

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

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

The 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.” For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see the caption “THE BONDS” and Appendix E — “SUMMARY OF THE INDENTURE.”

### **Tax Matters**

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

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

### **Professionals Involved in the Offering**

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee under the Indenture. Raymond James & Associates, Inc. (the “Underwriter”) is the Underwriter of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel and Disclosure Counsel to the District in connection with the issuance of the Bonds. Certain legal matters will be passed on for the City and the District by the 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 Webb Municipal Finance, LLC, Riverside, 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 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” and Appendix F — “FORM OF CONTINUING DISCLOSURE CERTIFICATE.”

### **Parity Bonds for Refunding Purposes Only**

The District will covenant in the Indenture not to issue additional indebtedness secured by the Net Taxes on a parity with the Bonds (“Parity Bonds”) other than for refunding all or a portion of the Bonds or Parity Bonds. See the caption “SOURCES OF PAYMENT FOR THE BONDS — Parity Bonds for Refunding Purposes Only.” 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 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 Bonds. The purchase of the Bonds involves risks, and the 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 Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds and the Constitution and laws of the State, as well as the proceedings of the City Council, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Indenture. 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, 3900 Main Street, Riverside, California 92522, Attention: City Clerk.

## ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Bond proceeds and certain funds on hand.

### *Bonds*

#### **Sources of Funds**

Principal Amount of Bonds  
[Plus/Less] Original Issue [Premium/Discount]  
Less Underwriter's Discount  
Total Sources

#### **Uses of Funds:**

Acquisition and Construction Fund<sup>(1)</sup>  
Costs of Issuance Account<sup>(2)</sup>  
Reserve Account of the Special Tax Fund  
Total Uses

<sup>(1)</sup> [\$\_\_\_\_\_ will be deposited into the City Facilities Account and \$\_\_\_\_\_ will be deposited into the School District Facilities Account.]

<sup>(2)</sup> To pay costs of issuance of the Bonds, including legal fees, printing costs, formation deposit reimbursement, and fees of the Appraiser, Special Tax Consultant, Municipal Advisor and Trustee.

## THE BONDS

### **General Provisions**

The 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, 2024 (each, an "Interest Payment Date"), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof.

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless: (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after 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, in which event interest will be payable from the dated date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on such 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 Bond, interest on such Bond will be payable from its dated date.

Interest on any 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 Bonds at the principal corporate trust office of the Trustee in Los Angeles, California.

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple thereof. So

long as DTC is the securities depository all payments of principal and interest on the Bonds will be made to DTC and will be paid to the Beneficial Owners in accordance with DTC’s procedures and the procedures of DTC’s Participants. See APPENDIX G — “BOOK-ENTRY-ONLY SYSTEM.”

In the event the 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 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.

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

---

Source: Underwriter.

**Redemption**

**Optional Redemption of the Bonds.** The 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:

<i>Redemption Date</i>	<i>Redemption Price</i>
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 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 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 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 by 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\_\_**

<i>Sinking Fund Redemption Date</i> <i>(September 1)</i>	<i>Sinking Payments</i>
	\$
(maturity)	

The 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 by 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\_\_**

<i>Sinking Fund Redemption Date</i> <i>(September 1)</i>	<i>Sinking Payments</i>
	\$
(maturity)	

The 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 by 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 Payments*

\$

(maturity)

The 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 by 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 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 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 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, 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:

<i>Redemption Date</i>	<i>Redemption Price</i>
Any Interest Payment Date from September 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

See the caption “SPECIAL RISK FACTORS—Potential Early Redemption of Bonds from Prepayments or Other Sources” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a special mandatory redemption from Special Tax prepayments.

**Notice of Redemption.** So long as the 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 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 Bonds. Such notice of redemption will: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds are subject to redemption, or all of the Bonds of one maturity are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally issued; (vii) state the rate of interest borne by each Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds being redeemed as specified by the Trustee. Such notice will further state that on the date fixed for redemption, there will become due and payable on each Bond, or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable. 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 Bonds; provided, however, so long as the Bonds are registered in the name of the Nominee, such notice shall be given in such manner as complies with the requirements of the Depository. The actual receipt by the Owner of any Bond of notice of such redemption is not a condition precedent to redemption, and neither the failure to receive nor any defect in such notice will affect the validity of the proceedings for the redemption of such 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 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 Bonds.

Upon the payment of the redemption price of any 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 Bonds being redeemed with the proceeds of such check or other transfer.

With respect to any notice of optional redemption of 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 Bonds to be redeemed and that, if such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

***Selection of Bonds for Redemption.*** If less than all of the Bonds or Parity Bonds Outstanding of a Series are to be redeemed (except with respect to mandatory sinking fund redemption), the Trustee will select Bonds or Parity Bonds pro rata among maturities of such Series and by lot within a maturity. The portion of any 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 Bonds for redemption, the Trustee will treat such Bonds, as applicable, as representing that number of Bonds of \$5,000 denominations which is obtained by dividing the principal amount of such 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 Bonds, or portions thereof, selected for redemption.

***Partial Redemption of Bonds.*** Upon surrender of any 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 Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 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 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 Bonds to the contrary notwithstanding; (ii) upon presentation and surrender thereof at the Principal Office of the Trustee, the redemption price of such Bonds will be paid to the Owners thereof; (iii) as of the redemption date the Bonds, or portions thereof so designated for redemption will be deemed to be no longer Outstanding and such Bonds, or portions thereof, will cease to bear further interest; and (iv) as of the date fixed for redemption no Owner of any of the Bonds, or portions thereof so designated for redemption will be entitled to any of the benefits of the Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

## **Registration, Transfer and Exchange**

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

***Transfer or Exchange.*** Subject to the limitations set forth in the following paragraph, the registration of any 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 Bond for cancellation at the Principal 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.

Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds for other authorized denominations of the same maturity and issue. The Trustee may not collect from the Owner any charge for any new 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 Bonds are surrendered for registration of transfer or exchange, the District will execute and the Trustee will authenticate and deliver a new Bond or 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) Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed; or (ii) any Bonds chosen for redemption.

## **SOURCES OF PAYMENT FOR THE BONDS**

### **Limited Obligations**

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

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 shall 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 December 3, 2013 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 December 3, 2013, the qualified electors within the District authorized the District to incur indebtedness in an amount not to exceed \$5,500,000 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 electors 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.

Under the Rate and Method, commencing with Fiscal Year 2014-15, all Taxable Property in the District has and will continue to be classified as Developed Property (Residential or Non-Residential), Approved Property, Undeveloped Property, Taxable Association Property, or Taxable Public Property and has and will continue to be subject to a Special Tax levy at the maximum rates described in Section C of the Rate and Method.

For purposes of the levy of Special Taxes to satisfy the Special Tax Requirement, a parcel will be classified as Developed Property if it is an Assessor’s Parcel, other than Association Property and Public Property, upon which a completed Dwelling Unit or non-residential building has been constructed or for which building permits have been issued as of March 1 of the Fiscal Year preceding the Fiscal Year for which Special Taxes are being levied. The Maximum Special Tax for each parcel of Developed Property will be the greater of (a) the applicable amount set forth in Table 1 of the Rate and Method (ranging from \$4,533 per Dwelling Unit for Dwelling Units with 3,300 square feet or less of Residential Floor Area to \$5,360 per Dwelling Unit for Dwelling Units with 4,501 square feet or greater of Residential Floor Area for Residential Property and \$6,012 per acre for Assessor’s Parcels classified as Non-Residential Property), and (b) the applicable amount of the Backup Special Tax.

The Backup Special Tax for an Assessor’s Parcel of Residential Property within a Final Subdivision shall be determined by multiplying the Maximum Special Tax per Acre for Undeveloped Property by the total Acreage of Taxable Property within the Final Subdivision which created such Assessor’s Parcel, excluding the Acreage associated with Non-Residential Property, Taxable Association Property, and Taxable Public Property, and dividing such amount by the number of Assessor’s Parcels within such Final Subdivision for which a building permit has been or is expected to be issued for Residential Property (i.e., the total number of residential lots with such Final Subdivision).

Notwithstanding the foregoing, if all or any portion of the Final Subdivision(s) is subsequently changed or modified, then the Backup Special Tax for each Assessor’s Parcel of Developed Property in such Final Subdivision area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified Final Subdivision area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Subdivision area, as reasonably determined by the District Administrator.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax per square foot of Acreage which shall be applicable to Assessor’s Parcels of Developed Property in such

changed or modified Final Subdivision area for all remaining Fiscal Years in which the Special Tax may be levied.

The Backup Special Tax shall not apply to Non-Residential Property, Taxable Association Property, or Public Property.

After classifying the parcels in the District, the City Council will determine the Special Tax Requirement (as defined in the Rate and Method) for the District for the Fiscal Year. "Special Tax Requirement" means the amounts required in any Fiscal Year to: (i) pay debt service on all outstanding Bonds (taking into consideration the amount of funds that may be available pursuant to the Indenture to pay such debt service); (ii) pay periodic costs for the Bonds, including, but not limited to, costs related to credit enhancement and rebate payments; (iii) pay Administrative Expenses; (iv) provide an amount equal to reasonably anticipated delinquencies in the collection of Special Taxes; (v) pay any amount required to replenish the reserve fund for the outstanding Bonds; (vi) to pay annually the allocable share of other obligations of the City relating to such facilities; and (vii) provide any amounts that the Council determines are necessary to pay the costs of the provision, construction and acquisition of public facilities and/or to accumulate funds therefor.

The Special Tax will be levied first Proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Assigned Special Tax to satisfy the Special Tax Requirement. If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax will be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax for Approved Property. If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax will be levied Proportionately on each Assessor's Parcels of Undeveloped Property up to 100% of the Maximum Special Tax for Undeveloped Property. If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax to be levied on each Assessor's Parcels 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 the Maximum Special Tax for each such Assessor's Parcel. If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax will be levied Proportionately on each Assessor's Parcels of Taxable Association Property up to 100% of its Maximum Special Tax. If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcels of Taxable Public Property up to 100% of its Maximum Special Tax.

