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NEW ISSUE-FULL BOOK ENTRY

Rating: S&P: “_” (Insured)
S&P: “_” (Underlying)

See the caption “MISCELLANEOUS—Ratings”

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 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 taxes. See the caption “LEGAL MATTERS — Tax Matters” with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

\$79,270,000*

**LAKE ELSINORE FACILITIES FINANCING AUTHORITY
LOCAL AGENCY REVENUE REFUNDING BONDS, SERIES 2025A**

Dated: Date of Delivery

Due: September 1 as shown on inside cover

The Bonds described herein are being issued by the Lake Elsinore Facilities Financing Authority (the “Authority”) to: (i) acquire certain special tax refunding obligations of community facilities districts (in certain instances issued for improvement areas of such community facilities districts) (collectively, the “Taxing Jurisdictions”), formed by the City of Lake Elsinore (the “Local Obligations”); (ii) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Bonds; (iii) purchase a debt service reserve insurance policy for deposit in the Reserve Fund to fund 75% of the initial Reserve Requirement and fund a cash deposit for the remaining 25% of the initial Reserve Requirement; and (iv) pay costs of issuance of the Bonds. The Local Obligations are being issued to refund nine outstanding series of bonds issued by said taxing jurisdictions, and with respect to certain series, were issued in connection with the Lake Elsinore Public Facilities Financing Authority’s Local Agency Revenue Bonds (Canyon Hills Improvement Areas A and C Refunding), 2014 Series B, the Local Agency Revenue Refunding Bonds, Series 2015, and the Local Agency Revenue Refunding Bonds, Series 2019. See “FINANCING PLAN.”

The Bonds are payable solely from Revenues pledged by the Authority pursuant to that certain Indenture of Trust, dated as of June 1, 2025 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). Revenues consist primarily of debt service on the Local Obligations, which are payable from special taxes levied in the Taxing Jurisdictions.

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year commencing March 1, 2026. The Bonds will be initially issued only in book-entry form and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York, which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee to DTC, which will remit such payments to its participants for subsequent distribution to the beneficial owners of the Bonds. See “THE BONDS — General Provisions” and “— Book-Entry Only System” herein.

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

[The scheduled payment of principal of and interest when due on the Bonds will be guaranteed under an insurance policy to be issued concurrently with the issuance of the Bonds by [INSURER] The Insurer will also issue a debt service reserve insurance policy concurrently with the issuance of the Bonds to be credited to the Reserve Fund for the Bonds to satisfy 75% of the initial Reserve Requirement. See “BOND INSURANCE” herein.]

[INSURER LOGO]

CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE AUTHORITY TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. THE PURCHASE OF THE BONDS INVOLVES SIGNIFICANT INVESTMENT RISKS, AND THE BONDS MAY NOT BE SUITABLE INVESTMENTS FOR MANY INVESTORS. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED “SPECIAL RISK FACTORS” FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.

*Maturity Schedule
(see inside cover)*

* Preliminary, subject to change.

The Bonds are offered when, as and if issued and accepted by Stifel, Nicolaus & Company, Incorporated, the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Bond Counsel and Disclosure Counsel. Certain legal matters will be passed upon for the Authority and the Community Facilities Districts by Leibold, McClendon, & Mann, Irvine, California, for the Underwriter by its counsel, Kutak Rock LLP, and for the Trustee by its counsel. It is anticipated that the Bonds in definitive form will be available for delivery to DTC or its agent on or about _____, 2025.

[STIFEL LOGO]

Dated: _____, 2025

MATURITY SCHEDULE

\$ _____
LAKE ELSINORE FACILITIES FINANCING AUTHORITY
LOCAL AGENCY REVENUE REFUNDING BONDS, SERIES 2025A

<i>Maturity (September 1)</i>	<i>Principal Amount</i>	<i>Serial Bonds</i>		<i>Price</i>	<i>CUSIP[†]</i>
		<i>Interest Rate</i>	<i>Yield</i>		
	\$	%	%		

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

[†] CUSIP® Copyright 2025, American Bankers Association. CUSIP® data in this Official Statement is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers' Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. None of the Authority, the Community Facilities Districts, the City, or the Underwriter or its counsel takes any responsibility for the accuracy of CUSIP data in this Official Statement. The CUSIP® number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

LAKE ELSINORE FACILITIES FINANCING AUTHORITY

BOARD OF DIRECTORS

Brian Tisdale, *Chair*
Robert E. Magee, *Vice Chair*
Timothy J. Sheridan, *Director*
Natasha Johnson, *Director*
Steve Manos, *Director*

CITY OF LAKE ELSINORE

CITY COUNCIL

Brian Tisdale, *Mayor*
Robert E. Magee, *Mayor Pro-Tem*
Timothy J. Sheridan, *Councilmember*
Natasha Johnson, *Councilmember*
Steve Manos, *Councilmember*

CITY OFFICIALS

Jason Simpson, *City Manager*

PROFESSIONAL SERVICES

BOND COUNSEL / DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

AUTHORITY TRUSTEE / DISTRICT TRUSTEE/ESCROW AGENT

Wilmington Trust, National Association
Costa Mesa, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Walnut Creek, California

SPECIAL TAX CONSULTANT

Spicer Consulting Group, LLC
Murrieta, California

VERIFICATION AGENT

Causey Public Finance LLC
Denver, Colorado

Investment in the Bonds, involves risks which are not appropriate for certain investors. Therefore, only persons with substantial financial resources (in net worth or income) who understand (either alone or with competent investment advice) those risks should consider such an investment.

Except where otherwise indicated, all information contained in this Official Statement has been provided by the Lake Elsinore Facilities Financing Authority, the City of Lake Elsinore, and the Community Facilities Districts. No dealer, broker, salesperson or other person has been authorized by the Authority, the City, the Community Facilities Districts, 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 Authority, the City, the Community Facilities Districts, 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.

The information set forth herein which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the Community Facilities Districts, the City or the Authority. 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 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 of 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 Authority, the City, the Community Facilities Districts or any other parties described herein since the date hereof. All summaries of the Indenture, the Local Obligation Agreements 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. While the City maintains an internet website for various purposes, none of the information on that website is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the Authority, the City or the Community Facilities Districts. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

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 "plan," "expect," "estimate," "project," "budget" or other similar words.

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 Authority does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement. The Authority is obligated to provide continuing disclosure for certain historical information only. See the caption "MISCELLANEOUS — Continuing Disclosure" herein.

[INSURER] ("____") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, ____ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding ____ supplied by ____ and presented under the heading "BOND INSURANCE" and Appendix H — "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."]

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.

[INSERT ALL MAPS]

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OFFICIAL STATEMENT

\$79,270,000*

LAKE ELSINORE FACILITIES FINANCING AUTHORITY LOCAL AGENCY REVENUE REFUNDING BONDS, SERIES 2025A

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto (the “Official Statement”), is to provide certain information concerning the sale and issuance of \$79,270,000* Lake Elsinore Facilities Financing Authority Local Agency Revenue Refunding Bonds, Series 2025A (the “Bonds”).

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 offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Financing Purpose

Purpose of the Bonds. The Bonds are being issued by the Lake Elsinore Facilities Financing Authority (the “Authority”) to acquire the “Local Obligations” described below (see “FINANCING PLAN” herein).

- (i) purchase a municipal bond insurance policy (the “Policy”) issued by [INSURER] (the “Insurer” or “_____”) for the purpose of paying the principal of and interest on the Bonds when due; and
- (ii) purchase a reserve policy issued by the Insurer to be credited to the Reserve Fund for the Bonds (the “Reserve Policy”) to satisfy 75% of the initial Reserve Requirement; and
- (iii) fund a cash deposit to the Reserve Fund for the remaining 25% of the initial Reserve Requirement; and
- (iv) pay the costs of issuing the Bonds.

Purpose of the Local Obligations. The net proceeds of the Local Obligations, along with other available funds, will be used as follows (see “FINANCING PLAN” herein) to:

- (i) make deposits into nine separate escrow funds (collectively, the “Escrow Funds”) to be held by Wilmington Trust, National Association, as escrow agent (the “Escrow Agent”) pursuant to nine separate Escrow Agreements, each dated as of June 1, 2025 (collectively, the “Escrow Agreements”) for the purpose of redeeming the Prior Bonds and the Prior Lake Elsinore PFA Bonds (as such terms are defined below); and
- (ii) apply a portion of the debt service savings achieved through the refunding of the Prior Bonds to finance additional authorized public facilities.

* Preliminary, subject to change.

The Bonds; The Local Obligations

The Bonds. The Bonds are payable from “Revenues,” as defined below, generally consisting of revenues received by the Authority as the result of the payment of debt service on the Local Obligations, and amounts held in the funds and accounts established and held for the benefit of the Bonds under the Indenture (as defined below).

Local Obligations. The “Local Obligations” consist of the nine separate series of bonds described below issued by the following nine community facilities districts (in certain circumstances issued for improvement areas of such community facilities districts) formed by the City of Lake Elsinore (the “City”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Mello-Roos Act”):

(a) City of Lake Elsinore Community Facilities District No. 2003-2 (Canyon Hills) Improvement Area A 2025 Special Tax Refunding Bonds;

(b) City of Lake Elsinore Community Facilities District No. 2003-2 (Canyon Hills) Improvement Area B 2025 Special Tax Refunding Bonds;

(c) City of Lake Elsinore Community Facilities District No. 2003-2 (Canyon Hills) Improvement Area C 2025 Special Tax Refunding Bonds;

(d) City of Lake Elsinore Community Facilities District No. 2004-3 (Rosetta Canyon) Improvement Area No. 1 2025 Special Tax Refunding Bonds;

(e) City of Lake Elsinore Community Facilities District No. 2004-3 (Rosetta Canyon) Improvement Area No. 2 2025 Special Tax Refunding Bonds;

(f) City of Lake Elsinore Community Facilities District No. 2005-1 (Serenity) 2025 Special Tax Refunding Bonds;

(g) City of Lake Elsinore Community Facilities District No. 2005-2 (Alberhill Ranch) Improvement Area A 2025 Special Tax Refunding Bonds;

(h) City of Lake Elsinore Community Facilities District No. 2005-6 (City Center Townhomes) 2025 Special Tax Refunding Bonds; and

(i) City of Lake Elsinore Community Facilities District No. 2006-2 (Viscaya) 2025 Special Tax Refunding Bonds.

CFD No. 2003-2, CFD No. 2004-3, CFD No. 2005-1, CFD No. 2005-2, CFD No. 2005-6 and CFD No. 2006-2, are each referred to herein as a “Community Facilities District” and collectively as the “Community Facilities Districts.”

CFD No. 2003-2 Improvement Area A Bonds: \$6,615,000* City of Lake Elsinore Community Facilities District No. 2003-2 (Canyon Hills) Improvement Area A 2025 Special Tax Refunding Bonds (the “**CFD No. 2003-2 Improvement Area A Bonds**”) being issued by the City of Lake Elsinore Community Facilities District No. 2003-2 (Canyon Hills) (“**CFD No. 2003-2**”) to finance additional facilities and refund the outstanding Community Facilities District No. 2003-2 (Canyon Hills) Special Tax Bonds, Series 2014 (Improvement Area A) (the “**Prior CFD No. 2003-2 Improvement Area A Bonds**”), and to finance additional public facilities. The CFD No. 2003-2 Bonds are payable from Special Taxes levied on taxable property in Improvement Area A of CFD No. 2003-2. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS — CFD No. 2003-2 (Improvement Area A).”

CFD No. 2003-2 Improvement Area B Bonds: \$10,630,000* City of Lake Elsinore Community Facilities District No. 2003-2 (Canyon Hills) Improvement Area B 2025 Special Tax Refunding Bonds (the “**CFD No. 2003-2 Improvement Area B Bonds**”) being issued by CFD No. 2003-2 to refund the outstanding Community Facilities District No. 2003-2 (Canyon Hills) Improvement Area B, 2015 Special Tax Refunding Bonds (the “**Prior CFD No. 2003-2 Improvement Area B Bonds**”). The CFD No. 2003-2 Bonds are payable from Special Taxes levied on taxable property in Improvement Area B of CFD No. 2003-2. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS — CFD No. 2003-2 (Improvement Area B).”

CFD No. 2003-2 Improvement Area C Bonds: \$4,495,000* City of Lake Elsinore Community Facilities District No. 2003-2 (Canyon Hills) Improvement Area C 2025 Special Tax Refunding Bonds (the “**CFD No. 2003-2 Improvement Area C Bonds**”) being issued by CFD No. 2003-2 to refund the outstanding Community Facilities District No. 2003-2 (Canyon Hills) Special Tax Bonds, Series 2014 (Improvement Area C) (the “**Prior CFD No. 2003-2 Improvement Area C Bonds**”). The CFD No. 2003-2 Bonds are payable from Special Taxes levied on taxable property in Improvement Area C of CFD No. 2003-2. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS — CFD No. 2003-2 (Improvement Area C).”

CFD No. 2004-3 Improvement Area 1 Bonds: \$11,825,000* City of Lake Elsinore Community Facilities District No. 2004-3 (Rosetta Canyon) Improvement Area No. 1 2025 Special Tax Refunding Bonds (the “**CFD No. 2004-3 Improvement Area 1 Bonds**”) being issued by the City of Lake Elsinore Community Facilities District No. 2004-3 (Rosetta Canyon) (“**CFD No. 2004-3**”) to refund the outstanding Community Facilities District No. 2004-3 (Rosetta Canyon) Improvement Area No. 1, 2015 Special Tax Refunding Bonds (the “**Prior CFD No. 2004-3 Improvement Area 1 Bonds**”). The CFD No. 2004-3 Improvement Area 1 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 1 of CFD No. 2004-3. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS — CFD No. 2004-3 (Improvement Area No. 1).”

CFD No. 2004-3 Improvement Area 2 Bonds: \$20,750,000* City of Lake Elsinore Community Facilities District No. 2004-3 (Rosetta Canyon) Improvement Area No. 2 2025 Special Tax Refunding Bonds (the “**CFD No. 2004-3 Improvement Area 2 Bonds**”) being issued by CFD No. 2004-3 to finance additional facilities and to refund the outstanding Community Facilities District No. 2004-3 (Rosetta Canyon) Improvement Area No. 2, 2015 Special Tax Refunding Bonds (the “**Prior CFD No. 2004-3 Improvement Area 2 Bonds**”), and to finance additional public facilities. The CFD No. 2004-3 Improvement Area 2 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 2 of CFD No. 2004-3. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS — CFD No. 2004-3 (Improvement Area No. 2).”

* Preliminary, subject to change.