Within the District, building permits have been issued for all 74 parcels expected to be developed with single-family homes as of January 22, 2024 and therefore all 74 of such parcels will be classified as Developed Property for the Fiscal Year 2024-25 Special Tax levy and each year thereafter. For Fiscal Year 2024-25, the Assigned Special Tax for Developed Property within the District that is classified as Residential Property will range from \$4,533 per Dwelling Unit for Dwelling Units with 3,300 square feet or less of Residential Floor Area to \$5,360 per Dwelling Unit for Dwelling Units with 4,501 square feet or greater of Residential Floor Area for Residential Property. For Fiscal Year 2024-25, the Assigned Special Tax for Assessor's Parcels classified as Non-Residential Property will be \$6,012 per acre for Assessor's Parcels classified as Non-Residential Property.

Annual Debt Service for the Bonds has been structured so that Developed Property levied at the Assigned Special Tax rate based on the development status within the District as of January 22, 2024 (which consisted of 74 parcels of Developed Property for the Fiscal Year 2024-25 Special Tax levy), assuming no delinquencies, 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 below sets forth the Assigned Special Tax per unit of Developed Property, the projected Fiscal Year 2024-25 Special Tax levy and the percent of such levy based on land use type.

**TABLE 1  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (KUNNY RANCH)  
OF THE CITY OF RIVERSIDE  
ASSIGNED SPECIAL TAXES**

<i>Land Use</i>	<i>Tax Class</i>	<i>Residential Floor Area</i>	<i>No. of Units</i>	<i>Assigned Special Tax Per Unit or Acre<sup>(1)</sup></i>	<i>Projected Fiscal Year 2024-25 Special Tax Per Unit</i>	<i>Total Projected Fiscal Year 2024-25 Special Tax Levy<sup>(2)</sup></i>	<i>Percent of Total</i>
Residential Property	RES1	3,300 sq. ft. or less	45	\$ 4,533	\$4,048	\$ 182,171	59.83%
Residential Property	RES2	3,301 sq.ft. to 3,600 sq. ft.	14	4,653	4,155	58,176	19.11
Residential Property	RES3	3,601 sq.ft. to 3,900 sq. ft.	15	4,789	4,277	64,153	21.07
Residential Property	RES4	3,901 sq.ft. to 4,200 sq. ft.	0	5,029	0	0	0.00
Residential Property	RES5	4,201 sq.ft. to 4,500 sq. ft.	0	5,194	0	0	0.00
Residential Property	RES6	Greater than 4,500 sq.ft.	0	5,360	0	0	0.00
Non Residential Property	NONRES	N/A	0	6,012	0	0	0.00
Total			74			\$ 304,500	100.00%

(1) Reflects the assigned Special Tax per acre for Non-Residential Property.  
(2) Based upon the debt service requirement of the Bonds and includes the estimated Fiscal Year 2024-25 Administrative Expenses of \$30,000.  
Source: Webb Municipal Finance, LLC.

The annual Special Tax obligation for an Assessor’s Parcel may be prepaid in full, or in part, provided that the terms set forth under the Rate and Method are satisfied. The Prepayment Amount is calculated based on the sum of the Bonded Present Value of Taxes, Non-Bonded Present Value of Taxes and Prepayment Administrative Fees, less the Reserve Fund Credit, all as specified in Section H of the Rate and Method attached as Appendix A. Prepayments of Special Taxes will be applied to effect an extraordinary redemption of Bonds and Parity Bonds. See “THE BONDS — Redemption — *Special Mandatory Redemption from Special Tax Prepayments.*”

**Estimated Debt Service Coverage.** In connection with the issuance of the Bonds, the Special Tax Consultant will certify that the Maximum Special Tax that may be levied in each Fiscal Year on Assessor’s 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 shall not be increased as a consequence of delinquency or default by the owner of any other Assessor’s parcel within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the 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 will covenant 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 will covenant 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 will covenant 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 Expenses 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 will covenant 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 will covenant 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 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 will covenant

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 will covenant 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.

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 shall be deposited to the Redemption Account of the Special Tax Fund, the Trustee shall, 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 shall 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. 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, commencing September 1, 2024, 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 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, upon delivery of the Bonds, to deposit in the Reserve Account and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement. "Reserve Requirement" is defined in the Indenture to mean, as of any date of calculation, the lesser of: (i) 10% of the initial principal amount of the Bonds and any Parity Bonds; (ii) the Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds; or (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds; provided, however, that the Reserve Requirement shall not exceed the initial Reserve Requirement except in connection with the issuance of Parity Bonds.

Subject to the limits on the maximum annual Special Tax levy set forth in the Rate and Method and in the Indenture, the District will covenant 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, after moneys in the Additional Special Tax Reserve Fund, if any, have been used for such purposes (as described below): (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."

### **Additional Special Tax Reserve Fund**

On the Delivery Date of the Bonds, the District will deposit into the Additional Special Tax Reserve Fund, from available Special Taxes, an amount equal to \$\_\_\_\_\_. If the amounts in the Interest Account or Principal Account, as the case may be, are insufficient to pay the principal of, including Sinking Fund Payments, or interest on the Bonds or Parity Bonds when due, or amounts in the Special Tax Fund are

insufficient to make transfers to the Rebate Fund when required, the Trustee shall withdraw from the Additional Special Tax Reserve Fund for deposit in the Interest Account or the Principal Account, as the case may be, or the Rebate Fund, as applicable, moneys, if any, necessary for such purposes. **However, amounts in the Additional Special Tax Reserve Fund are not pledged to the repayment of the Bonds and any Parity Bonds and may be used for any lawful purpose. There is no assurance that the District will maintain the amounts in the Additional Special Tax Reserve fund described in this Official Statement.**

See “SPECIAL RISK FACTORS — Insufficiency of Special Tax Revenues.” For a further discussion of the Additional Special Tax Reserve Fund, see Appendix E under the caption “CREATION OF FUNDS AND APPLICATION OF PROCEEDS — Additional Special Tax Reserve 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 District will covenant in the Indenture not to issue Parity Bonds except as provided in the Indenture and only for the purposes of refunding all or a portion of the Bonds and any Parity Bonds. See Appendix E under the caption “DEFEASANCE AND PARITY BONDS.”

## **THE DISTRICT**

### **General Description of the District**

The District is located in the southern portion of the City, approximately 2.5 miles southeast of the 91 freeway, ten miles northeast of Interstate 15 and 5.5 miles south of the Interstate 215/60 freeway/91 freeway interchange. The District contains approximately 93.25 gross acres, including an approximately 18.08 acre open space lot, and is located in the Alessandro Heights neighborhood, east of Whitegate Avenue and north of Bradley Street, south of Tiger Tail Drive, and on both sides of Golden Star Avenue. The District consists of Tract Map 33029 which includes 21 numbered lots and Tract Map 33029-2 which includes 53 residential lots for a total of 74 planned single family detached homes in a project that has been marketed by Beazer Homes as “Hillcrest,” formerly known as Kunny Ranch. As of January 16, 2024, as described in the Appraisal Report, of the 74 homes planned within the District, 53 homes had been completed and conveyed to individual homeowners and Beazer Homes owned four completed model homes (three of which were in escrow), eight homes over 95% complete (five of which were in escrow), and nine homes under construction (eight of which were in escrow). As of March 1, 2024, \_\_\_\_\_ homes had been completed and conveyed to individual homeowners and Beazer Homes owned \_\_\_\_\_ completed model homes (\_\_\_\_\_ of which were in escrow), \_\_\_\_\_ homes over 95% complete (\_\_\_\_\_ of which were in escrow), and \_\_\_\_\_ homes under construction (\_\_\_\_\_ of which were in escrow). Beazer Homes currently expects to complete construction of the homes within the District by April 2024.

All backbone and in-tract infrastructure relating to the development within the District is complete and all fees relating to such development have been paid.

See the caption “PROPERTY OWNERSHIP AND THE DEVELOPMENT” for further information with respect to the District, Beazer Homes and development within the District.

Based on the number of building permits obtained for lots within the District as of January 16, 2024, all 74 lots will be classified as Developed Property under the Rate and Method for the projected Fiscal Year 2024-25 Special Tax levy. See APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

Water and electrical service to the property within the District is currently supplied by the City of Riverside Public Utilities. Water service to the property within the District is currently supplied by the City of Riverside Public Works. Gas service to the property within the District is currently supplied the Southern California Gas Company and cable/internet service is supplied by AT&T. Public education instruction is provided by the Riverside Unified School District.

Although, like all of Southern California, the land within the District is subject to seismic activity, it is not located within an Alquist-Priolo Earthquake Fault Zone.

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

### **The Project**

The Project includes the financing of the costs of construction of City facilities and School District facilities.

### **Assessed Value**

The assessed value of the property within the District represents the secured assessed valuation established by the County Assessor. Assessed values do not necessarily represent market values. Article XIII A of the California Constitution (Proposition 13) defines “full cash value” to mean “the County assessor’s valuation of real property as shown on the 1975/76 roll under ‘full cash value’, or, thereafter, the appraised value of real property when purchased or newly constructed or when a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors. Because of the general limitation to 2% per year in increases in full cash value of properties which remain in the same ownership, the County tax roll does not reflect values uniformly proportional to actual market values. There can be no assurance that the assessed valuations of the properties within the District accurately reflect their respective market values, and the future fair market values of those properties may be lower than their current assessed valuations.

Table 2 below sets forth historic assessed values within the District from Fiscal Years 2019-20 through 2023-24.

**TABLE 2  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (KUNNY RANCH)  
OF THE CITY OF RIVERSIDE  
ASSESSED VALUATION HISTORY**

<i>Fiscal Year</i>	<i>Total Parcels</i>	<i>Parcels with Improvement Assessed Value</i>	<i>Land Assessed Value</i>	<i>Improvement Assessed Value</i>	<i>Total Assessed Valuation<sup>(1)</sup></i>	<i>Annual Percent Change</i>
2019-20	5	0	\$ 480,595	\$ 0	\$ 480,595	NA
2020-21	5	0	490,204	0	490,204	2.00%
2021-22	5	0	2,928,100	0	2,928,100	497.32
2022-23 <sup>(2)</sup>	74	0	10,679,102	0	10,679,102	264.71
2023-24	74	23	17,773,477	14,784,437	32,557,914	204.88

<sup>(1)</sup> As of August 20 of each year as shown on the County Assessor’s roll. Total Assessed Valuation is calculated as the sum of Land Assessed Value and Improvement Assessed Value.

<sup>(2)</sup> Fiscal Year 2022-23 was the first special tax levy for the District.

Sources: Webb Municipal Finance, LLC; County Assessor.

**Appraisal Report**

The estimated assessed value of the property within the District, as shown on the County’s assessment roll for Fiscal Year 2023-24, is approximately \$32,557,914. However, as a result of the requirements of Article XIII A of the California Constitution, a property’s assessed value is not necessarily indicative of its market value. In order to provide information with respect to the value of the property within the District subject to the levy of Special Taxes, 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 minimum market value of the property within the District subject to the lien of the Special Taxes. The estimate of market value assumes that all improvements and benefits to the subject properties, which are to be funded with the proceeds of the Bonds are completed and in place.

Subject to the assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of the Date of Value (January 16, 2024), the minimum market value of the Taxable Property within the District was \$64,628,402.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix D. The City, the District and the Underwriter make no representation as to the accuracy of the Appraisal Report. See Appendix D — “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” and Appendix D — “APPRAISAL REPORT.”

### **Estimated Value-to-Lien Ratio**

The aggregate appraised value of property within the District shown in the Appraisal Report is \$64,628,402. Dividing the aggregate estimate of value by the principal amount of the Bonds results in value to lien ratio of 15.42\*-to-1 for the District. See “SPECIAL RISK FACTORS — Direct and Overlapping Indebtedness.”

Table 3 below sets forth the appraised value-to-lien ratio of the 74 parcels of the Taxable Property within the District as of the Date of Value (January 16, 2024) based on the appraised values set forth in the Appraisal Report and the principal amount of the Bonds. As of January 16, 2024, Beazer Homes had completed and conveyed 53 planned homes within the District to individual homeowners. Based on such ownership status, individual homeowners are expected to be responsible for approximately 70.79% of the projected Fiscal Year 2024-25 Special Tax levy.

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\* *Preliminary, subject to change.*

**TABLE 3  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (KUNNY RANCH)  
OF THE CITY OF RIVERSIDE  
APPRAISED VALUE-TO-LIEN RATIOS BY PROPERTY OWNER**

<i>Property Owner</i> <sup>(1)</sup>	<i>Parcels</i>	<i>Maximum Special Tax</i>	<i>Percent of Maximum Special Tax</i>	<i>Projected Fiscal Year 2024-25 Special Tax Levy</i> <sup>(2)*</sup>	<i>Percent of Projected Fiscal Year 2024-25 Special Tax Levy</i> <sup>*</sup>	<i>Appraised Value</i>	<i>Allocation of Bonds</i> <sup>(3)*</sup>	<i>Aggregate Value-to- Lien</i> <sup>(4)*</sup>
Individual Homeowners	53	\$ 291,597	70.79%	\$ 218,358	71.71%	\$ 51,659,555	\$ 3,004,663	17.19:1
Beazer Homes	<u>21</u>	<u>120,303</u>	<u>29.21</u>	<u>86,142</u>	<u>28.29</u>	<u>12,968,847</u>	<u>1,185,337</u>	<u>10.94:1</u>
<b>Total</b>	<b>74</b>	<b>\$ 411,900</b>	<b>100.00%</b>	<b>\$ 304,500</b>	<b>100.00%</b>	<b>\$ 64,628,402</b>	<b>\$ 4,190,000</b>	<b>15.42:1</b>

\* Preliminary, subject to change.

(1) Ownership status is based on information from Appraisal Report as of January 16, 2024.

(2) Based upon the debt service requirement of the Bonds plus Administrative Expenses Cap in the amount of \$30,000.

(3) Based on the projected Fiscal Year 2024-25 Special Tax levy.

(4) Aggregate value-to-lien based upon the par amount of the Bonds.

Source: Webb Municipal Finance, LLC.

**TABLE 4  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (KUNNY RANCH)  
OF THE CITY OF RIVERSIDE  
APPRAISED VALUE-TO-LIEN STRATIFICATION**

<i>Appraised Value-to-Lien<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2024-25 Special Tax Levy<sup>(4)*</sup></i>	<i>Percent of Fiscal Year 2024-25 Levy*</i>	<i>Fiscal Year 2024-25 Maximum Special Tax</i>	<i>Percent of Total Maximum Special Tax</i>	<i>Appraised Value</i>	<i>Percent of Appraised Value*</i>	<i>Allocation of Bonds<sup>(5)*</sup></i>	<i>Aggregate Value-to-Lien*</i>
Less than 15.00:1 <sup>(2)</sup>	17	22.97%	\$ 69,613	22.86%	\$ 101,795	24.71%	\$ 9,380,510	14.51%	\$ 957,897	9.79:1
15.00:1 to 16.99:1	23	31.08	93,445	30.69	114,964	27.91	20,820,177	32.22	1,285,834	16.19:1
Greater than 16.99:1 <sup>(3)</sup>	<u>34</u>	<u>45.95</u>	<u>141,441</u>	<u>46.45</u>	<u>195,141</u>	<u>47.38</u>	<u>34,427,715</u>	<u>53.27</u>	<u>1,946,269</u>	<u>17.69:1</u>
<b>Total</b>	<b>74</b>	<b>100.00%</b>	<b>\$ 304,500</b>	<b>100.00%</b>	<b>\$ 411,900</b>	<b>100.00%</b>	<b>\$ 64,628,402</b>	<b>100.00%</b>	<b>\$ 4,190,000</b>	<b>15.42:1</b>

\* Preliminary, subject to change.

(1) Appraised value-to-lien based upon principal amount of the Bonds. Excludes direct and overlapping debt shown in Table 5.

(2) Minimum estimated appraised value-to-lien is 6.37:1\*.

(3) Highest estimated appraised value-to-lien is 17.91:1\*.

(4) Based on the debt service requirement of the Bonds plus Administrative Expenses Cap in the amount of \$30,000.

(5) Based on the projected Fiscal Year 2024-25 Special Tax levy.

Source: Webb Municipal Finance, 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 5 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 5  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (KUNNY RANCH)  
OF THE CITY OF RIVERSIDE  
DIRECT AND OVERLAPPING DEBT**

### I. Appraised Value

Appraised Valuation<sup>(1)</sup> \$64,628,402

### II. Land Secured Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels</i>	<i>Amount Applicable</i>
CFD NO. 2013-1 KUNNY RANCH	CFD	\$ 4,190,000*	\$ 4,190,000 <sup>(2)*</sup>	100.00%	74	<u>\$ 4,190,000*</u>
<b>TOTAL OUTSTANDING LAND SECURED BONDED DEBT<sup>(3)</sup></b>						<b>\$ 4,190,000*</b>

<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels</i>	<i>Amount Applicable</i>
CFD NO. 2013-1 KUNNY RANCH	CFD	\$ 5,500,000	\$ 0 <sup>(4)</sup>	100.00%	74	<u>\$ 0</u>
<b>TOTAL UNISSUED LAND SECURED INDEBTEDNESS<sup>(3)</sup></b>						<b>\$ 0</b>

**TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS** **\$ 4,190,000\***

### III. General Obligation Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable<sup>(5)</sup></i>	<i>Parcels</i>	<i>Amount Applicable</i>
City of Riverside (0.00333%)	GO	\$ 20,000,000	\$ 1,740,000	0.07908%	74	\$ 1,376
Riverside Unified School District (0.08973%)	GO	527,000,000	371,240,000	0.08913	74	330,877
Riverside City Community College B & I (0.014700%)	GO	349,998,424	324,251,456	0.02137	74	69,288
MWD West (0.00350%)	GO	850,000,000	19,215,000	0.00084	74	<u>162</u>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT<sup>(3)</sup></b>						<b>\$ 401,702</b>

<i>Authorized and Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable<sup>(5)</sup></i>	<i>Parcels</i>	<i>Amount Applicable</i>
City of Riverside (0.00333%)	GO	\$ 20,000,000	\$ 0	0.07908%	74	\$ 0
Riverside Unified School District (0.08973%)	GO	567,000,000	40,000,000	0.08913	74	35,651
Riverside City Community College B & I (0.014700%)	GO	350,000,000	1,576	0.02137	74	0
MWD West (0.00350%)	GO	850,000,000	0	0.00084	74	<u>0</u>
<b>TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS<sup>(3)</sup></b>						<b>\$ 35,651</b>

**TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS** **\$ 437,354**

**TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT** **\$ 4,591,702\***  
**TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS** **\$ 4,627,354\***

### IV. Ratios to Appraised Valuation

Outstanding Land Secured Bonded Debt	15.42:1*
Total Outstanding Bonded Debt	14.08:1*

\* Preliminary, subject to change.

(1) Appraised value is per the Appraisal Report.

(2) Amount outstanding is equal to the initial principal amount of the Bonds.

(3) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2023-24.

(4) Additional bonds may be issued for refunding purposes only.

(5) Percentage applicable determined by Fiscal Year 2023-24 equalized roll assessed value information.

Source: Webb Municipal Finance, LLC.

Annual Debt Service for the Bonds has been structured so that Developed Property at buildout levied at the Assigned Special Tax rate, assuming no delinquencies, 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.

Based on the appraised value of the property within the District set forth in the Appraisal Report, the projected debt service on the Bonds, and Administrative Expenses Cap of \$30,000, the District expects that, in Fiscal Year 2024-25, the projected effective tax rate levied on taxable property in the District, will be approximately 1.54% of average appraised value of the property within the District within each Land Use Type (as defined in the Rate and Method).

Table 6 below describes the estimated Fiscal Year 2024-25 effective tax burden for an average unit of property within the District based on the estimated Special Taxes levy and Fiscal Year 2023-24 actual levies for all other overlapping taxing jurisdictions.