CFD No. 2005-1 Bonds: \$5,245,000* City of Lake Elsinore Community Facilities District No. 2005-1 (Serenity) 2025 Special Tax Refunding Bonds (the “**CFD No. 2005-1 Bonds**”) being issued by the City of Lake Elsinore Community Facilities District No. 2005-1 (Serenity) (“**CFD No. 2005-1**”) to finance additional facilities and to refund the outstanding Community Facilities District No. 2005-1 (Serenity) 2015 Special Tax Refunding Bonds (the “**Prior CFD No. 2005-1 Bonds**”), and to finance additional public facilities. The CFD No. 2005-1 Bonds are payable from Special Taxes levied on taxable property in CFD No. 2005-1. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS — CFD No. 2005-1.”

CFD No. 2005-2 Improvement Area A Bonds: \$14,490,000* City of Lake Elsinore Community Facilities District No. 2005-2 (Alberhill Ranch) Improvement Area A 2025 Special Tax Refunding Bonds (the “**CFD No. 2005-2 Improvement Area A Bonds**”) being issued by the City of Lake Elsinore Community Facilities District No. 2005-2 (Alberhill Ranch) (“**CFD No. 2005-2 Improvement Area A**”) to finance additional facilities and to refund the outstanding Community Facilities District No. 2005-2 (Alberhill Ranch) Improvement Area A, 2015 Special Tax Refunding Bonds (the “**Prior 2015 CFD No. 2005-2 Improvement Area A Bonds**”) and the Community Facilities District No. 2005-2 (Alberhill Ranch) Improvement Area A, 2019 Special Tax Refunding Bonds (the “**Prior 2019 CFD No. 2005-2 Improvement Area A Bonds**”, and together with the Prior 2015 CFD No. 2005-2 Improvement Area A Bonds, the “**Prior CFD No. 2005-2 Improvement Area A Bonds**”), and to finance additional public facilities. The CFD No. 2005-2 Improvement Area A Bonds are payable from Special Taxes levied on taxable property in Improvement Area A of CFD No. 2005-2. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS — CFD No. 2005-2 (Improvement Area A).”

CFD No. 2005-6 Bonds: \$1,685,000* City of Lake Elsinore Community Facilities District No. 2005-6 (City Center Townhomes) 2025 Special Tax Refunding Bonds (the “**CFD No. 2005-6 Bonds**”) being issued by the City of Lake Elsinore Community Facilities District No. 2005-6 (City Center Townhomes) (“**CFD No. 2005-6**”) to refund the outstanding Community Facilities District No. 2005-6 (City Center Townhomes) 2015 Special Tax Refunding Bonds (the “**Prior CFD No. 2005-6 Bonds**”). The CFD No. 2005-6 Bonds are payable from Special Taxes levied on taxable property in CFD No. 2005-6. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS — CFD No. 2005-6.”

CFD No. 2006-2 Bonds: \$3,535,000* City of Lake Elsinore Community Facilities District No. 2006-2 (Viscaya) 2025 Special Tax Refunding Bonds (the “**CFD No. 2006-2 Bonds**”) being issued by the City of Lake Elsinore Community Facilities District No. 2006-2 (Viscaya) (“**CFD No. 2006-2**”) to refund the outstanding Community Facilities District No. 2006-2 (Viscaya) 2015 Special Tax Refunding Bonds (the “**Prior CFD No. 2006-2 Bonds**”). The CFD No. 2006-2 Bonds are payable from Special Taxes levied on taxable property in CFD No. 2006-2. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS — CFD No. 2006-2.”

Improvement Area A of CFD No. 2003-2, Improvement Area B of CFD No. 2003-2, Improvement Area C of CFD No. 2003-2, Improvement Area No. 1 of CFD No. 2004-3, Improvement Area No. 2 of CFD No. 2004-3 and Improvement Area A of CFD No. 2005-2, CFD No. 2005-1, CFD No. 2005-6 and CFD No. 2006-2 are collectively referred to in this Official Statement each as a “Taxing Jurisdiction” and collectively as the “Taxing Jurisdictions.”

The Prior CFD No. 2003-2 Improvement Area A Bonds, the Prior CFD No. 2003-2 Improvement Area B Bonds, the Prior CFD No. 2003-2 Improvement Area C Bonds, the Prior CFD No. 2003-2 Improvement Area B Bonds, the Prior CFD No. 2004-3 Improvement Area 1 Bonds, the Prior CFD No. 2004-3 Improvement Area 2 Bonds, the Prior CFD No. 2005-1 Bonds, the Prior CFD No. 2005-2 Improvement Area A Bonds, the Prior CFD No. 2005-6 Bonds and the Prior CFD No. 2006-2 Bonds are collectively referred to in this Official Statement as the “Prior Bonds.”

* Preliminary, subject to change.

The Prior CFD No. 2003-2 Improvement Area A Bonds and the Prior CFD No. 2003-2 Improvement Area C Bonds were issued in connection with the Lake Elsinore Public Financing Authority Local Agency Revenue Bonds (Canyon Hills Improvement Areas A and C Refunding), 2014 Series B (the “2014 Prior Lake Elsinore PFA Bonds”). The Prior CFD No. 2003-2 Improvement Area B Bonds, the Prior CFD No. 2004-3 Improvement Area 1 Bonds, the Prior CFD No. 2004-3 Improvement Area 2 Bonds, the Prior CFD No. 2005-1 Bonds, the Prior CFD No. 2005-6 Bonds and the Prior CFD No. 2006-2 Bonds were issued in connection with the Lake Elsinore Public Financing Authority Local Agency Revenue Refunding Bonds, Series 2015 (the “2015 Prior Lake Elsinore PFA Bonds”). The Prior CFD No. 2005-2 Improvement Area A Bonds were issued in connection with the Lake Elsinore Public Financing Authority Local Agency Revenue Refunding Bonds, Series 2019 (the “2019 Prior Lake Elsinore PFA Bonds”, and together with the 2015 Prior Lake Elsinore PFA Bonds and the 2014 Prior Lake Elsinore PFA Bonds, the “Prior Lake Elsinore PFA Bonds”).

Legal Authority

The Bonds. The Bonds are being issued under Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and an Indenture of Trust dated as of June 1, 2025 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”).

The Local Obligations. The Local Obligations are being issued pursuant to the Mello-Roos Act.

The CFD No. 2003-2 Improvement Area A Bonds are being issued pursuant to a Bond Indenture dated as of June 1, 2025 by and between CFD No. 2003-2 and Wilmington Trust, National Association, as trustee.

The CFD No. 2003-2 Improvement Area B Bonds are being issued pursuant to a Bond Indenture, dated as of March 1, 2015, as amended and supplemented by the First Supplement to Bond Indenture, dated as of December 1, 2017, and by the Second Supplement to Bond Indenture, dated as of June 1, 2025 (together, the “CFD No. 2003-2 Improvement Area B Agreement”), each by and between CFD No. 2003-2 and Wilmington Trust, National Association, as trustee.

The CFD No. 2003-2 Improvement Area C Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of November 1, 2010, as amended and supplemented by the First Supplement to Fiscal Agent Agreement, dated as of December 1, 2012, the Second Supplement to Fiscal Agent Agreement, dated as of July 1, 2014, the Third Supplement to Fiscal Agent Agreement, dated as of May 1, 2021 and by the Fourth Supplement to Fiscal Agent Agreement, dated as of June 1, 2025 (together, the “CFD No. 2003-2 Improvement Area C Agreement”), each by and between CFD No. 2003-2 and Wilmington Trust, National Association, as fiscal agent.

The CFD No. 200-3 Improvement Area 1 Bonds are being issued pursuant to a Bond Indenture dated as of June 1, 2025 by and between CFD No. 2004-3 and Wilmington Trust, National Association, as trustee.

The CFD No. 2004-3 Improvement Area 2 Bonds are being issued pursuant to a Bond Indenture dated as of June 1, 2025 by and between CFD No. 2004-3 and Wilmington Trust, National Association, as trustee.

The CFD No. 2005-1 Bonds are being issued pursuant to a Bond Indenture dated as of June 1, 2025 by and between CFD No. 2005-1 and Wilmington Trust, National Association, as trustee.

The CFD No. 2005-2 Improvement Area A Bonds are being issued pursuant to a Bond Indenture dated as of June 1, 2025 by and between CFD No. 2005-2 and Wilmington Trust, National Association, as trustee.

The CFD No. 2005-6 Bonds are being issued pursuant to a Bond Indenture dated as of June 1, 2025 by and between CFD No. 2005-6 and Wilmington Trust, National Association, as trustee.

The CFD No. 2006-2 Bonds are being issued pursuant to a Bond Indenture dated as of June 1, 2025 by and between CFD No. 2006-2 and Wilmington Trust, National Association, as trustee.

The CFD No. 2003-2 Improvement Area A Indenture, the CFD No. 2003-2 Improvement Area B Second Supplement to Bond Indenture, the CFD No. 2004-3 Improvement Area 1 Indenture, the CFD No. 2004-3 Improvement Area 2 Indenture, the CFD No. 2005-1 Indenture, the CFD No. 2005-2 Improvement Area A Indenture, the CFD No. 2005-6 Indenture, the CFD No. 2006-2 Indenture and the Fiscal Agent Agreement are referred to herein individually as a “Local Obligation Agreement” and collectively as the “Local Obligation Agreements.”

Wilmington Trust, National Association, in its capacity as trustee and fiscal agent under the Local Obligation Agreements, as applicable, is referred to herein as “Wilmington Trust.”

Sources of Payment for the Bonds and the Local Obligations

The Bonds. The Bonds are secured by a first lien on and pledge of all of the Revenues. “Revenues” are defined in the Indenture to include:

- (a) all amounts received from the Local Obligations;
- (b) any proceeds of the Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds (other than the Administrative Expense Fund, the Rebate Fund and the Surplus Fund); and
- (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture with respect to the Bonds (other than investment income on moneys held in the Administrative Expense Fund, the Rebate Fund and the Surplus Fund).

Certain Funds Not Pledged. Amounts held in the Administrative Expense Fund, the Rebate Fund and the Surplus Fund are not pledged to the repayment of the Bonds.

See “SECURITY FOR THE BONDS — Revenues and Flow of Funds” herein.

Reserve Fund for the Bonds. A Reserve Fund for the Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement. The Reserve Requirement for the Bonds, as of the date of issuance of the Bonds, equals \$ _____. The Indenture establishes within the Reserve Fund an account with respect to each series of Local Obligations (each a “Reserve Account”). The Insurer has made a commitment to issue, simultaneously with the initial issuance of the Bonds, the Reserve Policy in the amount equal to 75% of the Reserve Requirement for deposit in the Reserve Fund, effective as of the date of issuance of the Bonds. The remaining 25% of the Reserve Requirement as of the date of issuance of the Bonds will be funded from the proceeds of the Local Obligations. See “SECURITY FOR THE BONDS — Revenues and Flow of Funds” and “— Reserve Fund” herein.

Bond Insurance. Concurrently with the issuance of the Bonds, the Insurer will issue the Policy for the Bonds. See the caption “BOND INSURANCE.” A specimen of the Policy is set forth in Appendix H.

Local Obligations. Each series of Local Obligations are secured by Net Special Taxes collected in the applicable Taxing Jurisdictions as a result of the levy of Special Taxes. Net Special Taxes are the Gross Taxes which remain after the payment of Administrative Expenses up to the amount permitted by the applicable

Local Obligation Agreement. See “SECURITY FOR THE LOCAL OBLIGATIONS — Local Obligation Agreements.

The Local Obligations are not cross-collateralized. In other words, Special Taxes from one Taxing Jurisdiction cannot be used to cover any shortfall in the payment of debt service on the Local Obligation of another Taxing Jurisdiction. However, the Reserve Fund held by the Trustee and funded with the deposit therein of the Reserve Policy and proceeds of the Local Obligations will be available in the event of delinquent Revenues to the extent set forth therein. See “SECURITY FOR THE BONDS — Reserve Fund” herein.

Description of the Bonds

Payments. Interest is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2026. Principal of and premium, if any, on the Bonds shall be payable by the Trustee. See “THE BONDS — General Provisions” and “— Book-Entry Only System” herein.

Denominations. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

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

Registration, transfers and exchanges. The Bonds will be issued 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”) under the book-entry system maintained by DTC. See “THE BONDS — Payment, Registration, Transfer and Exchange of Bonds” and “— Book-Entry Only System.”

The City

The City is located in the western portion of the County of Riverside (the “County”), California and encompasses approximately 39 square miles and approximately 10 miles of lakeshore surrounding Lake Elsinore. The City was incorporated on April 23, 1888 as a general law city. As of January 1, 2024, the City had a population of approximately 71,452.

Neither the Bonds nor the Local Obligations are a debt of the City, and no revenues of the City are pledged to repayment of the Bonds or the Local Obligations.

The Authority

The Authority is a joint exercise of powers authority between the City and the City of Lake Elsinore Parking Authority organized and existing pursuant to the Act. The purpose of the Authority is to provide, through the issuance of revenue bonds, a financing pool to fund capital improvement projects. These revenue bonds are to be repaid solely from the revenues of certain public obligations. The Authority has no taxing power. The City Council acts as the governing body of the Authority.

Professionals Involved in the Offering

All proceedings in connection with the issuance of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel and Disclosure Counsel. Leibold, McLendon, & Mann, Irvine, California, will render a legal opinion on certain matters for the Authority and the Community Facilities Districts. Spicer Consulting Group, LLC, Murrieta, California is acting as Special Tax Consultant to the City. Wilmington Trust, National Association, Los Angeles, California, will act as Trustee

with respect to the Bonds and the Local Obligations and Escrow Agent. Stifel, Nicolaus & Company, Incorporated, is acting as underwriter in connection with the issuance and delivery of the Bonds. Kutak Rock LLP, Irvine, California is serving as Underwriter's Counsel. Causey Public Finance LLC, will provide escrow verification services.

Payment of the fees of Bond Counsel, Disclosure Counsel, the Underwriter and counsel to the Underwriter is contingent upon issuance of the Bonds. Stradling Yocca Carlson & Rauth LLP, represents the Underwriter in connection with financings unrelated to the Authority, the City and the Community Facilities Districts.

Continuing Disclosure

The Authority will enter into a Continuing Disclosure Agreement with Spicer Consulting Group, LLC, and will covenant therein for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Authority and the Taxing Jurisdictions by not later than February 15 following the end of its fiscal year (which currently ends June 30), commencing with the report for the 2024-25 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The first Annual Report will be due February 15, 2026. The Annual Report and notices of certain listed events (the "Listed Events") will be filed with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board available on the Internet at <http://emma.msrb.org> ("EMMA"). The specific nature of the information to be contained in each Annual Report and any notices of the Listed Events is set forth in Appendix F — "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants will be made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule"). See "MISCELLANEOUS — Continuing Disclosure" herein.

FINANCING PLAN

Purpose of Issue and the Refunding Plan

Acquisition of the Local Obligations. The Authority is issuing the Bonds to purchase the Local Obligations.

Refunding of the Prior Bonds and Prior Lake Elsinore PFA Bonds. Certain proceeds of the Local Obligations together with certain other funds will be deposited into the Escrow Funds pursuant to the Escrow Agreements. Funds deposited into the Escrow Funds pursuant to the Escrow Agreements will be used to refund and redeem each series of the Prior Bonds and, cause a simultaneous refunding and redemption of the Prior Lake Elsinore PFA Bonds issued in connection therewith, as follows:

(a) Prior CFD No. 2003-2 Improvement Area A Bonds: Proceeds of the CFD No. 2003-2 Improvement Area A Bonds deposited into an Escrow Fund relating to the Prior CFD No. 2003-2 Improvement Area A Bonds will be used to redeem the outstanding Prior CFD No. 2003-2 Improvement Area A Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(b) Prior CFD No. 2003-2 Improvement Area B Bonds: Proceeds of the CFD No. 2003-2 Improvement Area B Bonds deposited into an Escrow Fund relating to the Prior CFD No. 2003-2 Improvement Area B Bonds will be used to redeem the outstanding Prior CFD No. 2003-2 Improvement Area B Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(c) Prior CFD No. 2003-2 Improvement Area C Bonds: Proceeds of the CFD No. 2003-2 Improvement Area C Bonds deposited into an Escrow Fund relating to the Prior CFD No. 2003-2 Improvement Area C Bonds will be used to redeem the outstanding Prior CFD No. 2003-2 Improvement Area

C Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(d) Prior CFD No. 2004-3 Improvement Area 1 Bonds: Proceeds of the CFD No. 2004-3 Improvement Area 1 Bonds deposited into an Escrow Fund relating to the Prior CFD No. 2004-3 Improvement Area 1 Bonds will be used to will be used to redeem the outstanding Prior CFD No. 2004-3 Improvement Area 1 Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(e) Prior CFD No. 2004-3 Improvement Area 2 Bonds: Proceeds of the CFD No. 2004-3 Improvement Area 2 Bonds deposited into an Escrow Fund relating to the Prior CFD No. 2004-3 Improvement Area 2 Bonds will be used to redeem the outstanding Prior CFD No. 2004-3 Improvement Area 2 Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(f) Prior CFD No. 2005-1 Bonds: Proceeds of the CFD No. 2005-1 Bonds deposited into an Escrow Fund relating to the Prior CFD No. 2005-1 Bonds will be used to redeem the outstanding Prior CFD No. 2005-1 Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(g) Prior CFD No. 2005-2 Improvement Area A Bonds: Proceeds of the CFD No. 2005-2 Improvement Area A Bonds deposited into an Escrow Fund relating to the Prior CFD No. 2005-2 Improvement Area A Bonds will be used to redeem the outstanding Prior CFD No. 2005-2 Improvement Area A Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(h) Prior CFD No. 2005-6 Bonds: Proceeds of the CFD No. 2005-6 Bonds deposited into an Escrow Fund relating to the Prior CFD No. 2005-6 Bonds will be used to redeem the outstanding Prior CFD No. 2005-6 Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(i) Prior CFD No. 2006-2 Bonds: Proceeds of the CFD No. 2006-2 Bonds deposited into an Escrow Fund relating to the Prior CFD No. 2006-2 Bonds will be used to redeem the outstanding Prior CFD No. 2006-2 Bonds on September 1, 2025 at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

Certain moneys in the existing funds and accounts relating to the Prior Bonds and the Prior Lake Elsinore PFA Bonds also will be transferred to the Escrow Funds and be applied to the defeasance and redemption of the Prior Bonds and the Prior Lake Elsinore PFA Bonds. See “— Estimated Sources and Uses of Funds” below. See also “MISCELLANEOUS — Verification of Mathematical Accuracy” below.

Financing of Additional Facilities. Pursuant to the Mello-Roos Act, the Community Facilities Districts may apply a portion of the debt service savings achieved through the refunding of the Prior Bonds to finance additional authorized public facilities. Community Facilities District No. 2003-2 Improvement Area A, Community Facilities District No. 2004-3 Improvement Area 2, Community Facilities District No. 2005-1 and Community Facilities District No. 2005-2 Improvement Area A expects to deposit a portion of the proceeds of its Local Obligations into a Improvement Fund established under the related Local Obligation Agreement to finance such public facilities.

Estimated Sources and Uses of Funds

The Bonds. The anticipated sources and uses of funds relating to the Bonds are as follows:

	<i>Total</i>
Sources:	
Principal Amount of the Bonds	\$
[Plus/Less] Original Issue [Premium/Discount]	
Less Underwriter's Discount	<u>0</u>
Total Sources	<u>\$</u>
Uses:	
Purchase of Local Obligations ⁽¹⁾	\$
Costs of Issuance ⁽²⁾	
Reserve Fund ⁽³⁾	<u></u>
Total Uses	<u><u>\$</u></u>

⁽¹⁾ Proceeds of the Bonds will be used to acquire the Local Obligations. See the sources and uses of funds for the Local Obligations below.

⁽²⁾ The Trustee will retain and deposit in the Costs of Issuance Fund each Taxing Jurisdiction's proportionate share of the costs of issuance of the Bonds.

⁽³⁾ Equal to 25% of the Reserve Requirement. The remaining 75% will be satisfied by the Reserve Policy. The Trustee will retain and deposit in the accounts of the Reserve Fund each Taxing Jurisdiction's proportionate share of the Reserve Requirement.

Local Obligations. The anticipated sources and uses of funds relating to the Local Obligations and prior funds on hand are as follows:

	<i>CFD No. 2003-2 Improvement Area A Bonds</i>	<i>CFD No. 2003-2 Improvement Area B Bonds</i>	<i>CFD No. 2003-2 Improvement Area C Bonds</i>	<i>CFD No. 2004-3 Improvement Area 1 Bonds</i>
Sources				
Principal Amount	\$	\$	\$	\$
[Plus/Less] Original Issue [Premium/Discount]				
Plus Prior Funds				
Less Underwriter's Discount	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Sources	<u></u>	<u></u>	<u></u>	<u></u>
Uses				
Escrow Funds ⁽¹⁾	\$	\$	\$	\$
Improvement Funds ⁽¹⁾				
Costs of Issuance ⁽²⁾				
Reserve Fund ⁽³⁾	<u></u>	<u></u>	<u></u>	<u></u>
Total Uses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

⁽¹⁾ See “—Purpose of Issue and the Refunding Plan.”

⁽²⁾ Reflects each Taxing Jurisdiction's proportionate share of the costs of issuance of the Bonds.

⁽³⁾ Equal to 25% of each Taxing Jurisdiction's proportionate share of the Reserve Requirement. The remaining 75% will be satisfied by the Reserve Policy. The Trustee will retain and deposit in the accounts of the Reserve Fund each Taxing Jurisdiction's proportionate share of the Reserve Requirement.

	<i>CFD No. 2004-3 Improvement Area 2 Bonds</i>	<i>CFD No. 2005-1 Bonds</i>	<i>CFD No. 2005-2 Improvement Area A Bonds</i>	<i>CFD No. 2005-6 Bonds</i>	<i>CFD No. 2006-2 Bonds</i>
Sources					
Principal Amount	\$	\$	\$	\$	\$
[Plus/Less] Original Issue [Premium/Discount]					
Plus Prior Funds					
Less Underwriter's Discount	_____0	_____0	_____0	_____0	_____0
Total Sources	_____	_____	_____	_____	_____
Uses					
Escrow Funds ⁽¹⁾	\$	\$	\$	\$	\$
Improvement Funds ⁽¹⁾					
Costs of Issuance ⁽²⁾					
Reserve Fund ⁽³⁾	_____	_____	_____	_____	_____
Total Uses	_____ \$	_____ \$	_____ \$	_____ \$	_____ \$

⁽¹⁾ See “—Purpose of Issue and the Refunding Plan.”

⁽²⁾ Reflects each Taxing Jurisdiction's proportionate share of the costs of issuance of the Bonds.

⁽³⁾ Equal to 25% of each Taxing Jurisdiction's proportionate share of the Reserve Requirement. The remaining 75% will be satisfied by the Reserve Policy. The Trustee will retain and deposit in the accounts of the Reserve Fund each Taxing Jurisdiction's proportionate share of the Reserve Requirement.

THE BONDS

General Provisions

The Bonds will be dated their date of delivery, and the Bonds will be issued in the aggregate principal amounts set forth on the inside front cover hereof. The Bonds will bear interest from their dated date at the rates per annum set forth on the inside front cover hereof, payable semiannually on each March 1 and September 1, commencing March 1, 2026 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside front cover hereof. The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof.

Interest on the Bonds will be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner as of the Record Date immediately preceding each Interest Payment Date. Interest will be paid by check of the Trustee mailed on the Interest Payment Date by first class mail, postage prepaid, to the Owner at the address as it appears on the Bond Register or by wire transfer to an account in the United States of America upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds of a Series provided to the Trustee, in writing, at least five (5) Business Days before the Record Date for such Interest Payment Date. The Bonds are issued in fully registered form 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. See the subsection hereof entitled “— Book-Entry Only System.”

Principal of and premium (if any) on any Bond will be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Trust Office of the Trustee.

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date (the 15th calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day) and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2026 in which event it will bear interest from the Dated Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon, or from the Dated Date if no interest has been paid or made available for payment.

Redemption

Optional Redemption.* The Bonds maturing on or before September 1, 20__ are not subject to optional redemption prior to maturity. The Bonds maturing on or after September 1, 20__ may be redeemed at the option of the Authority, from any source of available funds, prior to maturity on any date on or after September 1, 20__ as a whole, or in part from maturities of the Local Obligations simultaneously redeemed, if any redemption of Local Obligations is being made in conjunction with such optional redemption, and otherwise from such maturities as are selected by the Authority, at a redemption price equal to the par amount of the Bonds to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

* Preliminary, subject to change.

If the source of funds to optionally redeem the Bonds is to be from a redemption of a Local Obligation, then prior to consenting to the optional redemption of any Local Obligation which it has purchased and is held under the Indenture, the Authority will deliver to the Trustee a certificate of an Independent Accountant or an Independent Financial Consultant verifying that, following such optional redemption of the Local Obligations and redemption of Bonds, the principal and interest generated from the remaining Local Obligations is adequate to make the timely payment of principal and interest due on the Bonds remaining Outstanding following such optional redemption.

Special Redemption. The Bonds are subject to special redemption on any Interest Payment Date from proceeds of early redemption of Local Obligations from the prepayment of Special Taxes within a Taxing Jurisdiction, in connection with Local Obligations, in whole or in part, from maturities corresponding proportionately to the maturities of the Local Obligations simultaneously redeemed, at the principal amount thereof, plus a premium expressed below as a percentage of the principal amount so redeemed, plus accrued interest to the date of redemption thereof:

<i>Redemption Dates</i>	<i>Redemption Prices</i>
Any Interest Payment Date from March 1, 20__ and including through March 1, 20__	%
September 1, 20__ and March 1, 20__	
September 1, 20__ and March 1, 20__	
September 1, 20__ and any Interest Payment Date thereafter	

Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, in part, on September 1, 20__, and on each September 1 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<i>Redemption Date (September 1)</i>	<i>Redemption Amount</i>
20__	\$
20__	
20__ (maturity)	

The Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, in part, on September 1, 20__, and on each September 1 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<i>Redemption Date (September 1)</i>	<i>Redemption Amount</i>
20__	\$
20__	
20__ (maturity)	

The Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, in part, on September 1, 20__, from a sinking fund payment at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<i>Redemption Date (September 1)</i>	<i>Redemption Amount</i>
20__	\$
20__ (maturity)	

The Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption prior to maturity, in part, on September 1, 20__, and on each September 1 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<i>Redemption Date (September 1)</i>	<i>Redemption Amount</i>
20__	\$
20__	
20__	
20__	
20__	
20__ (maturity)	

In the event that Bonds maturing on September 1, 20__, September 1, 20__, September 1, 20__ and September 1, 20__ are redeemed pursuant to the optional or special redemption provisions described above, the sinking fund payments for the applicable Series will be reduced as nearly as practicable on a proportionate basis in integral multiples of \$5,000.

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 Authority 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 — “DTC AND THE BOOK-ENTRY-ONLY SYSTEM.”

The Trustee on behalf, and at the expense of, the Authority shall send notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Bond Register, and to the Securities Depositories and to the Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice so sent nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue after the redemption date.

In addition to the foregoing notice, further notice shall be sent by the Trustee in said form to any Bondowner whose Bond has been called for redemption but who has failed to submit his Bond for payment by the date which is sixty days after the redemption date, but no defect in said further notice nor any failure to give or receive all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption.

Unless funds for the optional redemption of any Bonds are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Bondowners, such notice shall state that such redemption is subject to the deposit of funds by the Authority. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the

payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall send notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Selection of Bonds of a Maturity for Redemption. Unless otherwise provided under the Indenture, whenever provision is made in the Indenture for the redemption of less than all of the Bonds of a maturity, the Trustee shall select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 authorized denominations, and such separate authorized denominations shall be treated as separate Bonds which may be separately redeemed.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to the Indenture will be cancelled and destroyed.

Payment, Registration, Transfer and Exchange of Bonds

Book-Entry Only System. The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in Appendix B) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “THE BONDS — Book-Entry Only System.” In the event that the book-entry-only system is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See “THE BONDS — Book-Entry Only System.”

Transfer of Bonds. Subject to the book-entry only provisions of the Indenture, 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 duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond is surrendered for transfer, the Authority will execute and the Trustee will thereupon authenticate and deliver to the transferee a new Bond or Bonds of like tenor, maturity and aggregate principal amount. No Bonds selected for redemption will be subject to transfer pursuant to the Indenture nor will any Bond be subject to transfer during the fifteen days prior to the selection of Bonds for redemption.

The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any transfer or exchange will be paid by the Authority. However, the Owners of the Bonds will be required to pay any tax or other governmental charge required to be paid for any exchange or registration of transfer and the Owners of the Bonds will be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the replacement of any mutilated, lost or stolen Bonds.

Exchange of Bonds. Subject to the book-entry only provisions of the Indenture, Bonds may be exchanged at the Trust Office of the Trustee for Bonds of the same tenor and maturity and of other authorized

denominations. No Bonds selected for redemption will be subject to exchange pursuant to the Indenture, nor will any Bond be subject to exchange during the fifteen days prior to the selection of Bonds for redemption. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer or exchange will be paid by the Authority.

Temporary Bonds. The Bonds may be issued initially in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, will be of such denominations as may be determined by the Authority and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond will be executed by the Authority and be registered and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered for cancellation, in exchange therefor at the Trust Office of the Trustee, and the Trustee will authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds will be entitled to the same benefits under the Indenture as definitive Bonds authenticated and delivered thereunder.