**TABLE 6  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (KUNNY RANCH)  
OF THE CITY OF RIVERSIDE  
PROJECTED TAX OBLIGATION<sup>(1)</sup>  
FOR INDIVIDUALLY OWNED SAMPLE DEVELOPED PROPERTY**

Average Home Value <sup>(2)</sup>		\$ 974,709
<i>Ad Valorem</i> Property Taxes:		
Basic Levy (1.00000%)		\$ 9,747.09
City of Riverside (0.00333%)		32.46
Riverside Unified School District (0.08973%)		874.61
Riverside City Community College B & I (0.014700%)		143.28
MWD West (0.00350%)		<u>34.11</u>
<b>Total General Property Taxes</b>		<b>\$ 10,831.55</b>
Assessment, Special Taxes & Parcel Charges:		
CFD 2013-1 Kunny Ranch <sup>(3)</sup>		\$ 4,119.96
Flood Control Stormwater/Cleanwater		4.44
NW Mosquito & Vector-Riverside		12.04
Riverside Lighting District		31.44
MWD Standby West		<u>9.22</u>
<b>Total Assessment Charges</b>		<b>\$ 4,177.10</b>
<b>Average Total Property Tax</b>		<b>\$ 15,008.65</b>
<b>Average Effective Tax Rate</b>		<b>1.54%</b>

<sup>(1)</sup> Average Fiscal Year 2024-25 tax rates based upon Fiscal Year 2023-24 overlapping taxes and assessment rates.

<sup>(2)</sup> Average home value is based upon average appraised values for Developed Property conveyed to individual homeowners as shown in the Appraisal Report.

<sup>(3)</sup> Reflects District average projected Fiscal Year 2024-25 Special Tax levy for parcels of Developed Property.

Source: Webb Municipal Finance, LLC.

## Delinquency History

Fiscal Year 2022-23 was the first year in which Special Taxes were levied in the District. Table 7 sets forth the Special Tax levy for Fiscal Year 2022-23 through Fiscal Year 2023-2024 within the District and delinquencies as of January 25, 2024.

**TABLE 7  
COMMUNITY FACILITIES DISTRICT NO. 2013-1 (KUNNY RANCH)  
OF THE CITY OF RIVERSIDE  
SPECIAL TAX LEVY, DELINQUENCY, AND DELINQUENCY RATE  
FISCAL YEARS 2022-23 AND 2023-24**

Fiscal Year	Amount Levied	Parcels Levied	Delinquencies Following Fiscal Year End			Delinquencies as of January 25, 2024		
			Parcels Delinquent	Amount Delinquent	Percent Delinquent	Parcels Delinquent	Amount Delinquent	Percent Delinquent
2022-23 <sup>(1)</sup>	\$ 50,871.00	11	1	\$2,400.50	4.72%	0	\$ 0.00	0.00%
2023-24 <sup>(2)</sup>	113,412.00	49	N/A	N/A	N/A	8	18,380.00	16.21

<sup>(1)</sup> First year of Special Tax levy within the District.

<sup>(2)</sup> Includes levy of first installment only, which became delinquent after December 10, 2023.

Source: Webb Municipal Finance, LLC.

## PROPERTY OWNERSHIP AND THE DEVELOPMENT

*The information about the property in the District contained in this Official Statement has been provided by representatives of Beazer 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 Beazer 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 Beazer Homes that they 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 Beazer Homes in the District will be available when needed. None of Beazer 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 Beazer Homes in the District. Any contributions by Beazer 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 Beazer Homes within the District, the remaining portions of such development may not be completed. Beazer 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."*

### The Development

The District is located in the southern portion of the City, approximately 2.5 miles southeast of the 91 freeway, ten miles northeast of Interstate 15 and 5.5 miles south of the Interstate 215/60 freeway/91 freeway interchange. The District contains approximately 93.25 gross acres, including an approximately 18.08 acre open space lot, and is located in the Alessandro Heights neighborhood, east of Whitegate Avenue and north of Bradley Street, south of Tiger Tail Drive, and on both sides of Golden Star Avenue. The District consists of Tract Map 33029 which includes 21 numbered lots and Tract Map 33029-2 which includes 53 residential lots

for a total of 74 planned single family detached homes in a project that has been marketed by Beazer Homes as “Hillcrest,” formerly known as Kunny Ranch.

Of the 74 homes planned within the District, 53 homes had been completed and conveyed to individual homeowners and Beazer Homes owned four completed model homes (three of which were in escrow), eight homes over 95% complete (five of which were in escrow), and nine homes under construction (eight of which were in escrow). As of March 1, 2024, \_\_\_\_\_ homes had been completed and conveyed to individual homeowners and Beazer Homes owned \_\_\_\_\_ completed model homes (\_\_\_\_\_ of which were in escrow), \_\_\_\_\_ homes over 95% complete (\_\_\_\_\_ of which were in escrow), and \_\_\_\_\_ homes under construction (\_\_\_\_\_ of which were in escrow). Beazer Homes currently expects to complete construction of the homes within the District by April 2024.

The Hillcrest project consists of five floor plans which range in size from 2,462 square feet to 3,702 square feet. Plans 4 and 5 vary up to 38 square feet due to the architectural type with Plan 4 ranging from 3,370 to 3,380 square feet and Plan 5 ranging from 3,676 to 3,702 square feet. Three of the plans are single-story, while two have two-stories, with attached two and three-car garages per plan.

A summary of the product mix of the homes within the Hillcrest project that were completed by Beazer Homes, including square footage and average sales prices for each floor plan as of January 16, 2024 is set forth below:

<i>Plan</i>	<i>Number of Homes</i>	<i>Individually Owned</i>	<i>Builder Owned and Completed</i>	<i>Builder Owned and Under Construction</i>	<i>Base Square Footage<sup>(1)</sup></i>	<i>Number of Bedrooms/Bathrooms</i>	<i>Base Sales Price<sup>(2)</sup></i>
1	11	8	1	2	2,462	4/3	\$ 869,990
2	18	11	5*	2	2,848	4/3	994,990
3	16	11	3*	2	3,167	5/3.5	1,039,990
4	14	12	1*	1	3,370-3,380	5/4	1,044,990
5	<u>15</u>	<u>11</u>	<u>2</u> *	<u>2</u>	3,676-3,702	5/4.5	1,089,990
<b>TOTAL:</b>	<b>74</b>	<b>53</b>	<b>12</b>	<b>9</b>			

\* One of each of these plans is a model home. In addition to the above there are nine homes under construction.

(1) Actual square footage may vary based on options selected.

(2) Sales prices for individual homes varied based on premiums, upgrades, options and incentives.

Source: Beazer Homes.

*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 base 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. Beazer 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.*

All backbone and in-tract infrastructure relating to the development within the District is complete and all fees relating to such development have been paid.

## **Beazer Homes**

**General.** Beazer Homes Holdings, LLC, a Delaware limited liability company (previously defined as “Beazer Homes”) is a subsidiary of Beazer Homes USA, Inc., a Delaware corporation (“Beazer Homes Corp”). Beazer Homes Corp’s common stock is publicly traded on the New York Stock Exchange under the symbol “BZH.” Beazer Homes Corp is one of the largest public homebuilders in the United States, operating in more than a dozen states and having its headquarters in Atlanta, Georgia. Beazer Homes Corp is subject to the

informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements, and other information, including financial statements, with the SEC. The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Beazer Homes Corp. The address of such Internet web site is www.sec.gov. All documents subsequently filed by Beazer Homes Corp pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of Beazer Homes Corp's Annual Report and each of its other quarterly and current reports, including any amendments, are available from its website at www.beazer.com.

*The foregoing internet websites are included for reference only and the information on these internet sites is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such internet websites. Neither Beazer Homes nor Beazer Homes Corp. is obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Bonds.*

**Financing Plan.** Through March 1, 2024, Beazer Homes had spent approximately \$\_\_\_\_\_ in acquiring its land in the District and approximately \$\_\_\_\_\_ in site development costs, permits and impact fees, home construction costs, and other development, marketing and sales costs (exclusive of internal financing repayment, corporate overhead and other carry costs) related to its development within the District. Beazer Homes expects to spend approximately \$\_\_\_\_\_ in additional site development costs, permit and impact fees, home construction costs, and other development, marketing and sales costs (exclusive of corporate overhead and other carry costs) between \_\_\_\_\_, 2024 and full build-out of the homes proposed to be constructed in the District.

To date, Beazer Homes has financed its land acquisition, site development and home construction costs related to its property within the District through internally generated funds. Beazer Homes expects to use internal funding (which may include home sales revenues from its project within the District) to complete its development activities within the District. However, home sales revenues from Beazer Homes's activities in the District are not segregated and set aside for completing the homes in the District. Notwithstanding the foregoing, Beazer Homes believes that it will have sufficient funds to complete its construction and sale of homes in the District.

*Notwithstanding the current belief of Beazer Homes that it will have sufficient funds to complete its planned development in the District, no assurance can be given that sources of financing available to Beazer Homes will be sufficient to complete the property development and home construction as currently anticipated. Neither Beazer Homes nor any of its related entities are under any legal obligation of any kind to expend funds for the development and construction of homes on its property in the District, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by Beazer Homes to fund the costs of such development are entirely voluntary.*

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

## **SPECIAL RISK FACTORS**

The Bonds have not been rated by any rating agency, and the purchase of the 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 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 Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the District. See “— Property Values” below.

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

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

### **Insufficiency of Special Tax Revenues**

As discussed below, the Special Taxes may not produce revenues sufficient to pay the debt service on the Bonds either due to nonpayment of the amounts levied or because acreage within the District becomes exempt from taxation due to the transfer of title to a public agency.

In order to pay debt service on the 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, including funds in the Additional Special Tax Reserve Fund, are not available. See “SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund,” and “— Additional Special Tax Reserve Fund.” The District will covenant in the Indenture to maintain in the Reserve Account an amount equal to the Reserve Requirement, subject, however, to the availability of Net Special 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 E hereto. As a result, if a significant number of Special Tax delinquencies occur 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 Bonds and any Parity 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 Bonds when due and a default will occur with respect to the payment of such principal and interest.

The District will covenant 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 Bonds (if the Reserve Account and the Additional Special Tax Reserve Fund have 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 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.)