Bond Register. The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which will be the Bond Register and will at all times during regular business hours be open to inspection by the Authority upon reasonable notice; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as provided in the Indenture.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond becomes mutilated, the Authority, at the expense of the Owner of said Bond, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be cancelled by it and destroyed in accordance with the retention policy of the Trustee then in effect. If any Bond issued under the Indenture is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it is given, at the expense of the Bond Owner, the Authority will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been called for redemption, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Trustee may require payment of a reasonable fee for each new Bond issued under the Indenture and of the expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the Indenture in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and will be equally and proportionately entitled to the benefits of the Indenture with all other Bonds secured by the Indenture.

Book-Entry Only System

While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in Appendix G — “DTC AND THE BOOK-ENTRY-ONLY SYSTEM” herein. So long as Cede & Co. is the registered owner of the Bonds, references herein to the Owners of the Bonds shall mean Cede & Co. and *not* the Beneficial Owners of the Bonds. **The Authority gives no assurance that DTC or the DTC Participants will distribute payments or notices to Beneficial Owners.**

Estimated Debt Service Schedules: Bonds and Local Obligations

The following table presents the debt service schedule for the Bonds, assuming there are no early redemptions of Bonds prior to maturity (other than mandatory sinking fund redemption):

TABLE 1
ANNUALIZED DEBT SERVICE SCHEDULE FOR THE BONDS

<i>Year Ending September 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>
2026	\$	\$	\$
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040	--		
Total	\$	\$	\$

The following table summarizes the anticipated debt service payments to be received by the Authority as the result of its ownership of the Local Obligations, assuming there are no early redemptions of Local Obligations prior to their respective maturities (other than mandatory sinking fund redemption).

TABLE 2
ANNUALIZED DEBT SERVICE SCHEDULE FOR THE LOCAL OBLIGATIONS

<i>Bond Year Ending September 1</i>	<i>CFD No. 2003-2 Improvement Area A Bonds</i>	<i>CFD No. 2003-2 Improvement Area B Bonds</i>	<i>CFD No. 2003-2 Improvement Area C Bonds</i>	<i>CFD No. 2004-3 Improvement Area 1 Bonds</i>	<i>CFD No. 2004-3 Improvement Area 2 Bonds</i>	<i>CFD No. 2005-1 Bonds</i>
2026	\$	\$	\$	\$	\$	\$
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
Total	<hr style="width: 100px; margin-left: 0;"/> \$	\$	\$	\$	\$	\$

Source: Underwriter.

TABLE 2
(continued)

ANNUALIZED DEBT SERVICE SCHEDULE FOR THE LOCAL OBLIGATIONS

<i>Bond Year Ending September 1</i>	<i>CFD No. 2005-2 Improvement Area A Bonds</i>	<i>CFD No. 2005-6 Bonds</i>	<i>CFD No. 2006-2 Bonds</i>	<i>Total Revenues⁽¹⁾</i>	<i>Total Debt Service on the Local Obligations</i>
2026	\$	\$	\$	\$	\$
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040	--				
Total	<u> </u> \$	\$	\$	\$	\$

Source: Underwriter.

Debt Service Coverage for the Bonds

Scheduled payments of principal of and interest on the Bonds equals 100% of the projected Revenues that will be generated by the anticipated payment of debt service on each of the Local Obligations while the Bonds are outstanding. According to the Special Tax Consultant, based on the annual debt service for the Local Obligations, with respect to each Taxing Jurisdiction, the Special Taxes levied at the maximum Special Tax rates under the related Rate and Method (as defined below), less estimated Administrative Expenses and assuming no delinquencies, would generate in each Fiscal Year not less than 110% of debt service payable with respect to each related series of Local Obligations. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.” However, under the Mello-Roos Act, under no circumstances may Special Taxes levied against any parcel of property used for private residential purposes in a Taxing Jurisdiction be increased by more than ten percent (10%) as a consequence of delinquency or default by the owner of any other parcel within in such Taxing Jurisdiction. See “SECURITY FOR THE LOCAL OBLIGATIONS.”

SECURITY FOR THE BONDS

General

As described below, the Bonds are payable primarily from Revenues consisting primarily of amounts received by the Authority as the result of its acquisition of the Local Obligations.

The Bonds are special obligations of the Authority payable solely from and secured solely by the Revenues and amounts in certain funds and accounts pledged therefor in the Indenture. The Bonds are not a debt or liability of the City, the State of California or any political subdivisions thereof other than the Authority to the limited extent described herein. The faith and credit of the Authority is not pledged to secure the payment of Bonds, nor is any of its political subdivisions liable therefor, nor in any event shall the Bonds or any interest or redemption premium thereunder be payable out of any funds or properties other than those of the Authority as set forth in the Indenture. The Authority has no taxing power.

Revenues and Flow of Funds

Bonds; Revenues. Subject to the provisions of the Indenture, the Bonds are secured by a first lien on and pledge (which shall be effected in the manner and to the extent provided in the Indenture) of all of the Revenues. The Bonds are equally secured by a pledge, charge and lien upon the Revenues without priority for any Bond over any other Bond; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any Bonds are secured by an exclusive pledge, charge and lien upon the Revenues. So long as any of the Bonds are Outstanding, the Revenues shall not be used for any purpose except as is expressly permitted by the Indenture.

Collection by the Trustee. The Authority has transferred in trust, granted a security interest in and assigned to the Trustee, for the benefit of the Owners from time to time of the Bonds, respectively, all of the Revenues and all of the right, title and interest of the Authority in the Local Obligations, subject to the terms of the Indenture. The Trustee is entitled to and will collect and receive all of the Revenues and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee. The Trustee also is entitled to and, subject to the provisions of the Indenture, the Trustee will take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City and the Community Facilities Districts under the Local Obligations.

Deposit of Revenues. All Revenues derived from the Local Obligations, other than Local Obligation Delinquency Revenues, will be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund.

Any Revenues which represent the payment of delinquent principal of or interest on an issue of Local Obligations will be first applied to make payments required pursuant to the Indenture upon the occurrence of an Event of Default and next to be deposited to the Reserve Fund to replenish the amount on deposit therein to the Reserve Requirement, or to reimburse the Insurer for Policy Costs.

Application of Revenues. On each Interest Payment Date, the Trustee will transfer from the Revenue Fund, and deposit into the following respective accounts for the Bonds, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

Interest Account. On each Interest Payment Date, the Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds on such date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity). In the event that the amounts on deposit in the Interest Account on any Interest Payment Date, after any transfers from the Reserve Fund pursuant to the Indenture, are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Bonds, the Trustee shall apply such amounts to the payment of interest on each of the Outstanding Bonds on a pro rata basis.

Principal Account. On each September 1 on which principal of the Bonds shall be payable, the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of, and premium (if any) on, the Bonds coming due and payable on such date, or required to be redeemed on such date pursuant to the Indenture; provided, however, that no amount shall be deposited to effect an optional redemption of Bonds pursuant to the Indenture unless the Trustee has first received a certificate of an Independent Accountant or an Independent Financial Consultant certifying that such deposit to effect an optional redemption of the Bonds will not impair the ability of the Authority to make timely payment of the principal of and interest on the Bonds, assuming for such purposes that the Community Facilities Districts continue to make timely payments on all Local Obligations not then in default. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Bonds at the maturity thereof or (ii) paying the principal of and premium (if any) on any Bonds upon the redemption thereof pursuant to the Indenture.

Reserve Fund. On each Interest Payment Date on which the balance in the Reserve Fund is less than the Reserve Requirement, or amounts are due to an insurer under a Reserve Credit Facility, after making deposits to the Interest Account and the Principal Account as described above, the Trustee shall transfer from the Revenue Fund, an amount sufficient to increase the balance in the Reserve Fund to the Reserve Requirement or to reimburse an insurer for draws under a Reserve Credit Facility, by depositing the amount necessary to make the various accounts therein equal to, together, the Reserve Requirement, provided the value of the moneys deposited therein, as invested, shall be valued at market value on such transfer date for purposes of making such determination; and provided, further, that the replenishment of the accounts of the Reserve Fund shall be made in accordance with the Indenture as described under “—Reserve Fund” below.

Deficiencies. If on any Interest Payment Date or date for redemption the amount on deposit in the Revenue Fund is inadequate to make the transfers above as a result of a payment default on an issue of Local Obligations, the Trustee will immediately notify the issuer of such Local Obligations of the amount needed to make the required deposits under “— *Application of Revenues.*” In the event that following such notice the Trustee receives Local Obligations Delinquency Revenues from the issuer of such Local Obligation to cure such shortfall, the Trustee shall deposit such amounts to the Revenue Fund for application in accordance with the Indenture. The Trustee shall disburse or transfer all Revenues representing Local Obligations Delinquency Revenues of a Community Facilities District first to cure any event of default on the Bonds caused by the

nonpayment of the Local Obligations of such Taxing Jurisdiction and then to replenish the amount in the Reserve Fund to the Reserve Requirement, subject to the limitations described under the caption “—Reserve Fund” below.

Rebate Fund. On each Interest Payment Date after making the transfers required described above, upon receipt of a Request of the Authority to do so, the Trustee shall transfer from the Revenue Fund to the Rebate Fund for deposit in the accounts therein the amounts specified in such Request of the Authority.

Surplus Fund. On September 1 of each year, after making the deposits described above, and upon reimbursement to the Insurer for any amounts owed under the Insurance Policy, the Trustee will transfer all amounts remaining on deposit in the Revenue Fund to the Administrative Expense Fund unless the Trustee has received a request of the Authority directing it to transfer all or a portion of the said amounts to the Surplus Fund, in which case the Trustee shall make the transfer to the Surplus Fund.

Reserve Fund

An account for each issue of Local Obligations will be established in the Reserve Fund (each, a “Reserve Account”). The Reserve Policy in the amount of \$ _____ and cash in the amount of \$ _____ will be deposited into the Reserve Fund, which in the aggregate, equals the Reserve Requirement as of the date of issuance of the Bonds. Each Local Obligation’s initial Proportionate Share will initially be as follows:

- \$ _____ for the CFD No. 2003-2 Improvement Area A Reserve Account of which \$ _____ shall be cash
- \$ _____ for the CFD No. 2003-2 Improvement Area B Reserve Account of which \$ _____ shall be cash
- \$ _____ for the CFD No. 2003-2 Improvement Area C Reserve Account of which \$ _____ shall be cash
- \$ _____ for the CFD No. 2004-3 Improvement Area 1 Reserve Account of which \$ _____ shall be cash
- \$ _____ for the CFD No. 2004-3 Improvement Area 2 Reserve Account of which \$ _____ shall be cash
- \$ _____ for the CFD No. 2005-1 Reserve Account of which \$ _____ shall be cash
- \$ _____ for the CFD No. 2005-2 Improvement Area A Reserve Account of which \$ _____ shall be cash
- \$ _____ for the CFD No. 2005-6 Reserve Account of which \$ _____ shall be cash
- \$ _____ for the CFD No. 2006-2 Reserve Account of which \$ _____ shall be cash

The Indenture defines “Proportionate Share” to mean as of the date of calculation for any issue of the Local Obligations, the ratio derived by dividing the outstanding principal amount of such Local Obligations by the principal amount of the Outstanding Bonds.

The aggregate of the foregoing amounts is equal to the Reserve Requirement as of the date of issuance of the Bonds, which is an amount equal to the lowest of (i) 10% of the initial principal amount of the Bonds, (ii) Maximum Annual Debt Service on the Outstanding Bonds, or (iii) 125% of average Annual Debt Service on the Outstanding Bonds. Pursuant to the Indenture, the Reserve Requirement shall never be greater than the initial Reserve Requirement. In the event that the amount of the Reserve Requirement is changed, the Trustee will, upon receipt of a Request of the Authority, adjust the shares of each Reserve Account to reflect the new Reserve Requirement.

_____ has made a commitment to issue, simultaneously with the initial issuance of the Bonds, the Reserve Policy in the amount equal to 75% of the Reserve Requirement for deposit in the Reserve Fund, effective as of the date of issuance of the Bonds. Under the terms of the Reserve Policy, _____ will unconditionally and irrevocably guarantee to pay that portion of the scheduled payments of principal of and

interest on the Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the Authority, to the extent set forth in the Reserve Policy and in the Indenture. See Appendix B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—AUTHORITY INDENTURE—REVENUES; FLOW OF FUNDS—Reserve Fund” for provisions relating to the Reserve Policy. The remaining 25% of the Reserve Requirement, effective as of the date of issuance of the Bonds, will be funded with cash from proceeds of the Local Obligations.

Subject to the limitations set forth in the following paragraph, moneys in the Reserve Fund will be used to pay the principal of and interest on the Bonds when the moneys in the Interest Account and the Principal Account of the Revenue Fund are insufficient therefor. In addition, amounts in the Reserve Fund may be applied (i) in connection with an optional redemption of Bonds or a defeasance thereof, (ii) when the balance therein equals the principal and interest due on the Bonds to and including maturity, (iii) credited to a Taxing Jurisdiction as a result of a reduction in the Reserve Requirement resulting from the redemption of the Local Obligations relating to such Taxing Jurisdiction and the Bonds so redeemed in connection therewith, or (iv) when amounts in certain accounts of the Reserve Fund are transferred to the Interest Account and the Principal Account as a credit against the payments due on the Local Obligations in the event amounts in a Reserve Account are sufficient to repay the remaining principal and interest due on the related Local Obligations that will be applied to the Bonds, as specified below.

If the amounts in the Interest Account or the Principal Account of the Revenue Fund are insufficient to pay the principal of or interest on the Bonds when due or mandatory sinking fund payments on the Bonds when due, the Trustee shall withdraw from the applicable Reserve Account or Reserve Accounts an amount equal to the deficiency resulting from the delinquency in the payment of scheduled debt service on the applicable Series of Local Obligations and transfer such amount to the Interest Account, the Principal Account or both, as applicable. If there are insufficient funds on deposit in a Reserve Account to cover a deficiency resulting from the delinquency in the payment of scheduled debt service on the applicable Series of Local Obligations, the Trustee shall withdraw from each of the other Reserve Accounts an amount based upon the Proportionate Share applicable to each such Reserve Account of such remaining deficiency and transfer such amounts to the Interest Account, the Principal Account or both, as applicable.

Upon the transfer by the Trustee to the Reserve Fund of delinquent Revenues, such Revenues shall be allocated to the Reserve Accounts as follows:

First, to the Insurer to reimburse it for all Policy Costs due as a result of a draw on the Reserve Policy and reimbursement of amounts with respect to any other Reserve Credit Facility due as a result of delinquencies on the Local Obligations of the Taxing Jurisdiction. Such reimbursements shall be credited first to each Reserve Account for any series of Local Obligations, other than the Reserve Account to which such delinquent Revenues relate on a Proportionate Share basis if such reimbursements are owing as a result from draws due to delinquencies in the payment of scheduled debt service on that series of Local Obligations from which such delinquent Revenues were received. Such reimbursements will next be credited to the Reserve Account for the series of Local Obligations from which the delinquent Revenues were received.

Second, to the Reserve Account for any series of Local Obligations, other than the Reserve Account to which such delinquent Revenues relate, that amount necessary to increase the amount on deposit in such account to the Reserve Requirement on a Proportionate Share basis if the deficiency in the amount on deposit in such account resulted from draws on such account due to delinquencies in the payment of scheduled debt service on that series of Local Obligations from which such delinquent Revenues were received. In the event that such delinquent Revenues are not sufficient to increase the amount on deposit in each of the applicable Reserve Accounts to the Reserve Requirement, a Proportionate Share of such delinquent Revenues shall be deposited in each such Reserve Account.

Third, after increasing the amount on deposit in each applicable Reserve Account to the applicable Proportionate Share of the Reserve Requirement pursuant to the second step, to the Reserve Account for the

series of Local Obligations from which the delinquent Revenues were received that amount necessary to replenish the amount on deposit in such Reserve Account to the applicable Proportionate Share of the Reserve Requirement.

Fourth, after making all deposits pursuant to the three steps above, the remaining delinquent Revenues, if any, shall be transferred to the Revenue Fund.

When amounts in a Reserve Account are sufficient to repay the remaining principal and interest due on the related Local Obligations that will be applied to the Bonds, such amounts will be transferred to the Interest Account and the Principal Account as a credit against the payments due on such Local Obligations, with the amount transferred from a Reserve Account being deposited first to the Interest Account as a credit on the interest due on such Local Obligations on such date and the balance being deposited to the Principal Account as a credit on the principal due on such Local Obligations on such date.

Surplus Fund

Any amounts transferred to the Surplus Fund pursuant to the Indenture shall no longer be considered Revenues and are not pledged to repay the Bonds. So long as Local Obligations are outstanding, on September 1 of each year after setting aside any amount specified in a Request of the Authority as necessary to pay Administrative Expenses, the remaining balance, if any, in the Surplus Fund shall (i) be transferred by the Trustee to the City for credit to the special tax fund for the Local Obligations, and each Community Facilities District shall be credited a percentage of the total amount available on each September 1 that is equal to the percentage which each series of its outstanding Local Obligation represents of all outstanding Local Obligations held by the Trustee as of the date of disbursement or (ii) as set forth in a Request of the City be applied to the redemption of Local Obligations pursuant to the terms of the Local Obligation Agreement with each series of Local Obligations to be credited a percentage of the total amount available on each September 1 that is equal to the percentage which a series of outstanding Local Obligations represents of all outstanding Local Obligations held by the Trustee as of the date of disbursement. In the event that the Local Obligations have been redeemed or defeased in whole or in part, then such credit shall be applied among the Local Obligations based on a Certificate of an Independent Financial Consultant prepared at the direction of the Authorized Representative of the City. In the event all Community Facilities Districts are no longer obligated to levy Special Taxes to repay Local Obligations, then any amounts in the Surplus Fund may be used by the Authority for any lawful purpose, including, but not limited to, the payment of expenses of the Authority, the City or the Community Facilities Districts relating to the Bonds, the Local Obligations, the Community Facilities Districts, or any other purpose as specified in a Request of the Authority delivered to the Trustee.

No Additional Bonds Except to Refund Bonds

The Authority may issue Additional Bonds in such principal amount as will be determined by the Authority, pursuant to a Supplemental Indenture adopted or entered into by the Authority.

Additional Bonds may only be issued subject to the following conditions precedent established by the Indenture:

(a) The Authority is in compliance with all covenants set forth in the Indenture and all Supplemental Indentures.

(b) The proceeds of such Additional Bonds will be applied to accomplish a refunding of all or a portion of the Bonds or any Additional Bonds Outstanding. The issuance of Additional Bonds to refund a portion of the Bonds or any Additional Bonds Outstanding will require the prior written consent of the Insurer.

(c) The Supplemental Indenture providing for the issuance of such Additional Bonds will provide that interest thereon will be payable on September 1 and March 1, and principal thereof will be payable on September 1 in any year in which principal is payable.

(d) Prior to the delivery of any Additional Bonds, a written certificate must be provided to the Authority and the Trustee by an Independent Financial Consultant which certifies that following the issuance of the Series of Additional Bonds and the Local Obligations, the principal and interest generated from the Local Obligations is adequate to make the timely payment of principal and interest due on the Bonds and the Series of Additional Bonds to be issued under the Indenture.

(e) The Supplemental Indenture providing for the issuance of Additional Bonds may provide for the establishment of separate funds and accounts.

(f) No Event of Default has occurred and be continuing with respect to the Bonds or any of the Local Obligations.

(g) The Authority will deliver to the Trustee a written Certificate of the Authority certifying that the conditions precedent to the issuance of such Additional Bonds set forth in subsections (a), (b), (c), (d) and (f) above have been satisfied and that, upon the issuance of such Additional Bonds an amount equal to the Reserve Requirement, as adjusted (if necessary) to reflect the issuance of such Additional Bonds will be on deposit in the Reserve Fund.

BOND INSURANCE

[TO COME]

SECURITY FOR THE LOCAL OBLIGATIONS

General

Each series of Local Obligations is a limited obligation of the respective Community Facilities District payable solely from Net Special Taxes (defined below) collected in the applicable Taxing Jurisdiction and amounts deposited by the Community Facilities Districts in the applicable Special Tax Fund. The Community Facilities Districts' limited obligation to pay the principal of, premium, if any, and interest on the applicable Local Obligations from Net Special Taxes collected in the applicable Taxing Jurisdiction and amounts in the applicable Special Tax Fund is absolute and unconditional.

No Local Obligation (and no obligations issued on a parity therewith under the Local Obligation Agreements relating to the Local Obligations, each a "Local Obligation Parity Bond") is a legal or equitable pledge, charge, lien or encumbrance upon any of the Community Facilities Districts' respective property, or upon any of their income, receipts or revenues, except the Net Special Taxes collected in the applicable Taxing Jurisdiction and other amounts in the applicable Special Tax Fund which are, under the terms of each Local Obligation Agreements and the Mello-Roos Act, set aside for the payment of the Local Obligations and interest thereon and neither the respective members of the legislative body of each Community Facilities District or the City Council nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The "Special Taxes" for each Taxing Jurisdiction are levied and collected according to the rate and method of apportionment (each, a "Rate and Method") established for such Taxing Jurisdiction. See Appendix A — "INFORMATION REGARDING THE TAXING JURISDICTIONS" and Appendix D — "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS."

The Local Obligations are not cross-collateralized. In other words, Special Taxes collected in one Taxing Jurisdiction cannot be used to cover any shortfall in the payment of debt service on the Local Obligations of another Taxing Jurisdiction. However, the Reserve Fund held by the Trustee and funded at the Reserve Requirement will be available in the event of delinquent Revenues. See “SECURITY FOR THE BONDS — Reserve Fund” herein.

Except for the foregoing, no other taxes are pledged to the payment of the Local Obligations and Local Obligation Parity Bonds. The Local Obligations and any Local Obligation Parity Bonds are not general or special obligations of the City nor general obligations of the Community Facilities Districts, but are limited obligations of the Community Facilities Districts payable solely from amounts deposited by the Community Facilities Districts in certain funds established under the Local Obligation Agreements, as more fully described herein. The Community Facilities Districts’ limited obligation to pay the principal of, premium, if any, and interest on the Local Obligations and any Local Obligation Parity Bonds from amounts in certain funds established under the Local Obligation Agreements is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Local Obligations or any Local Obligation Parity Bonds may compel the exercise of the taxing power by the Community Facilities Districts (except as pertains to the Special Taxes) or the City or the forfeiture of any of their property. The principal of and interest on the Local Obligations and any Local Obligation Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction.

The Special Taxes are collected in the manner and at the same time as *ad valorem* property taxes are collected and is subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes; provided, however, that the Community Facilities Districts may directly bill the Special Tax, and may collect Special Taxes at a different time or in a different manner as determined by the City Council.

Under the Mello-Roos Act under no circumstances will the Special Taxes levied against any parcel in a Taxing Jurisdiction for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other parcel within such Taxing Jurisdiction. Therefore, even though the maximum Special Tax rates may allow for Special Tax increases greater than 10%, in the event of high delinquencies in a Taxing Jurisdiction, a Community Facilities District could not increase the Special Taxes in such Taxing Jurisdiction in the fiscal year following such delinquencies by more than 10% on the residential units. See “SPECIAL RISK FACTORS — Special Tax Delinquencies.”

Local Obligation Agreements

The CFD No. 2003-2 Improvement Area C Bonds will be issued under a supplement to an existing fiscal agent agreement and executed and delivered in connection with certain bonds previously issued by CFD No. 2003-2 for such Taxing Jurisdictions. The CFD No. 2003-2 Improvement Area B Bonds will be issued under a supplement to an existing bond indenture and executed and delivered in connection with certain bonds previously issued by CFD No. 2003-2 for such Taxing Jurisdictions. The CFD No. 2003-2 Improvement Area A Bonds, CFD No. 2004-3 Improvement Area 1 Bonds, CFD No. 2004-3 Improvement Area 2 Bonds, CFD No. 2005-1 Bonds, CFD No. 2005-2 Improvement Area A Bonds, CFD No. 2005-6 Bonds and the CFD No. 2006-2 Bonds will be issued under separate Local Obligation Agreements to be executed and delivered in connection with such bonds. Certain provisions of such agreements are described below.

CFD No. 2003-2 Improvement Area C Fiscal Agent Agreement

Pledge; Flow of Funds. The CFD No. 2003-2 Improvement Area C Bonds will be issued under supplements to existing fiscal agent agreement executed and delivered in connection with certain bonds

previously issued by CFD No. 2003-2 for such Taxing Jurisdictions. The following describes certain provisions of the Fiscal Agent Agreement for the CFD No. 2003-2 Improvement Area C Bonds. As used in this section, the term “Local Obligations” refers to the CFD No. 2003-2 Improvement Area C Bonds.

Under the Fiscal Agent Agreement, the CFD No. 2003-2 Improvement Area C Bonds are secured by a first pledge of all the Special Tax Revenues and Redemption Revenues (as defined below) and all moneys deposited in the Bond Fund, and, until disbursed, in the Special Tax Fund the Redemption Fund and the Delinquency Management Fund. Notwithstanding the foregoing, at such time that the existing Local Obligation Parity Bonds (i.e. the CFD No. 2003-2 Improvement Area C 2014 Bonds) are no longer outstanding under the applicable Fiscal Agent Agreement, the related Delinquency Management Fund will be closed and will no longer be subject to the pledge under the related Fiscal Agent Agreement.

“Special Tax Revenues” pledged under the Fiscal Agent Agreement (and any related Local Obligation Parity Bonds) is defined in the Fiscal Agent Agreement as (a) the proceeds of the Special Taxes received by CFD No. 2003-2, (b) income and gains with respect to the investment of amounts on deposit in the funds and accounts established under the Fiscal Agent Agreement for such Local Obligations, and (c) proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes. Notwithstanding the foregoing, “Special Tax Revenues” do not include any penalties or interest in excess of the interest payable on each Local Obligation collected in connection with delinquent Special Taxes. The Special Taxes are collected in the manner and at the same time as *ad valorem* property taxes are collected and is subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

CFD No. 2003-2 will covenant in each Fiscal Agent Agreement that it will receive all Special Taxes in trust for the Owners of the related series of Local Obligations, and will immediately deposit such amounts with Wilmington Trust, and CFD No. 2003-2 shall have no beneficial right or interest in the amounts so deposited except as provided by the Fiscal Agent Agreement.

Wilmington Trust will, on each date on which the Special Tax Revenues are received from CFD No. 2003-2, deposit the Special Taxes in the Special Tax Fund. Wilmington Trust will (after payment of Administrative Expenses) transfer the Special Tax Revenues on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Fiscal Agent Agreement, in the following order of priority, to the following funds and accounts held under the Fiscal Agent Agreement:

- (1) The Interest Account of the Bond Fund;
- (2) The Principal Account of the Bond Fund;
- (3) To the reserve account established with respect to outstanding Local Obligation Parity Bonds, to the Reserve Account established for the CFD No. 2003-2 Improvement Area C Bonds, as the case may be, and to any reserve account established with respect to any additional Local Obligation Parity Bonds; and
- (4) The Delinquency Management Fund.

The CFD No. 2003-2 Improvement Area C Bonds are secured under the CFD No. 2003-2 Improvement Area C Agreement on a parity with the outstanding CFD No. 2003-2 Improvement Area C 2014 Bonds. The CFD No. 2003-2 Improvement Area C 2014 Bonds were purchased by the Lake Elsinore PFA in connection with the issuance of the Lake Elsinore PFA’s Local Agency Revenue Bonds (Canyon Hills Improvement Areas A and C Refunding) 2014 Series B (the “Lake Elsinore PFA 2014B Bonds”). In connection with the issuance of the Lake Elsinore PFA 2014B Bonds, a reserve fund was established to secure such bonds. Under the CFD No. 2003-2 Improvement Area C Agreement, Special Tax Revenues will be transferred to the reserve fund established for the Lake Elsinore PFA 2014B Bonds and to the Reserve Account

established for the CFD No. 2003-2 Improvement Area C Bonds without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, to restore such reserve fund to its reserve requirement and to pay amounts required to be paid from the Reserve Account for the CFD No. 2003-2 Improvement Area C Bonds.

Delinquency Management Fund. Each Fiscal Agent Agreement has established a Delinquency Management Fund held by Wilmington Trust. On September 2 of each year, Wilmington Trust will transfer any amounts remaining in the Special Tax Fund following disbursement to the Interest Account and the Principal Account as described above, to the Delinquency Management Fund.

The Delinquency Management Fund for the CFD No. 2003-2 Improvement Area C Bonds also secure the CFD No. 2003-2 Improvement Area C 2014 Bonds. The CFD No. 2003-2 Improvement Area C 2014 Bonds were purchased by the Lake Elsinore PFA in connection with the issuance of Lake Elsinore PFA 2014B Bonds. The indenture pursuant to which the Lake Elsinore PFA 2014B Bonds were issued established a Cash Flow Management Fund. On September 2 of each year, upon written direction of the Lake Elsinore PFA, amounts in the Cash Flow Management Fund in excess of the Cash Flow Management Fund Requirement (defined as 15% of maximum annual debt service on the Lake Elsinore PFA 2014B Bonds) is transferred to the Delinquency Management Fund under the CFD No. 2003-2 Improvement Area C Agreement to be applied as described below.

Moneys in the Delinquency Management Fund shall be held by Wilmington Trust for the benefit of the Owners of the related Local Obligations, and shall be disbursed as follows:

(1) Wilmington Trust will transfer to the appropriate accounts within the Bond Fund to pay debt service on the Local Obligations to the extent Special Taxes are insufficient for such purpose.