## **Limited Number of Homeowners in the District**

In addition to the foregoing under the heading “— Insufficiency of Special Tax Revenues,” there are only 74 parcels of Residential Property in the District. The Reserve Account could be used to pay debt service on the Bonds if Special Tax delinquencies occur in as few as \_\_\_\_\_ parcels within the District. There is 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 under the Indenture, even if the Special Tax is levied at the Maximum Special Tax rates. See “SOURCES OF PAYMENT FOR THE BONDS — Reserve Account of the Special Tax Fund” and “ — Special Taxes — *Proceeds of Foreclosure Sales.*”

## **Concentration of Ownership**

Based on property ownership as of January 16, 2024, Beazer Homes is projected to be responsible for approximately 29.21% of the projected Fiscal Year 2024-25 Special Tax levy within the District. While the District includes 53 parcels of single-family detached residential units owned by individual homeowners as of January 16, 2024, the inability or refusal of Beazer Homes to pay the Special Tax applicable to their property within the District when due could result in the depletion of the Reserve Account prior to replenishment thereof from sale or foreclosure proceedings, and/or insufficient money with which to pay the principal of and interest on the Bonds as the same became due. Additionally, pursuant to the Act, the Special Taxes levied in any fiscal year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or default. As a result, while the Maximum Special Taxes pursuant to the Rate and Method of Apportionment may be higher, Maximum Special Taxes on parcels of residential parcels cannot be greater than 110% of the projected actual Special Tax levy on such parcels.

## **Property Values**

The value of the property within the District is an important factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the District’s only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See “THE 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 aggregate estimate of value of the property within the District was \$64,628,402. 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 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 within the District subject to the levy of Special Taxes, 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 very 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.

Beazer Homes represents that it 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 Beazer Homes is not aware of them.

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 heading “SECURITY FOR THE BONDS — Covenant for Superior Court Foreclosure.” 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 Bonds. The various legal opinions to be delivered in connection with the issuance of the Bonds, including Bond Counsel’s approving legal opinion, are qualified as to the enforceability of the Bonds and the Indenture by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public agencies such as the District.

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

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County 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 Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture.

## **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 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 will covenant that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates for the District, unless, in connection therewith, (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 Expenses 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 also will covenant that, in the event an initiative is adopted which purports to reduce or otherwise alter the Rates 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.

With respect to the approval of the Special Taxes, on August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997) (the “San Diego Decision”). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego (the “City”). The CCFD is a financing district much like a community facilities district established under the provisions of the Act. The CCFD is comprised of all of the real property in the entire City. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

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

The facts of the San Diego Decision show that there were hundreds of thousands of registered voters within the CCFD (viz., all of the registered voters in the City). The elections held in the District had no registered voters at the time of the elections to authorize the Special Tax. In the San Diego Decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court’s holding does not apply to the Special Tax elections in the District. Moreover, Section 53341 of the Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. Voters in the District approved the Special Tax and the issuance of bonds on December 3, 2013. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, Bond Counsel is of the opinion that no successful

challenge to the Special Tax being levied in accordance with the Rate and Method of Apportionment may now be brought.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts.

### **Loss of Tax Exemption**

As discussed under the heading “TAX MATTERS,” interest on the Bonds could cease to be excluded from gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the District. In addition, it is possible that future changes in applicable federal tax laws could cause interest on the 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 Bonds.

### **No Ratings – Limited Secondary Market**

The District has not applied to have the 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 Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the District has committed to provide certain financial and operating information, there can be no assurance that such information will be available to 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 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 Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of interest on the Bonds.

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

### **Potential Early Redemption of Bonds from Prepayments or Other Sources**

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 special assessment district or community facilities district. Such Prepayments will result in a special mandatory redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the Prepayment. The resulting special mandatory redemption of Bonds that

were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See the caption “THE BONDS—Redemption— Special Mandatory Redemption from Special Tax Prepayments.”

### **Cybersecurity**

The City and the District, like many other public and private entities, rely on computer and other digital networks and systems to conduct their operations. As a recipient and provider of personal, private or other sensitive electronic information, the City and the District are 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 and the District 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 District, or the administration of the Bonds. The District is also reliant on other entities and service providers in connection with the administration of the Bonds, including without limitation the County tax collector for the levy and collection of Special Taxes and the Trustee. No assurance can be given that the District and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

### **Impact of Economic Conditions on the Development in the District**

Certain events and factors which negatively affect the regional, State and national economies could have an adverse effect on the pace at which the current or any future developers in the District can complete the remaining infrastructure and future homes, and demand by, and the ability of individuals to purchase homes within the District. Such events and factors could include rising inflation and interest rates, persistent supply chain issues and global market instability caused by geopolitical events. Any adverse impact of the foregoing and other economic factors on the projects in the District and the real estate market in general cannot be predicted.

### **Increasing Mortgage Interest Rates**

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

## **CONTINUING DISCLOSURE**

Pursuant to a Continuing Disclosure Certificate (the “Disclosure Agreement”), to be executed and delivered by the District at the time of issuance of the Bonds, the District will covenant for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District by April 1 following the end of the District’s Fiscal Year (currently its Fiscal Year ends on June 30) (the “Annual Report”), commencing with the report for the Fiscal Year ended June 30, 2024, and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City 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 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 entered into any continuing disclosure undertakings during the previous five-year period. Although the City and its related governmental entities – specifically those entities for whom City staff is responsible for undertaking compliance with continuing disclosure undertakings – are not obligated persons pursuant to Rule 15c2-12 with respect to the Bonds, the City and its related governmental entities have not, on a handful of occasions during the past five years, fully complied, in all material respects, with their disclosure undertakings because on certain occasions in the last five years, the City did not timely file: (1) notice of rating changes to bond insurers and other credit and/or liquidity providers for City debt obligations; (2) the City’s biennial budget for 2018-2020 in connection with the City of Riverside Variable Rate Refunding Certificates of Participation (Riverside Renaissance Projects) Series 2008; (3) a notice of successor trustee for a prior City debt obligation; and (4) certain Fiscal Year 2018-19 operating data in connection with an issuance of pension obligation bonds by the City. In addition, the City did not link certain Fiscal Year 2017-18 information with respect to bonds of the City’s electric system to all applicable CUSIPs.

The City and its related governmental entities have made filings to correct all known instances of non-compliance during the last five years. The City believes that it has established internal processes, including a written continuing disclosure policy that will ensure that it and its related governmental entities will meet all material obligations under their respective continuing disclosure undertakings. The City also now handles its and its related governmental entities’ continuing disclosure obligations internally and no longer uses third-party dissemination agents for that purpose. Additionally, the City has engaged a consultant to annually verify its continuing disclosure filings and identify any deficiencies, whether material or otherwise, so that any required corrective action can be taken.

## **TAX MATTERS**

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

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

Bond Counsel’s opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District, the 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 Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District and the 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 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Beneficial Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

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

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

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

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

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

A copy of the proposed form of the opinion of Bond Counsel to be delivered at Closing with respect to the Bonds is attached hereto as Appendix C.

### **LEGAL OPINION**

The legal opinion of Bond Counsel approving the validity of the Bonds, in substantially the form set forth as Appendix C hereto, will be made available to purchasers of the Bonds at the time of original delivery of the Bonds. Certain legal matters will be passed upon for the City and the District by the City Attorney, and for the District by Stradling Yocca Carlson & Rauth LLP, 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 Bonds for the accuracy, completeness or fairness of this Official Statement.

### **ABSENCE OF LITIGATION**

In connection with the issuance of the 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 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 Bonds.

### **UNDERWRITING**

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

Under certain circumstances, the Underwriter may offer and sell the 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 Bonds. From time to time, Stradling Yocca Carlson & Rauth LLP, represents the Underwriter on matters unrelated to the Bonds.

### **MUNICIPAL ADVISOR**

Fieldman, Rolapp & Associates, Inc. has acted as Municipal Advisor to the District in conjunction with the issuance of the Bonds. The Municipal Advisor has assisted in matters related to the planning, structuring, execution, and delivery of the Bonds. The Municipal Advisor will receive compensation

contingent upon the sale and delivery of the Bonds. The Municipal Advisor has not audited, authenticated, or otherwise independently verified the information set forth in this Official Statement, or any other related information available, with respect to accuracy and completeness of disclosure of such information. Because of this limited participation, the Municipal Advisor makes no guaranty, warranty, or other representation with respect to the accuracy or completeness of this Official Statement, or any other matter related to this Official Statement.

**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 Bonds.

The summaries of certain provisions of the 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. 2013-1  
(KUNNY RANCH) OF THE CITY OF RIVERSIDE

By: \_\_\_\_\_  
City Manager of the City of Riverside

## APPENDIX A

### RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

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#### RATES AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 2013-1 (KUNNY RANCH) OF THE CITY OF RIVERSIDE

A Special Tax shall be levied on all Assessor's Parcels of Taxable Property within Community Facilities District No. 2013-1 (Kunny Ranch) of the City of Riverside (the "District" or the "CFD No. 2013-1") in each Fiscal Year, in an amount determined by the City Council of the City of Riverside (the "Council" or the "City") through the application of the appropriate Special Tax for Developed Property, Approved Property, Undeveloped Property, Taxable Association Property, or Taxable Public Property as provided below. All Assessor's Parcels within CFD No. 2013-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

#### A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

**"Acre or Acreage"** means the land area of an Assessor's Parcel as shown on the 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, lot line adjustment, condominium plan, or other recorded parcel map.

**"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 California Government Code.

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Special Taxes and preparing the annual Special Tax levy schedules (whether by the City, the District, or an agent thereof); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting the Special Taxes to the fiscal agent or trustee; the costs of the fiscal agent or trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, the District or any agent thereof in complying with arbitrage rebate requirements; the costs to the City, the District or any agent thereof to provide continuing disclosure information; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, the District or any agent thereof related to an appeal of the Special Tax. Administrative Expenses shall also include amounts advanced by the City or the District for any other administrative purposes of the District, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure proceedings for the collection of delinquent Special Taxes.

**"Approved Property"** means all Assessor's Parcels of Taxable Property: (i) that are included in a Final Subdivision that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied, and (ii) that have not been issued a Building Permit prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied.

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

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

**“Association Property”** means any property owned by or irrevocably offered or dedicated to or for which an easement for purposes of right of way has been granted to a property owners’ association, including any master or sub association.