(2) Wilmington Trust will transfer from any amounts in the Delinquency Management Fund, (with respect to the CFD No. 2003-2 Improvement Area C Agreement, in excess of the Delinquency Management Fund Requirement (defined in each Fiscal Agent Agreement as the amount equal to 15% of Maximum Annual Debt Service for the respective series of Local Obligations, as of any calculation date)) to the Administrative Expense Fund in an amount determined by CFD No. 2003-2 to pay Administrative Expenses to the extent amounts in the Administrative Expense Fund are insufficient therefore.

(3) The Fiscal Agent will transfer all remaining amounts in the Delinquency Management Fund in excess of the Delinquency Management Fund Requirement upon the written direction of CFD No. 2003-2, on the next redemption date for which notice of redemption can timely be given, to the Special Mandatory Redemption Account of the Redemption Fund held under the Fiscal Agent Agreement for redemption of the Local Obligations unless the Fiscal Agent has received written direction from CFD No. 2003-2 to expend such remaining funds held in the Delinquency Management Fund for any lawful purposes of CFD No. 2003-2 including, but not limited to, paying costs of public capital improvements or reducing the Special Taxes which are to be levied in the current or the succeeding Fiscal Year upon the properties which are subject to the Special Tax.

Subject to the foregoing transfers and applications in (1) through (3) above, amounts in each Delinquency Management Fund are pledged to the repayment of the respective Local Obligation. As of the date of issuance of the Bonds, the balance in the Delinquency Management Fund for Improvement Area C is approximately \$_____.

The CFD No. 2003-2 Improvement Area C Agreement includes an amendment which provides that once the CFD No. 2003-2 Improvement Area C 2014 Bonds are no longer outstanding, the Delinquency Management Fund held thereunder will be closed and will no longer be pledged to the CFD No. 2003-2 Improvement Area C Bonds. **By their purchase of Bonds, the purchasers of Bonds irrevocably agree to, accept and consent to the provisions of such amendments.**

Redemption Fund; Redemption Revenues. Each Fiscal Agent Agreement has established a Redemption Fund. Within each Redemption Fund there is established an Optional Redemption Account and a Special Mandatory Redemption Account to the credit of which CFD No. 2003-2 or the City, on behalf of CFD No. 2003-2, will deposit, immediately upon receipt, all Redemption Revenues received by the District or the City on behalf of CFD No. 2003-2 for a Taxing Jurisdiction. Redemption Revenues are defined to include (a) prepayments of the Special Taxes, (b) amounts transferred from the Delinquency Management Fund for the redemption of the applicable Local Obligation, and (c) any amounts deposited from Special Tax prepayments for the mandatory redemption of the applicable Local Obligation pursuant to the Fiscal Agent Agreement.

With respect to the CFD No. 2003-2 Improvement Area C Agreement, Redemption Revenues also includes any amounts transferred pursuant to the indenture for the Lake Elsinore PFA 2014B Bonds for the redemption of the CFD No. 2003-2 Improvement Area C 2014 Bonds or the CFD No. 2003-2 Improvement Area C Bonds.

Moneys in the Redemption Fund will be held by the Fiscal Agent for the benefit of CFD No. 2003-2 and the Owners of each of the Local Obligations, will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Local Obligations. Moneys in the Redemption Fund will be applied as follows:

(1) All prepayments of Special Taxes and amounts transferred from the Delinquency Management Fund for the redemption of Bonds will be deposited in the Special Mandatory Redemption Account to be used to redeem the applicable Local Obligation on the next date for which notice of redemption can timely be given.

With respect to the CFD No. 2003-2 Improvement Area C Agreement, any amounts transferred pursuant to the indenture for the Lake Elsinore PFA 2014B Bonds for the redemption of the CFD No. 2003-2 Improvement Area C 2014 Bonds or the CFD No. 2003-2 Improvement Area C Bonds will be deposited into the Redemption Fund.

(2) Any amounts transferred for the optional redemption of the applicable Local Obligation will be deposited into the Optional Redemption Account to be used to redeem the applicable Local Obligation on the next date for which notice of redemption can timely be given.

Local Obligation Agreements for CFD No. 2003-2 Improvement Area A, CFD No. 2003-2 Improvement Area B, CFD No. 2004-3 Improvement Area 1, CFD No. 2004-3 Improvement Area 2, CFD No. 2005-1, CFD No. 2005-2 Improvement Area A, CFD No. 2005-6 and CFD No. 2006-2

The Local Obligations will be issued under separate Local Obligation Agreements to be executed and delivered in connection with such issuance. The following describes certain provisions of the Local Obligation Agreements for CFD No. 2003-2 Improvement Area A, CFD No. 2003-2 Improvement Area B, CFD No. 2004-3 Improvement Area 1, CFD No. 2004-3 Improvement Area 2, CFD No. 2005-1, CFD No. 2005-2 Improvement Area A, CFD No. 2005-6 and CFD No. 2006-2, which are substantially similar. As used in this section, the term “Local Obligations” refers to the CFD No. 2003-2 Improvement Area A Bonds, the CFD No. 2003-2 Improvement Area B Bonds, the CFD No. 2004-3 Improvement Area 1 Bonds, the CFD No. 2004-3 Improvement Area 2 Bonds, the CFD No. 2005-1 Bonds, the CFD No. 2005-2 Improvement Area A Bonds, the CFD No. 2005-6 Bonds and the CFD No. 2006-2 Bonds.

Under the Local Obligation Agreements for the the CFD No. 2003-2 Improvement Area A Bonds, the CFD No. 2003-2 Improvement Area B Bonds, the CFD No. 2004-3 Improvement Area 1 Bonds, the CFD No. 2004-3 Improvement Area 2 Bonds, the CFD No. 2005-1 Bonds, the CFD No. 2005-2 Improvement Area A Bonds, the CFD No. 2005-6 Bonds and the CFD No. 2006-2 Bonds, the “Net Special Taxes” pledged by the

applicable Community Facilities District to the Local Obligations (and any related Local Obligation Parity Bonds) is defined as “Gross Special Taxes” minus amounts set aside to pay Administrative Expenses.

“Gross Special Taxes” is defined in each Local Obligation Agreement as the amount of all Special Taxes received by the Community Facilities District from the Taxing Jurisdiction, together with the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Local Obligation Agreement for the delinquency of such Special Taxes remaining after the payment of all costs related to such foreclosure actions.

“Administrative Expenses” are the administrative costs with respect to the calculation and collection of the Special Taxes, including all attorneys’ fees and other costs related thereto, the fees and expenses of the Trustee, any fees and related costs for credit enhancement for the Local Obligations or which are not otherwise paid as Costs of Issuance, any costs related to the Community Facilities District’s compliance with state and federal laws requiring continuing disclosure of information concerning the Local Obligations, the Community Facilities District, and any other costs otherwise incurred by the City on behalf of the Community Facilities District, in order to carry out the purposes of the Community Facilities District, as set forth in the Resolution of Formation and any obligation of the Community Facilities District under the Local Obligation Agreement. Administrative Expenses also include the administrative costs with respect to the collection of Delinquency Proceeds.

The portion of any Prepayment received by a Community Facilities District that is to be applied to the redemption of Local Obligations will be identified as such by the Community Facilities District and transferred to Wilmington Trust for deposit in the Redemption Account. Except for the foregoing portion of any Prepayment to be deposited to the Redemption Account, the Community Facilities District will, as soon as practicable transfer the Special Taxes received by the Community Facilities District to Wilmington Trust for deposit in the applicable Special Tax Fund to be held by Wilmington Trust in trust for the Owners of the Local Obligations. Wilmington Trust will transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Local Obligation Agreement, in the following order of priority, to:

- (1) The Administrative Expense Fund;
- (2) The Interest Account of the Special Tax Fund;
- (3) The Principal Account of the Special Tax Fund;
- (4) The Trustee for deposit in the Reserve Account under the Authority Indenture the amount necessary to cause the balance on deposit therein to equal the Community Facilities Districts’ Proportionate Share of the Reserve Requirement;
- (5) The Redemption Account of the Special Tax Fund; and
- (6) The Surplus Fund.

Each Local Obligation Agreement creates and establishes a Surplus Fund to be maintained by Wilmington Trust. As soon as practicable after each September 1, and in any event prior to each October 1, Wilmington Trust will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the Community Facilities District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year. The amounts in the Surplus Fund are not pledged to the repayment of the Local Obligations or any related Local Obligation Parity Bonds and may be used by the Community Facilities District for any lawful purpose.

Local Obligation Parity Bonds

The Local Obligation Agreements authorize the Community Facilities Districts to issue additional bonds payable from Special Taxes on a parity with the related Local Obligations but only for the purpose of refunding all or a portion of the applicable Local Obligations or Local Obligation Parity Bonds. Local Obligations will only be refunded if a corresponding amount of Bonds is refunded. For a description of the conditions established in each Local Obligation Agreements for the issuance of Local Obligation Parity Bonds, see Appendix B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Priority of Lien

Each installment of the Special Taxes and any interest and penalties thereon, constitutes a lien on the parcel of land on which it was imposed until the same is paid. Such lien is co-equal to and independent of the lien for general taxes, any other community facilities district special taxes. See “THE TAXING JURISDICTIONS — The Taxing Jurisdictions in the Aggregate” herein.

Covenants of the Community Facilities Districts

In their respective Local Obligation Agreement, each Community Facilities District has made certain covenants, certain of which are described below.

Punctual Payment. The Community Facilities District will duly and punctually pay or cause to be paid the principal of and interest on every Local Obligation and Local Obligation Parity Bond issued under its Local Obligation Agreement, together with the premium, if any, thereon on the date, at the place and in the manner set forth in the Local Obligations and Local Obligation Parity Bonds and in accordance with its Local Obligation Agreement to the extent that Net Special Taxes and other amounts pledged thereunder are available therefor, and that the payments into the Funds and Accounts created thereunder will be made, all in strict conformity with the terms of the Local Obligations, any Local Obligation Parity Bonds, and its Local Obligation Agreement, and that it will faithfully observe and perform all of the conditions, covenants and requirements of its Local Obligation Agreement and all Supplemental Indentures and of the Local Obligations and any Local Obligation Parity Bonds issued under its Local Obligation Agreement.

CFD No. 2003-2 Improvement Area C Fiscal Agent Agreement: CFD No. 2003-2 will punctually pay or cause to be paid the principal of, and interest and any premium on, each Local Obligation when and as due in strict conformity with the terms of its Local Obligation Agreements, and it will faithfully observe and perform all of the conditions, covenants and requirements of its Local Obligation Agreements and of each of its Local Obligations.

Against Encumbrance. The Community Facilities District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Special Taxes except as provided in the Local Obligation Agreement, and will not issue any obligation or security having a lien or charge upon the Net Special Taxes superior to or on a parity with the Local Obligations, other than Local Obligation Parity Bonds. Nothing in the Local Obligation Agreement shall prevent the Community Facilities District from issuing or incurring indebtedness which is payable from a pledge of Net Special Taxes which is subordinate in all respects to the pledge of Net Special Taxes to repay the Local Obligations and the Local Obligation Parity Bonds.

CFD No. 2003-2 Improvement Area C Fiscal Agent Agreement: CFD No. 2003-2 will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues, or other amounts pledged to each Local Obligation superior to or on a parity with the pledge and lien therein created for the benefit of the Local Obligations, except as permitted by the Fiscal Agent Agreement.

Levy of Special Tax. So long as any Local Obligations or Local Obligation Parity Bonds issued are Outstanding, the Community Facilities District covenants to levy the Special Tax in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay (1) the principal of and interest on the Local Obligations and Local Obligation Parity Bonds when due, (2) the Administrative Expenses, (3) any amounts required to maintain the Reserve Account of the Special Tax Fund at the Reserve Requirement, (4) any amounts required to replenish the Reserve Account under the Authority Indenture to the Proportionate Share and pay all Policy Costs resulting from the delinquency in the payment of scheduled debt service on the Local Obligations and any Local Obligation Parity Bonds, (5) and any amounts due to the Bond Insurer not included in (1) through (4) above. The Community Facilities District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the Community Facilities District's authority to levy the Special Tax for so long as the Local Obligations and any Local Obligation Parity Bonds are Outstanding.

CFD No. 2003-2 Improvement Area C Fiscal Agent Agreement: CFD No. 2003-2 will comply with all requirements of the Mello-Roos Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

CFD No. 2003-2 will effect the levy of the Special Taxes each Fiscal Year on the parcels within the Taxing Jurisdictions in accordance with each Rate and Method, such that the computation of the levy is complete before the final date on which the auditor/tax collector of the County (the "Auditor") will accept the transmission of the Special Tax amounts for the parcels within the Taxing Jurisdictions for inclusion on the next secured tax roll. Upon the completion of the computation of the amounts of the levy, the Treasurer will prepare or cause to be prepared, and will transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next secured tax roll. The Special Taxes so levied will be payable and be collected in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property, unless otherwise provided by CFD No. 2003-2.

In any event, the Treasurer will fix and levy the amount of Special Taxes within the Taxing Jurisdictions required (i) for the payment of principal of and interest on any outstanding Local Obligations becoming due and payable during the ensuing year (taking into consideration anticipated delinquencies), and (ii) to pay the Administrative Expenses during such year, all in accordance with the applicable Rate and Method.

CFD No. 2003-2 has covenanted in each Local Obligation Agreement, that to the extent there is a draw upon the Reserve Account pursuant to the Indenture as a result of a delinquency in the collection of Special Taxes, CFD No. 2003-2 will effect the next annual levy of Special Taxes in an amount sufficient to replenish such delinquency in addition to those required by each Fiscal Agent Agreement and in addition to amounts that would be levied if there were no such delinquency; provided, however, the amount of Special Taxes levied will not exceed the maximum permitted by the Mello-Roos Act and the applicable Rate and Method.

The City is authorized to employ consultants to assist in computing the levy of the Special Taxes under the Fiscal Agent Agreement and any reconciliation of amounts levied to amounts received. The fees and expenses of such consultants and the costs and expenses of the City (including a charge for City or District staff time) in conducting its duties under the Local Obligation Agreement will be an Administrative Expense.

Commence Foreclosure Proceedings. The Community Facilities District covenants for the benefit of the Owners of the Local Obligations and any Local Obligation Parity Bonds that it (i) will 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) will 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) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the Community Facilities District may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Account under the Local Obligation Agreement is at least equal to the Reserve Requirement and the amount in the Reserve Account under the Indenture is at least equal to the Community Facilities District's Proportionate Share. The Community Facilities District may, but shall not be obligated to, advance funds from any source of legally available funds in order to maintain such Reserve Accounts. The Community Facilities District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the Special Tax Fund.