**“Assigned Special Tax”** means the Assigned Special Tax for each Land Use Category of Developed Property, as specified in Table 1.

**“Backup Special Tax”** means the Backup Special Tax amount determined for an Assessor’s Parcel pursuant to Section C.

**“Bonds”** means any bonds or other indebtedness (as defined in the Act), whether issued in one or more series, secured by the levy of Special Taxes on Assessor’s Parcels of Taxable Property.

**“Developed Property”** means all Assessor’s Parcels within CFD No. 2013-1, exclusive of Association Property and Public Property, upon which completed Dwelling Units or non-residential buildings have been constructed or for which building permits have been issued as of March 1 of the Fiscal Year preceding the Fiscal Year for which Special Taxes are being levied.

**“District Administrator”** means the Assistant City Manager/CFO/ Treasurer of the City, or his or her designee, or any agent appointed by him or her, who shall be responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

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

**“Exempt Property”** means all Assessor’s Parcels within CFD No. 2013-1 designated as being exempt from the Special Tax as provided in Section E.

**“Final Subdivision”** means a subdivision of property by recordation of a final map, parcel map, or lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) or recordation of a condominium plan pursuant to California Civil Code Section 1352 that creates individual lots for which building permits may be issued without further subdivision.

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

**“Indenture”** means the indenture, fiscal agent agreement, trust agreement, or resolution, pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

**“Land Use Category”** means for Assessor’s Parcels of Developed Property, the categories of Residential Property and Non-Residential Property identified in Table 1.

**“Maximum Special Tax”** means the Maximum Special Tax, determined as provided in Section C, which can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property within CFD No. 2013-1.

**“Non-Residential Property”** means all Assessor’s Parcels of Developed Property upon which completed non-residential buildings have been constructed or for which building permits have been issued for construction of such buildings.

**“Proportionately”** means for Taxable Property that is (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned 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 per Acre to the Maximum Special Tax per Acre is the same for all Assessor's Parcels of Approved Property, and (iii) Undeveloped Property, Taxable Public Property and Taxable Association 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, Taxable Public Property and Taxable Association Property.

**"Public Property"** means property owned by or irrevocably offered or dedicated to or for which an easement for purposes of public right of way has been granted to the federal government, the State of California, the County of Riverside, the City or any other local governmental or public agency; provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be classified and taxed according to its use.

**"Residential Floor Area"** for any Assessor's Parcel of Residential Property means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the original building permit(s) issued for each Assessor's Parcel or if the Building Permit is not available by reference to a similar official document as selected by the District Administrator.

**"Residential Property"** means all Assessor's Parcels of Developed Property upon which completed Dwelling Units have been constructed or for which building permits have been issued for purposes of constructing one or more Dwelling Units.

**"Special Tax"** means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within CFD No. 2013-1 to fund the Special Tax Requirement.

**"Special Tax Requirement"** means the amounts required in any Fiscal Year to: (i) pay debt service on all outstanding Bonds (taking into consideration the amount of funds that may be available pursuant to the Indenture to pay such debt service); (ii) pay periodic costs for the Bonds, including, but not limited to, costs related to credit enhancement and rebate payments; (iii) pay Administrative Expenses; (iv) provide an amount equal to reasonably anticipated delinquencies in the collection of Special Taxes; (v) pay any amount required to replenish the reserve fund for the outstanding Bonds; (vi) to pay annually the allocable share of other obligations of the City relating to such facilities; and (vii) provide any amounts that the Council determines are necessary to pay the costs of the provision, construction and acquisition of public facilities and/or to accumulate funds therefor.

**"Taxable Association Property"** means all Assessor's Parcels of Association Property within CFD No. 2013-1 which are not Exempt Property.

**"Taxable Property"** means all of the Assessor's Parcels within CFD No. 2013-1 which are not Exempt Property.

**"Taxable Public Property"** means all Assessor's Parcels of Public Property within CFD No. 2013-1 which are not Exempt Property.

**"Undeveloped Property"** means all Taxable Property within CFD No. 2013-1 not classified as Developed Property, Approved Property, Taxable Association Property or Taxable Public Property.

## **B. CLASSIFICATION AND LAND USE CATEGORIZATION**

For each Fiscal Year, all Assessor's Parcels of Taxable Property within CFD No. 2013-1 shall be classified as Developed Property, Approved Property, Undeveloped Property, Taxable Association Property, or Taxable Public Property and shall be subject to the levy of Special Taxes as determined pursuant to Sections

C and D below. Assessor’s Parcels of Developed Property shall be classified as either Residential Property or Non-Residential Property.

For purposes of determining the applicable Assigned Special Tax for Assessor’s Parcels of Developed Property which are classified as Residential Property, all such Assessor’s Parcels shall be assigned to a Land Use Category based upon the square footage of the Residential Floor Area of the Dwelling Unit(s) constructed or to be constructed thereon as specified in or shown on the building permit(s) issued therefor.

**C. ASSIGNED AND MAXIMUM SPECIAL TAXES**

**1. Developed Property**

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property shall be the greater of (i) the applicable Assigned Special Tax or (ii) the amount of the Backup Special Tax therefor.

a. Assigned Special Tax

The Assigned Special Tax amounts for all Land Use Categories of Developed Property are specified in Table 1 below.

TABLE 1  
Assigned Special Taxes for Land Use Categories  
of Developed Property

<b>Land Use Category</b>	<b>Taxable Unit</b>	<b>Residential Floor Area</b>	<b>Assigned Special Tax per DU or Acre</b>
1. - Residential Property	DU	3,300 sq. ft or less	\$4,533
2. - Residential Property	DU	3,301 sq. ft. to 3,600 sq. ft.	\$4,653
3. - Residential Property	DU	3,601 sq. ft. to 3,900 sq. ft.	\$4,789
4. - Residential Property	DU	3,901 sq. ft. to 4,200 sq.ft.	\$5,029
5. - Residential Property	DU	4,201 sq. ft to 4,500 sq. ft.	\$5,194
6. - Residential Property	DU	>= 4,501 sq. ft.	\$5,360
7. – Non-Residential Property	Acre	N/A	\$6,012

b. Backup Special Tax

The Backup Special Tax for an Assessor’s Parcel of Residential Property within a Final Subdivision shall be determined by multiplying the Maximum Special Tax per Acre for Undeveloped Property by the total Acreage of Taxable Property within the Final Subdivision which created such Assessor’s Parcel, excluding the Acreage associated with Non-Residential Property, Taxable Association Property, and Taxable Public Property, and dividing such amount by the number of Assessor’s Parcels within such Final Subdivision for which a building permit has been or is expected to be issued for Residential Property (i.e., the total number of residential lots with such Final Subdivision).

Notwithstanding the foregoing, if all or any portion of the Final Subdivision(s) described in the preceding paragraphs is subsequently changed or modified, then the Backup Special Tax for each Assessor’s Parcel of Developed Property in such Final Subdivision area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified Final Subdivision area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Subdivision area, as reasonably determined by the District Administrator.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Subdivision area for all remaining Fiscal Years in which the Special Tax may be levied.

The Backup Special Tax shall not apply to Non-Residential Property, Taxable Association Property, or Public Property.

**2. Approved Property, Undeveloped Property, Taxable Association Property and Taxable Public Property**

The Maximum Special Tax for Assessor's Parcels of Approved Property, Undeveloped Property, Taxable Association Property and Taxable Public Property shall be \$6,012 per Acre.

**D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Commencing with Fiscal Year 2014-15 and for each following Fiscal Year, the Council shall determine the Special Tax Requirement and shall levy the Special Tax on all Assessor's Parcels of Taxable Property until the aggregate amount of the Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied for each Fiscal Year as follows:

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

Second: 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 for Approved Property;

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

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax to be levied on each Assessor's Parcels of Developed Property for which the Maximum Special Tax is the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fifth: 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 Parcels of Taxable Association Property up to 100% of its Maximum Special Tax;

Sixth: If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcels of Taxable Public Property up to 100% of its Maximum Special Tax.

No Special Tax shall be levied on Assessor's Parcels of Undeveloped Property in CFD No. 2013-1 to provide any amounts that the Council determines are necessary to pay the costs of the provision, construction and acquisition of public facilities and/or to accumulate funds therefor, as described in clause (vii) of the definition of 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 or default 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.

**E. EXEMPTIONS**

The District Administrator shall classify as Exempt Property Assessor's Parcels within CFD No. 2013-1 of (i) Public Property or (ii) Association Property; provided that such classification shall not reduce the Acreage of all Taxable Property within CFD No. 2013-1 to less than 65.56 Acres. The District Administrator shall not classify an Assessor's Parcel of Public Property or Association Property as Exempt Property if such classification would reduce the Acreage of all Assessor's Parcels of Taxable Property to less than 65.56 Acres. Such Assessor's Parcels that cannot be classified as Exempt Property because such classification would reduce the Acreage of all Assessor's Parcels of Taxable Property to less than 65.56 Acres will be classified as Taxable Association Property or Taxable Public Property, and will continue to be subject to the Special Tax. The District Administrator shall classify such Assessor's Parcels as Exempt Property in the chronological order in which property becomes Public Property or Association Property.

**F. MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes; provided, however, that the City may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may foreclose on Assessor's Parcels having delinquent Special Taxes as permitted by the Act.

**G. TERM OF THE SPECIAL TAX**

The Special Tax shall be levied each Fiscal Year on each Assessor's Parcels of Taxable Property within CFD No. 2013-1 as needed to satisfy the Special Tax Requirement. If any delinquent Special Taxes remain uncollected prior to or after all outstanding Bonds are retired, the Special Tax may be levied to the extent necessary, up to the applicable Maximum Special Tax, to make up the deficiency resulting from such delinquent Special Taxes, but not later than the 2053-54 Fiscal Year.

**H. PREPAYMENT**

As used in this Section H, the terms in quotes have the meanings given to them below:

**"Bonded Discount Rate"** means (i) prior to the issuance of Bonds, 6.25% and (ii) after the issuance of Bonds, the weighted average arbitrage yield on the Bonds.