CFD No. 2003-2 Improvement Area C Fiscal Agent Agreement: CFD No. 2003-2 will review the public records of the County in connection with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies, if CFD No. 2003-2 determines that any single property owner subject to the Special Tax is delinquent in the payment of Special Taxes in the aggregate of \$1,500 or more or that the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes levied within Improvement Area C then CFD No. 2003-2 will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within forty-five (45) days of such determination, and (if the delinquency remains uncured) CFD No. 2003-2 will cause judicial foreclosure proceedings to be filed in the superior court within ninety (90) days of such determination against all properties for which the Special Taxes remain delinquent.

CFD No. 2003-2 may treat any delinquent Special Tax sold to an independent third-party or to any funds of the City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the Special Tax Fund.

Special Taxes Are Not Within Teeter Plan

The Special Taxes are not encompassed within the alternate procedure for the distribution of certain property tax levies on the secured roll pursuant to Chapter 3, Part 8, Division 1 of the California Revenue and Taxation Code (Section 4701 et seq.), commonly referred to as the "Teeter Plan." The County has adopted a Teeter Plan under which a tax distribution procedure is implemented and secured roll taxes are distributed to taxing agencies within the County on the basis of the tax levy, rather than on the basis of actual tax collections. However, by policy, the County does not include special taxes, assessments or assessments in its Teeter Plan. The Special Taxes of the Taxing Jurisdictions are not included in the County's Teeter Plan.

THE TAXING JURISDICTIONS

The Taxing Jurisdictions in the Aggregate

Introduction. Set forth under this caption is certain information describing the Taxing Jurisdictions in the aggregate. See Appendix A hereto for more information with respect to each Taxing Jurisdiction. Although the Authority believes the information with respect to the Taxing Jurisdictions, in the aggregate, is relevant to an informed decision to purchase the Bonds, investors should be aware that the debt service on one series of Local Obligations may not be used to make up any shortfall in the debt service on another series of Local Obligations. Moreover, the parcels in each Taxing Jurisdiction are taxed according to the applicable Rate and Method, and the applicable Special Taxes may only be applied to pay the debt service on the Local Obligations related to the Taxing Jurisdiction in which such Special Taxes are levied and not on the debt service of any other Local Obligations.

Potential investors should further be aware that Special Taxes are levied against individual parcels within each Taxing Jurisdiction and that any such parcel may have a value-to-lien ratio less than the overall value-to-lien ratio for such Taxing Jurisdiction and less than the value-to-lien ratio of the Taxing Jurisdictions in the aggregate.

Property Values & Development Status. The most recent aggregate assessed value reported by the County Assessor for the property in the Taxing Jurisdictions for the Fiscal Year 2024-25 was \$1,572,613,754. The planned developments within the Taxing Jurisdictions are complete with residential homes. In total, there are currently 3,898 completed homes conveyed to individual owners. Table 3 below shows the development status within the Taxing Jurisdictions as of March 1, 2025.

**TABLE 3
CITY OF LAKE ELSINORE
THE TAXING JURISDICTIONS IN AGGREGATE
DEVELOPMENT STATUS AS OF MARCH 1, 2025**

<i>Taxing Jurisdiction</i>	<i>Approximate Gross Acres</i>	<i>Sold Dwelling Units⁽¹⁾</i>	<i>Parcels Under Development⁽²⁾</i>	<i>Undeveloped Parcels⁽³⁾</i>	<i>Total Acres of Undeveloped Land⁽⁴⁾</i>	<i>Total Parcels</i>	<i>Percent Sold to Individual Homeowners⁽⁵⁾</i>
CFD 2003-2 IA A (Canyon Hills)	59.36	599	0	0	0	599	100.00%
CFD 2003-2 IA B (Canyon Hills)	115.32	806	0	0	0	806	100.00
CFD 2003-2 IA C (Canyon Hills)	79.91	440	0	0	0	440	100.00
CFD 2004-3 IA 1 (Rosetta Canyon)	94.65	509	0	0	0	509	100.00
CFD 2004-3 IA 2 (Rosetta Canyon)	94.05	562	0	0	0	562	100.00
CFD 2005-1 (Serenity)	35.53	233	0	0	0	233	100.00
CFD 2005-2 IA A (Alberhill Ranch)	79.95	441	0	0	0	441	100.00
CFD 2005-6 (City Center)	13.36	144	0	0	0	144	100.00
CFD 2006-2 (Viscaya) ⁽⁶⁾	15.37	164	4	0	0	168	97.62
Totals:	587.50	3,898	4	0	0	3,902	99.90%

(1) Equals the estimated number of completed dwelling units no longer owned by developers as of March 1, 2025.

(2) Parcels for which building permits have been obtained as of March 1, 2025, but which have not been completed and conveyed to purchasers.

(3) Parcels with no building permits obtained as of March 1, 2025.

(4) Equals acreage of parcels with no building permits obtained as of March 1, 2025.

(5) Equals the Sold Dwelling Units column divided by the Total Parcels column, expressed as a percentage.

(6) Includes four parcels with expired building permits issued in 2006, which are currently being developed.

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

Value-To-Lien Ratios. The aggregate assessed value of all of the taxable property in the Taxing Jurisdictions, as established by the County Assessor for Fiscal Year 2024-25 was \$1,572,613,754. The aggregate principal amount of the Local Obligations is \$79,270,000*. The following tables set forth the aggregate assessed value-to-lien ratios of all the taxable property in the Taxing Jurisdictions based on Fiscal Year 2024-25 assessed values in each of the Taxing Jurisdictions and the principal amount direct and overlapping land-secured debt, including the Local Obligations.

* Preliminary, subject to change.

TABLE 4
CITY OF LAKE ELSINORE
THE TAXING JURISDICTIONS IN AGGREGATE
ASSESSED VALUE-TO-LIEN RATIOS

<i>Taxing Jurisdictions</i>	<i>Local Obligations^{*(1)}</i>	<i>Direct and Overlapping Debt</i>	<i>Total Debt*</i>	<i>Assessed Value⁽²⁾</i>	<i>Assessed Value-to-Lien Ratio^{(3)*}</i>
CFD 2003-2 IA A (Canyon Hills)	\$ 6,615,000	\$1,458,994	\$8,073,994	\$229,947,611	28.48:1
CFD 2003-2 IA B (Canyon Hills)	10,630,000	6,399,983	17,029,983	347,952,201	20.43:1
CFD 2003-2 IA C (Canyon Hills)	4,495,000	7,221,157	11,716,157	177,543,522	15.15:1
CFD 2004-3 IA 1 (Rosetta Canyon)	11,825,000	8,351,776	20,176,776	207,171,032	10.27:1
CFD 2004-3 IA 2 (Rosetta Canyon)	20,750,000	9,444,848	30,194,848	229,157,925	7.59:1
CFD 2005-1 (Serenity)	5,245,000	0	5,245,000	85,187,309	16.24:1
CFD 2005-2 IA A (Alberhill Ranch)	14,490,000	5,757,434	20,247,434	198,262,475	9.79:1
CFD 2005-6 (City Center)	1,685,000	0	1,685,000	37,606,915	22.32:1
CFD 2006-2 (Viscaya)	<u>3,535,000</u>	<u>0</u>	<u>3,535,000</u>	<u>59,784,764</u>	<u>16.91:1</u>
Totals:	\$79,270,000	\$38,634,193	\$117,904,193	\$1,572,613,754	13.34:1

* Preliminary, subject to change.

(1) Based on aggregate principal amount of the Local Obligations. Does not include any general obligation bonded indebtedness applicable to the Taxing Jurisdictions. See Appendix A for a description of the overlapping general obligation bonded indebtedness applicable to the Taxing Jurisdictions

(2) Reflects Fiscal Year 2024-25 assessed value of all taxable property in the Taxing Jurisdictions.

(3) Calculated by dividing the Assessed Value column by the Total Debt column.

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

Table 5 sets forth the number of Taxing Jurisdictions and dwelling units within the Taxing Jurisdictions which will be levied to pay debt service on the Local Obligations by Bond Year through September 1, 2040*, the final maturity of the Bonds.

TABLE 5
CITY OF LAKE ELSINORE
THE TAXING JURISDICTIONS IN AGGREGATE
BY BOND YEAR

<i>Bond Year Ending September 1</i>	<i>Number of Taxing Jurisdictions</i>	<i>Dwelling Units</i>	<i>Fiscal Year 2024-25 Assessed Value</i>	<i>Total Debt^{*(1)}</i>	<i>Assessed Value to Lien Ratio*</i>
2025	9	3,902	\$1,572,613,754	\$117,904,193	13.34:1
2026	9	3,902	1,572,613,754	117,904,193	13.34:1
2027	9	3,902	1,572,613,754	117,904,193	13.34:1
2028	9	3,902	1,572,613,754	117,904,193	13.34:1
2029	9	3,902	1,572,613,754	117,904,193	13.34:1
2030	9	3,902	1,572,613,754	117,904,193	13.34:1
2031	9	3,902	1,572,613,754	117,904,193	13.34:1
2032	9	3,902	1,572,613,754	117,904,193	13.34:1
2033	9	3,902	1,572,613,754	117,904,193	13.34:1
2034	9	3,902	1,572,613,754	117,904,193	13.34:1
2035	8	3,303	1,342,666,143	109,830,198	12.22:1
2036	7	2,794	1,135,495,111	89,653,422	12.67:1
2037	3	1,808	754,653,648	58,940,988	12.80:1
2038	3	1,808	754,653,648	58,940,988	12.80:1
2039	3	1,808	754,653,648	58,940,988	12.80:1
2040	2	1,246	525,495,723	28,746,140	18.28:1

⁽¹⁾ See Table 7 for the final maturity date of the Local Obligations for each Taxing Jurisdiction.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

* Preliminary, subject to change.

Effective Tax Rates. Table 6 below shows the average effective tax rates of property with completed homes within the Taxing Jurisdictions based on the average Fiscal Year 2024-25 assessed values, the average Fiscal Year 2024-25 actual levies for all other overlapping taxing jurisdictions and the estimated average Fiscal Year 2025-26 special tax levy for each Taxing Jurisdiction. Based on the foregoing, the projected average effective tax rate for the parcels within the Taxing Jurisdictions ranges from approximately 1.71% to 2.46%.

TABLE 6
CITY OF LAKE ELSINORE
THE TAXING JURISDICTIONS IN AGGREGATE
AVERAGE DWELLING UNIT EFFECTIVE TAX RATES

<i>Taxing Jurisdictions</i>	<i>Average Fiscal Year 2024-25 Assessed Value – Completed Dwelling Unit</i>	<i>Estimated Average Fiscal Year 2025-26 Taxing Jurisdiction Special Tax</i>	<i>Average Fiscal Year 2024-25 Ad Valorem Taxes Per Completed Dwelling Unit</i>	<i>Average Other Taxes and Assessments Per Completed Dwelling Unit</i>	<i>Average Effective Tax Rate - Completed Dwelling Unit</i>
2003-2 IA A (Canyon Hills)	\$383,885.83	\$1,538.21	\$3,948.96	\$1,078.85	1.71%
2003-2 IA B (Canyon Hills)	431,702.48	2,277.56	4,440.49	1,133.95	1.82
2003-2 IA C (Canyon Hills)	403,508.00	1,716.26	4,555.52	1,051.51	1.81
2004-3 IA 1 (Rosetta Canyon)	407,015.78	2,955.20	4,215.46	1,459.04	2.12
2004-3 IA 2 (Rosetta Canyon)	407,754.31	3,412.29	4,194.49	2,408.76	2.46
2005-1 (Serenity)	365,610.77	2,683.82	3,760.96	1,681.30	2.22
2005-2 IA A (Alberhill Ranch)	449,574.77	3,701.42	4,624.69	2,747.32	2.46
2005-6 (City Center)	261,159.13	1,803.44	2,686.49	366.23	1.86
2006-2 (Viscaya)	355,861.69	2,822.35	3,660.68	501.18	1.96

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

Top Taxpayers within the Taxing Jurisdictions. No single owner owns more than four parcels within any one Taxing Jurisdiction, and no single taxpayer is projected to be responsible for more than 2.46% of Fiscal Year 2025-26 Special Taxes within any one Taxing Jurisdiction. See Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.”

Delinquencies. Special Taxes were levied against 3,902 parcels in the Taxing Jurisdictions in Fiscal Year 2024-25. For the Fiscal Year 2025-26 Special Tax levy, as of March 1, 2025, 73 parcels were delinquent in the payment of the Special Tax levy. For the Special Tax levies, collections and delinquency rates in each of the Taxing Jurisdictions see Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.”

The Local Obligations

The table below summarizes the final maturity dates of the Local Obligations and the principal amount of each Local Obligation. For a description of the total debt service on the Bonds provided by each Local Obligation, see Table 2 under the heading “THE BONDS – Estimated Debt Service Schedules: Bonds and Local Obligations” herein.

TABLE 7
LAKE ELSINORE FACILITIES FINANCING AUTHORITY
SUMMARY OF LOCAL OBLIGATIONS

<i>District</i>	<i>Maturity Date (September 1)</i>	<i>Principal Amount*</i>
CFD 2003-2 IA A	2034	\$ 6,615,000
CFD 2003-2 IA B	2040	10,630,000
CFD 2003-2 IA C	2040	4,495,000
CFD 2004-3 IA 1	2035	11,825,000
CFD 2004-3 IA 2	2039	20,750,000
CFD 2005-1	2036	5,245,000
CFD 2005-2 IA A	2036	14,490,000
CFD 2005-6	2036	1,685,000
CFD 2006-2	2036	<u>3,535,000</u>
Total		\$ 79,270,000

* Preliminary, subject to change.

SPECIAL RISK FACTORS

The purchase of the Bonds involves significant risks and is not a suitable investment for all 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 Taxing Jurisdictions to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the Community Facilities Districts to make full and punctual payments of debt service on the Local Obligations which comprise the Revenues available to pay 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 Taxing Jurisdictions. See “—Property Values” and “—Limited Secondary Market.”

Risks of Real Estate Secured Investments Generally

Because the timely payment of debt service on the Bonds will be dependent upon the timely payment of the Local Obligations and the timely payment of the Local Obligations will be dependent upon the timely payment of Special Taxes, which are secured ultimately by the Taxable Property within the Taxing Jurisdictions, 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 and around the vicinity of the Taxing Jurisdictions, 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.

The Bonds are Limited Obligations of the Authority

The Bonds are limited obligations of the Authority payable only from amounts pledged under the Indenture, which consist primarily of payments made to the Trustee on the Local Obligations and the Reserve Fund. Funds for the payment of the principal of and the interest on the Local Obligations are derived only from payments of Special Taxes. The amount of Special Taxes that are collected could be insufficient to pay principal of and interest on the Local Obligations due to non-payment of the Special Taxes levied or due to insufficient proceeds received from a judicial foreclosure sale of land within the Taxing Jurisdictions following

delinquency. The Community Facilities Districts' legal obligations with respect to any delinquent Special Taxes is limited to the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which Special Taxes is delinquent. The Bonds cannot be accelerated in the event of any default.