**"Bonded Present Value of Taxes"** means the present value, based on the Bonded Discount Rate, of (i) the Bonded Special Tax applicable to an Assessor's Parcel in the current Fiscal Year not yet paid, plus (ii) the Bonded Special Tax applicable to such Assessor's Parcel in each remaining Fiscal Year until the Fiscal Year that is either (a) the first Fiscal Year in which no Bonds will remain outstanding if Bonds have been issued or (b) 30 years following the current Fiscal Year if Bonds have not been issued.

**“Bonded Special Tax”** means (i) the Assigned Special Tax minus the Non-Bonded Special Tax for an Assessor’s Parcel for which a building permit has been issued or (ii) the Backup Special Tax minus the Non-Bonded Special Tax for an Assessor’s Parcel for which a building permit has not been issued.

**“Non-Bonded Discount Rate”** means 4.05%.

**“Non-Bonded Present Value of Taxes”** means the present value, based on the Non-Bonded Discount Rate, of (i) the Non-Bonded Special Tax applicable to an Assessor’s Parcel in the current Fiscal Year not yet paid, plus (ii) the Non-Bonded Special Tax applicable to such Assessor’s Parcel in each remaining Fiscal Year until the Fiscal Year that is either (a) the first Fiscal Year in which no Bonds will remain outstanding if Bonds have been issued or (b) 30 years following the current Fiscal Year if Bonds have not been issued.

**“Non-Bonded Special Tax”** means \$584.70.

**“Partial Prepayment Amount”** means the amount required to prepay a portion of the ongoing Special Tax obligation for an Assessor’s Parcel.

**“Prepayment Administrative Fees”** means the fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount or Partial Prepayment Amount, costs of redeeming Bonds, and costs of recording any notices to evidence the prepayment of the Special Tax and redemption of Bonds.

**“Prepayment Amount”** means the amount required to prepay in full and terminate the ongoing Special Tax obligation for an Assessor’s Parcel.

**“Reserve Fund Credit”** means the amount equal to the lesser of (i) the reduction in the reserve requirement for the outstanding Bonds resulting from the redemption of the Bonds from the applicable Prepayment Amount or Partial Prepayment Amount or (ii) the amount calculated by subtracting the new reserve requirement after the redemption of Bonds as a result of the applicable prepayment from the balance in the reserve fund on the date of prepayment. In no event will this amount be less than zero.

**“Special Tax Obligation”** means the total amount of Special Taxes which could be levied on an Assessor’s Parcel in CFD No. 2013-1 based on the Maximum Special Tax for the Assessor’s Parcel through the date of final maturity of the Outstanding Bonds.

## **1. Prepayment in Full**

The Special Tax Obligation may only be prepaid and permanently satisfied for an Assessor’s Parcel of Developed Property, an Assessor’s Parcel of Approved Property or Undeveloped Property for which a building permit has been issued, an Assessor’s Parcel of Approved Property for which a building permit has not been issued, or an Assessor’s Parcel of Taxable Association Property or Taxable Public Property. The Special Tax Obligation for an Assessor’s Parcel may be fully prepaid and the obligation of the Assessor’s Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to the Assessor’s Parcel at the time of prepayment. An owner of an Assessor’s Parcel intending to prepay the Special Tax Obligation for the Assessor’s Parcel shall provide the District Administrator with written notice of the owner’s intent to prepay, and within fifteen (15) days of receipt of such notice, the District Administrator shall notify such owner of the amount of a non-refundable deposit to cover the cost to be incurred by the City and the District in determining the Prepayment Amount or Partial Prepayment Amount for the Assessor’s Parcel. Within thirty (30) days of receipt of such non-refundable deposit, the District Administrator shall notify the owner of the Prepayment Amount for the Assessor’s Parcel.

The Prepayment Amount shall be calculated as follows:

Bonded Present Value of Taxes  
plus Non-Bonded Present Value of Taxes  
plus Prepayment Administrative Fees  
less Reserve Fund Credit  
equals Prepayment Amount

The amount representing the Bonded Present Value of Taxes attributable to the prepayment less the Reserve Fund Credit attributable to the prepayment shall, (i) prior to the issuance of Bonds be deposited into a separate account held with the City to fund facilities authorized to be financed by the District and (ii) after the issuance of Bonds be deposited into the applicable account or fund established under the Indenture and used to redeem an aggregate principal amount of Bonds which is equally divisible by \$5,000 and, to the extent of any portion not so utilized, to pay interest on and principal of outstanding Bonds. The amount representing the Non-Bonded Present Value of Taxes and the amount representing the Prepayment Administrative Fees attributable to the prepayment shall be retained by the City.

With respect to any Assessor's Parcel for which the Special Tax Obligation has been prepaid, the District shall indicate in the records of CFD No. 2013-1 that there has been a prepayment of the Special Tax Obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Special Tax Obligation and the release of the Special Tax lien on such Assessor's Parcel and the obligation of to pay the Special Tax for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no prepayment shall be allowed for any Assessor's Parcel unless the total amount of the Maximum Special Taxes that may be levied on Taxable Property (excluding Assessor's Parcels of Taxable Association Property and Taxable Public Property), both before and after expected buildout of the property in CFD No. 2013-1, as then approved by the City, after the proposed prepayment would be at least equal to the sum of (i) an amount equal to 110 percent of maximum annual debt service on all outstanding Bonds, as determined by the District Administrator, a financial advisor or a special tax consultant, at the option of the District Administrator, plus (ii) Administrative Expenses in the amount of \$20,000 escalating at 2.00% per year beginning July 1, 2015.

## 2. Partial Prepayment

The Partial Prepayment Amount shall be calculated pursuant to Section H.1 as modified by the following formula:

$$PP = P_E \times F$$

These terms have the following meaning:

PP = the Partial Prepayment

P<sub>E</sub> = the Prepayment Amount calculated according to Section H.1

F = the percentage by which the owner of the Assessor's Parcel is partially prepaying the Special Tax Obligation.

The owner of an Assessor's Parcels who desires to partially prepay the Special Tax Obligation shall notify the District Administrator of (i) the owner's intent to partially prepay the Special Tax Obligation and, (ii) the percentage by which the Special Tax Obligation for such Assessor's Parcel will be prepaid, and within fifteen (15) days of receipt of such notice, the District Administrator shall notify such owner of the amount of a non-refundable deposit determined to cover the costs to be

incurred by the City and the District in determining the amount of the Partial Prepayment for such Assessor's Parcel. Within thirty (30) days of receipt of such non-refundable deposit, the District Administrator shall notify the owner of the Partial Prepayment amount applicable such Assessor's Parcel. A Partial Prepayment must be paid not later than sixty (60) days prior to the redemption date for any Outstanding Bonds which will be redeemed with the Partial Prepayment.

Upon receipt of the Partial Prepayment Amount for an Assessor's Parcels, the District Administrator shall (i) allocate the Partial Prepayment Amount pursuant to Section H.1 and (ii) note on the records of the District that there has been a partial prepayment of the Special Tax Obligation for such Assessor's Parcels and that the amount of Special Taxes that shall continue to be levied on such Assessor's Parcels pursuant to Section D shall be reduced based on the remaining percentage (1.00 - F) of the Special Tax Obligation for such Assessor's Parcels.

Notwithstanding the foregoing, no partial prepayment shall be allowed for any Assessor's Parcel unless the total amount of the Maximum Special Taxes that may be levied on Taxable Property (excluding Assessor's Parcels of Taxable Association Property and Taxable Public Property), both before and after expected buildout of the property in District, as then approved by the City, after the proposed partial prepayment would be at least equal to the sum of (i) an amount equal to 110 percent of maximum annual debt service on all outstanding Bonds, as determined by the District Administrator, a financial advisor or a special tax consultant, at the option of the District Administrator, plus (ii) Administrative Expenses in the amount of \$20,000 escalating at 2.00% per year beginning July 1, 2015.

## APPENDIX B

### CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION

*The following information relating to the City of Riverside (the “City”) and the County of Riverside, California (the “County”), the State of 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 Bonds or to cure any delinquency or default on the Bonds. The Bonds are payable solely from the sources described in the Official Statement.*

#### General

The City was founded in 1883 and incorporated as a charter city effective March 5, 1907 in Riverside County. The City encompasses approximately 81.54 square miles, located 55 miles east of downtown Los Angeles and 40 miles northeast of central Orange County.

#### Population

The following table offers population figures for the City, the County and the State for 2019 through 2023.

<i>Area</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
City of Riverside	327,076	328,766	309,598	314,818	313,676
County of Riverside	2,419,057	2,440,719	2,418,727	2,430,976	2,439,234
State of California	39,605,361	39,648,938	39,286,510	39,078,674	38,940,231

Source: California State Department of Finance, Demographic Research Unit. 2020 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 2018 through 2022.

#### BUILDING PERMITS AND VALUATIONS City of Riverside 2018-2022

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation (\$000):					
Residential	\$109,885	\$105,264	\$102,988	\$ 81,058	\$182,736
Non-residential	<u>173,305</u>	<u>131,813</u>	<u>72,251</u>	<u>10,122</u>	<u>145,387</u>
Total*	\$283,190	\$237,077	\$175,239	\$ 91,180	\$328,123
Residential Units:					
Single family	171	163	271	290	579
Multiple family	<u>504</u>	<u>328</u>	<u>214</u>	<u>367</u>	<u>153</u>
Total	675	491	675	657	732

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

**BUILDING PERMITS AND VALUATIONS**  
**Riverside County**  
**2018 through 2022**  
**(Dollars in Thousands)**

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Valuation					
Residential	\$2,558,081	\$2,275,405	\$2,519,303	\$2,262,642	\$2,921,113
Non-Residential	<u>1,959,680</u>	<u>1,285,856</u>	<u>1,153,778</u>	<u>1,543,998</u>	<u>1,701,618</u>
Total	\$4,517,761	\$3,561,261	\$3,673,081	\$3,806,640	\$4,622,731
Units					
Single Family	7,540	6,563	8,443	7,360	8,863
Multi Family	<u>1,628</u>	<u>1,798</u>	<u>723</u>	<u>1,126</u>	<u>2,861</u>
Total	9,168	8,361	9,166	8,486	11,724

Note: 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, 2023.

**LARGEST EMPLOYERS**  
**City of Riverside**  
**(As of June 30, 2023)**

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	24,399	Government
2.	University of California	8,831	Education
3.	March Air Force Reserve	9,750	Government
4.	Kaiser Permanente	7,610	Medical and Health
5.	Riverside Unified School District	4,505	Education
6.	City of Riverside	2,457	Government
7.	Riverside Community Hospital	2,993	Medical Center
8.	Riverside Community College District	1,900	Education
9.	Alvord Unified School District	1,824	Education
10.	California Baptist University	1,355	Education

Source: City of Riverside Annual Comprehensive Financial Report for the year ending June 30, 2023.

**LARGEST EMPLOYERS**  
**County of Riverside**  
**(As of June 30, 2023)**

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	25,366	County Government
2.	Amazon	14,317	E-Commerce
3.	March Air Reserve Base	9,600	Military Reserve Base
4.	Nestle UA	8,874	Grocery Wholesalers
5.	University of California-Riverside	8,623	University
6.	State of California	8,383	State Government
7.	Walmart	7,494	Retail Company
8.	Moreno Valley Unified School District	6,020	School District
9.	Kaiser Permanente Riverside Medical Center	5,817	Medical Center
10.	Corona-Norco Unified School District	5,478	School District

Source: County of Riverside Comprehensive Annual Financial Report for the year ending June 30, 2023.

## 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 sets forth the industry employment and the labor force for the Riverside-San Bernardino-Ontario MSA for the period from 2018 through 2022.

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

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

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 C.

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

The following table summarizes the labor force, employment and unemployment figures for the period from 2018 through 2022 for the City, the County, the State and the nation as a whole.

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

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment<sup>(2)</sup></i>	<i>Unemployment<sup>(3)</sup></i>	<i>Unemployment Rate (%)</i>
<b>2018</b>				
City of Riverside	153,000	147,100	5,900	3.9%
County of Riverside	1,090,100	1,041,700	48,400	4.4
State of California	19,289,500	18,468,100	821,400	4.3
United States <sup>(4)</sup>	162,075,000	155,761,000	6,314,000	3.9
<b>2019</b>				
City of Riverside	154,900	149,200	5,700	3.7%
County of Riverside	1,108,100	1,061,500	46,600	4.2
State of California	19,409,400	18,612,600	796,800	4.1
United States <sup>(4)</sup>	163,539,000	157,538,000	6,001,000	3.7
<b>2020</b>				
City of Riverside	154,700	140,400	14,200	9.2%
County of Riverside	1,121,100	1,008,000	113,000	10.1
State of California	18,931,100	16,996,700	1,934,500	10.2
United States <sup>(4)</sup>	160,742,000	147,795,000	12,947,000	8.1
<b>2021</b>				
City of Riverside	156,800	146,300	10,500	6.7%
County of Riverside	1,133,000	1,050,000	83,000	7.3
State of California	18,923,200	17,541,900	1,381,200	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
<b>2022</b>				
City of Riverside	159,900	153,800	6,100	3.8%
County of Riverside	1,152,100	1,104,100	48,000	4.2
State of California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

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

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

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. 2022 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 71.7% between 2012 and 2022. The following tables summarize personal income for Riverside County for 2012 through 2022.

**PERSONAL INCOME**  
**Riverside County**  
**2012-2022**  
**(Dollars in Thousands)**

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
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
2021	125,820,553	10.3
2022	127,195,983	1.1

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 2012-2022. 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**  
**2012-2022**

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2012	\$32,774	\$48,154	\$44,548
2013	33,450	48,549	44,798
2014	34,670	51,332	46,887
2015	36,418	54,632	48,725
2016	37,693	56,667	49,613
2017	38,605	58,942	51,550
2018	39,955	61,663	53,786
2019	41,385	64,513	56,250
2020	45,834	70,192	59,765
2021	51,180	76,614	64,143
2022	51,415	77,036	65,470

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

## Taxable Sales

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

**TAXABLE SALES**  
**City of Riverside**  
**2018-2022**  
**(Dollars in Thousands)**

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2018	10,021	\$5,783,569
2019	10,257	5,811,062
2020	11,073	5,606,823
2021	10,232	7,073,303
2022	10,556	7,765,721

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Source: "Taxable Sales in California, California Department of Tax and Fee Administration for 2018-2022.

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

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

<i>Year</i>	<i>Permits</i>	<i>Taxable Sales</i>
2018	61,433	\$38,919,498
2019	64,063	40,626,998
2020	69,284	42,313,474
2021	64,335	55,535,196
2022	66,738	62,117,153

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Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2018-2022.

**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**

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

[Closing Date]

Community Facilities District No. 2013-1 (Kunny Ranch)  
of the City of Riverside  
Riverside, California

Re:     \$\_\_\_\_\_ *Community Facilities District No. 2013-1 (Kunny Ranch) of the City of  
Riverside, Special Tax Bonds, Series 2024*

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 Riverside (the “City”) taken in connection with the formation of Community Facilities District No. 2013-1 (Kunny Ranch) of the City of Riverside (the “District”) and the authorization and issuance of the District’s Special Tax Bonds, Series 2024 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 March 19, 2024 (the “Resolution”), and a Bond Indenture (the “Indenture”) dated as of April 1, 2024, by and between the District and U.S. Bank Trust Company, 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 execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses or as to any provisions therein relating to indemnification, contribution, penalty, waiver, choice of law or choice of forum provisions therein. The Indenture creates a valid pledge of, and the Bonds are secured by, the Net Special Taxes and the amounts

on deposit in certain funds and accounts established under the Indenture, as and to the extent provided in the Indenture.

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

(5) The amount by which a Bond Owner's original basis for determining loss on sale or exchange of a 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 by Owners of the Bonds. Such amortizable bond premium reduces the Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

(6) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner is excluded from the gross income of such Owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph 3 above), and is exempt from State of California personal income tax.

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

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.

We call attention to the fact that the foregoing 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). The Indenture and the Tax Certificate executed by the District with respect to the Bonds as of the date hereof permit certain actions to be taken or omitted if a favorable opinion of Bond Counsel is provided with respect thereto. We express no opinion as to the effect on the exclusion from gross income of interest on the Bonds

for federal income tax purposes on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

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**

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated April \_\_, 2024 (the “Disclosure Certificate”) is executed and delivered by Community Facilities District No. 2013-1 (Kunny Ranch) of the City of Riverside (the “District”) in connection with the issuance and delivery by the District of its \$\_\_\_\_\_ Special Tax Bonds, Series 2024 (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted on March 19, 2024, by the City Council of the City of Riverside, acting as the legislative body of the District, and the Bond Indenture dated as of April 1, 2024, by and between the District and U.S. Bank Trust Company, National Association, as trustee. The District covenants as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Section 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“City” means the City of Riverside.

“Disclosure Representative” shall mean the City Manager, Treasurer or Chief Financial Officer, or either of their designees, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean, initially, the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the then current Dissemination Agent a written acceptance of such designation.

“District” shall mean Community Facilities District No. 2013-1 (Kunny Ranch) of the City of Riverside.

“EMMA” shall mean the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at [www.emma.msrb.org](http://www.emma.msrb.org), or any other repository of disclosure information that may be designated by the Securities and Exchange Commission in the future.

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

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

“Official Statement” shall mean that certain Official Statement for the Bonds dated \_\_\_\_\_, 2024.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

“Trustee” means U.S. Bank Trust Company, National Association or such other entity appointed by the District pursuant to the Indenture to act as the trustee under the Indenture.

“Underwriter” shall mean any underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Section 3. Provision of Annual Reports.

(a) The District shall, or, if the Dissemination Agent is other than the District, upon written direction shall cause the Dissemination Agent to, not later than April 1 after the end of the District’s Fiscal Year (June 30) commencing with the report due by April 1, 2025, provide to EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) In the event that the Dissemination Agent is an entity other than the District, then the provisions of this Section 3(b) shall apply. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report, the District shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to the due date for an Annual Report the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District will be filing the Annual Report in compliance with subsection (a). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

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

(d) If the Dissemination Agent is other than the District, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the repository if other than the MSRB through EMMA; and

(ii) promptly after receipt of the Annual Report, file a report with the District certifying that the Annual Report has been provided to EMMA and the date it was provided.

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

Section 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the District, if any, for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements, if any are prepared, are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following:

(i) the principal amount of the Bonds outstanding as of the September 2 preceding the filing of the Annual Report;

(ii) the balance in each fund under the Indenture and the Reserve Requirement as of the September 30 preceding the filing of the Annual Report;

(iii) any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors of the District for approval prior to the filing of the Annual Report;

(iv) an update of the estimated assessed value-to-lien ratio for the District substantially in the form of Table 3 in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the then current fiscal year; provided that such update need not include overlapping special tax, assessment or general obligation indebtedness;

(v) the status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes; and

(vi) a description of the collection and delinquency rate of Special Taxes in the District for the Fiscal Year then ended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB through EMMA. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause the Dissemination Agent to give, notice filed with EMMA of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in paragraph 5(a)(5) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
3. appointment of a successor or additional paying agent or the change of the name of a paying agent;
4. nonpayment related defaults;
5. modifications to the rights of Owners of the Bonds;
6. bond calls;

7. release, substitution or sale of property securing repayment of the Bonds; and
8. incurrence of a financial obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders.

(c) Upon the occurrence of a Listed Event under Section 5(b) above, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than 10 business days after the event.

(e) The District hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the District and that the Dissemination Agent, if other than the District, shall not be responsible for determining whether the District's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(f) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule and a continuing disclosure undertaking has been entered into.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the District. The Dissemination Agent may resign by providing thirty (30) days written notice to the District and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver is related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does

not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the formed accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Trustee at the written direction of any Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate, but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorney. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Where an entity other than the District is acting as the Dissemination Agent, the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

This Disclosure Certificate is executed as of the date and year first set forth above.

COMMUNITY FACILITIES DISTRICT NO. 2013-1  
(KUNNY RANCH) OF THE CITY OF RIVERSIDE

By: \_\_\_\_\_  
Disclosure Representative

## 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 Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.*

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of

Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

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