Failure by owners of the parcels within the Taxing Jurisdictions to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the Community Facilities Districts to sell parcels which 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 Community Facilities Districts to make full or timely payments of debt service on the Local Obligations, which may, in turn, result in the depletion of the Reserve Fund and the inability of the Authority to make full or timely payment on the Bonds.

No Obligation of the City

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

No Cross-Collateralization Between Taxing Jurisdictions

The Local Obligations are not cross-collateralized. In other words, the Special Taxes from one Taxing Jurisdiction cannot be used directly to cover any shortfall in the payment of debt service on the Local Obligations of another Taxing Jurisdiction. However, all amounts in the Reserve Fund are available to pay debt service on the Bonds if the amounts in the Interest Account or the Principal Account of the Revenue Fund are insufficient to pay the principal of or interest on the Bonds when due. See the caption "SECURITY FOR THE BONDS — Reserve Fund."

Potential Early Redemption of Bonds from Prepayments or Other Sources

Property owners within the Taxing Jurisdictions are permitted to prepay their Special Taxes at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping community facilities district. Such prepayments will result in a redemption of Local Obligations on the first March 1 or September 1 which is more than 30 days following the receipt of the prepayment. The proceeds of the Local Obligations so redeemed will then be used to make a mandatory redemption of the Bonds. Such mandatory redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See "THE BONDS — Redemption — *Special Redemption*."

Property Values

The value of property within the Taxing Jurisdictions is an important factor in evaluating the investment quality of the Bonds. In the event that a property owner defaults in the payment of a Special Tax installments, a Community Facilities District's only remedy is to judicially foreclose on that property. Prospective purchasers of the Bonds should not assume that the property within the Taxing Jurisdictions could be sold for the assessed values described herein at a foreclosure sale for delinquent Special Tax installments or for an amount adequate to pay delinquent Special Tax installments.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, increased or decreased annually by an amount determined by the Riverside County Assessor based on current market conditions, generally not to exceed an increase of more than 2% per fiscal year from the date of purchase (except in the case of new construction subsequent to such acquisition). No assurance can be given that a parcel could actually be sold for its assessed value.

The actual market value of the property is subject to future events such as downturn in the economy, occurrences of certain acts of nature and the decisions of various governmental agencies as to land use, all of which could adversely impact the value of the property in the Taxing Jurisdictions which is the security for the Local Obligations, which secure the Bonds. As discussed herein, many factors could adversely affect property values or prevent or delay further land development within the Taxing Jurisdictions.

Natural Disasters

The market value of the property within the Taxing Jurisdictions, like all California communities, may be adversely affected by a variety of factors which may affect public and private improvements. Such additional factors include, without limitation, geologic conditions (such as earthquakes), topographic conditions (such as earth movements) and climatic conditions (such as droughts, fire hazard and floods).

With respect to geologic conditions, building codes require that some of these factors be taken into account in the design of private improvements of the parcels, and the County has adopted the Uniform Building Code standards with regard to seismic standards. Design criteria are established upon the basis of a variety of considerations and may change, leaving previously designed improvements unaffected by more stringent subsequently established criteria. In general, design criteria reflect a balance at the time of establishment between the present costs of protection and the future costs of lack of protection, based in part upon a present perception of the probability that the condition will occur and the seriousness of the condition should it occur. Consequently, neither the absence of nor the establishment of design criteria with respect to any particular condition means that the applicable governmental agency has evaluated the condition and has established design criteria in the situations in which such criteria are needed to preserve value, or has established such criteria at levels that will preserve value. To the contrary, the Authority expects that one or more of such conditions may occur and may result in damage to improvements of varying seriousness, that the damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the actual value of the parcels may well depreciate or disappear, notwithstanding the establishment of design criteria for any such condition.

Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within the Taxing Jurisdictions. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event.

In recent years, wildfires have caused extensive damage throughout the State, including within the County and the City. 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. In particular, certain electrical operators in the State have seen their distribution/transmission lines cause billions of dollars in property damage and the loss of lives. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in the State, causing wide-spread damage. In 2025, communities in Los Angeles County, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage. Riverside County is also periodically subject to large-scale wildfires and is

expected to be subject to wildfires in the future. In recent years, wildfires have burned hundreds of acres at a time and destroyed dozens of homes and structures in Riverside County. The Taxing Jurisdictions experience high winds known as Santa Ana winds which frequently accompany and magnify the intensity of wildfires. There is a risk of homes within the Taxing Jurisdictions being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the Taxing Jurisdictions. Additionally, property located adjacent to burn areas can be subject to mudslides and flooding, which can cause significant damage and destruction to property.

In 2018, the Holy Fire was a wildfire which burned in the Cleveland National Forest in Orange and Riverside counties. Certain portions of the City were placed under evacuation orders. While no structures within the City were lost as a result of such wildfire, the City incurred significant costs as a result of such event, which costs were substantially reimbursed to the City from the State and federal governments.

In 2024, the Airport Fire was a wildfire which burned approximately 23,526 acres in Orange and Riverside counties. The Airport Fire burned in the Santa Ana Mountains and resulted in the evacuation of approximately 6,000 residents of the City. While no structures within the City were damaged as a result of such wildfire, nearby communities incurred property damage from the wildfire. No property in the City or any of the Taxing Jurisdictions were damaged by the Holy Fire or the Airport Fire.

On January 16, 2025, Governor Gavin Newsom issued Executive Order N-10-25 (the “Governor’s Order”) which canceled penalties, costs and interest on overdue property taxes (including special taxes) within certain zip codes affected by the Palisades Fire during calendar year 2025. This will likely cause a delay in the payment of special taxes by certain property owners in any community facilities districts affected by Governor’s Order. Unless the majority of property owners within the community facilities districts pay their special taxes voluntarily or have mortgage impound accounts, it is likely that the community facilities districts will need to draw upon a reserve fund to make debt service payments on outstanding bonds prior to the expiration of the Governor’s Order and it is possible that outstanding bonds will experience a payment default. In the event of a major fire or other natural disaster affecting the Taxing Jurisdictions, a similar order affecting the Taxing Jurisdictions could impact the debt service payment for the Bonds.

On March 24, 2025, CAL Fire released an updated Fire Hazard Severity Zone (“FHSZ”) map for the Southern California region which evaluates “hazard,” being the likelihood and expected fire behavior over a 30 to 50-year period without considering mitigation measures such as home hardening, recent wildfire or fuel reduction efforts. On the other hand, “Risk” is the potential damage a fire can do to the area under existing conditions, accounting for any modifications such as fuel reduction projects, defensible space, and ignition resistant building construction. Pursuant to Sections 4201-4204 of the California Public Resources Code, the State Fire Marshal is mandated to classify the state responsibility areas (the “SRAs”), where the state has financial responsibility for wildfire protection and prevention, into FHSZs. These zones are classified as either “Moderate,” “High” or “Very High” and are based on statewide criteria and severity of fire hazard that is expected to prevail in those areas. Each zone embraces relatively homogeneous lands and is based on fuel loading, slope, fire weather, and other relevant factors present, including areas where winds have been identified as a major cause of wildfire spread. In areas designated as the local responsibility areas (the “LRAs”), where local agencies have financial responsibility for wildfire protection and prevention, local agencies must adopt a FHSZ map and all three FHSZ classes. The LRAs map process will happen after the SRAs map process has been completed, which is estimated to occur in the winter of 2025. For more information, see the CAL Fire website. [Each of the Taxing Jurisdictions except for Community Facilities District No. 2006-2, Community Facilities District No. 2005-1 and Community Facilities District No. 2004-3 Improvement Area 2 are located in an area which the Cal Fire has designated as a very high FHSZ. Community Facilities District No. 2006-2 and Community Facilities District No. 2005-1 are not in a FHSZ and Community Facilities District No. 2004-3 Improvement Area 2 is in a moderate FHSZ.] **[City to confirm.]**

There is a risk of residential property within the Taxing Jurisdictions being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of the Taxing

Jurisdiction. 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 some or all of the Taxing Jurisdictions. As a result, a substantial portion of the property owners within some or all of the Taxing Jurisdictions may be unable or unwilling to pay the respective Special Taxes when due. In addition, the value of land in the Taxing Jurisdictions 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.

Property Insurance

In recent years, homeowners in many areas in the State have experienced significant increases in premiums for property and homeowners' insurance policies as well as difficulty in obtaining such insurance from commercial insurance companies. Such increases in the overall cost of homeownership could have a material adverse effect on a homeowner's willingness and/or ability to pay the Special Taxes within the Taxing Jurisdictions.

In addition, no assurances can be made that adequate homeowners' insurance coverage will be available in the future from reputable insurance companies, with premiums comparable to historical rates, or at all. The inability to obtain adequate insurance coverage could impact the ability of the homeowners in the Taxing Jurisdictions to reconstruct their homes in the event of damage.

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 Taxing Jurisdictions be affected by a hazardous substance, is to reduce the marketability and value by the costs of remedying the condition.

The Community Facilities Districts are 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 Taxing Jurisdictions. However, it is possible that such materials do currently exist and that the Community Facilities Districts are not aware of them.

It is possible that property in the Taxing Jurisdictions 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.

Cybersecurity

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

Parity Taxes and Special Assessments

Property within the Taxing Jurisdictions is subject to taxes and other charges levied by several other public agencies. See the discussion of direct and overlapping indebtedness in Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS.” None of the Authority, the Community Facilities Districts or the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the Taxing Jurisdictions.

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with the lien of all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general *ad valorem* property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property. See “— Bankruptcy and Foreclosure” below.

None of the Authority, the Community Facilities Districts or the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the Taxing Jurisdictions. In addition, the landowners within the Taxing Jurisdictions may, without the consent or knowledge of the Authority, the Community Facilities Districts or the City, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within the Taxing Jurisdictions described in this Official Statement.

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

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the proceeds received from the sale of a taxable parcel following a Special Tax delinquency are not sufficient, taking into account other liens imposed by public agencies, to pay the full amount of the Special Tax delinquency, the Community Facilities Districts have no recourse against the owner of the parcel.

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The City has caused a notice of the Special Tax that may be levied against the taxable parcels in each Taxing Jurisdiction to be recorded in the Office of the Recorder for the County.

While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within the Taxing Jurisdictions or lending of money thereon.

The Mello-Roos Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

Special Tax Delinquencies

Under provisions of the Mello-Roos Act, the Special Taxes, from which funds necessary for the payment of principal of and interest on the Local Obligations and, thus, the Bonds are derived, are customarily billed to the properties within the Taxing Jurisdictions on the *ad valorem* property tax bills sent by the County to owners of such properties. The Mello-Roos Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See the delinquency tables in Appendix A — “INFORMATION REGARDING THE TAXING JURISDICTIONS” for the delinquency history of each Community Facilities District and Improvement Area over the last five Fiscal Years.

See “SECURITY FOR THE LOCAL OBLIGATIONS — Covenants of the Community Facilities Districts — *Commence Foreclosure Proceedings*,” for a discussion of the provisions which apply, and procedures which the Community Facilities Districts are obligated to follow under the Local Obligation Agreements, in the event of delinquencies in the payment of Special Taxes. See “— Bankruptcy and Foreclosure” below for a discussion of the policy of the Federal Deposit Insurance Corporation (the “FDIC”) regarding the payment of special taxes and assessment and limitations on the Community Facilities Districts’ ability to foreclose on the lien of the Special Taxes in certain circumstances.

The Community Facilities Districts have the authority and the obligation, subject to the Mello-Roos Act and the maximum Special Tax rates set forth in each Rate and Method, to increase the levy of Special Taxes against non-delinquent property owners in the applicable Taxing Jurisdiction in the event other owners within such Taxing Jurisdiction are delinquent. Pursuant to each Rate and Method, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Taxing Jurisdiction. Thus, the Community Facilities Districts may not be able to increase Special Tax levies in future fiscal years by enough to make up for delinquencies for prior fiscal years. This would result in draws on the Reserve Fund, and if delinquencies continue and in the aggregate exceed the Reserve Fund balance, defaults would occur in the payment of principal and interest on the Bonds.

Insufficiency of Special Taxes

Notwithstanding that the maximum Special Taxes that may be levied in the Taxing Jurisdictions exceeds debt service due on the Local Obligations, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation. Each Rate and Method exempts certain specified property from the Special Tax levy. See

“Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS.”

If for any reason property within a Taxing Jurisdiction becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, another public agency or other organization determined to be exempt, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within such Taxing Jurisdiction. This could result in certain owners of property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Mello-Roos Act provides that, if any property within a Taxing Jurisdiction 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 Mello-Roos 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 Mello-Roos Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within a Taxing Jurisdiction became owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the related Local Obligations when due, or if a substantial portion of land within a Taxing Jurisdiction became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Taxes which could be levied upon the remaining taxable property therein might not be sufficient to pay principal of and interest on the related Local Obligations when due, and in either case a default could occur with respect to the payment of such principal and interest, and, in turn, a default could occur in the payment of the principal and interest on the Bonds.

Moreover, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued within a Taxing Jurisdiction be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within such Taxing Jurisdiction. Thus, the Community Facilities Districts may not be able to increase Special Tax levies in a Taxing Jurisdiction in future fiscal years by enough to make up for delinquencies within such Taxing Jurisdiction for prior fiscal years. This may result in draws on the Reserve Fund, and if delinquencies continue and in the aggregate exceed the Reserve Fund balance, defaults would occur in the payment of principal and interest on the Bonds. See “SECURITY FOR THE LOCAL OBLIGATIONS.”

Risks Associated with Bond Insurance

In the event that the Authority defaults in the payment of principal of or interest on the Bonds when due, the Owners of the Bonds will have a claim under the Policy for such payments. See the caption “BOND INSURANCE.” In the event that the Insurer becomes obligated to make payments on the Bonds, no assurance can be given that such event will not adversely affect the market for the Bonds. In the event that the Insurer is unable to make payments of principal of or interest on the Bonds when due under the Policy or the Reserve Policy, the Bonds will be payable solely from Revenues and amounts that are held in certain funds and accounts established under the Indenture, as described under the caption “SECURITY FOR THE BONDS.”

The long-term credit rating on the Bonds is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer’s financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the Bonds. See the caption “MISCELLANEOUS—Ratings.”

None of the Authority, the Community Facilities Districts, the City or the Underwriter has made an independent investigation of the claims-paying ability of the Insurer, and no assurance or representation

regarding the financial strength or projected financial strength of the Insurer is being made by the Authority, the Community Facilities Districts, the City or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the Bonds, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Bonds, assuming that the Policy is not available to pay principal and interest on the Bonds, and the claims-paying ability of the Insurer through final maturity of the Bonds.

So long as the Policy remains in effect and the Insurer is not in default of its obligations thereunder, the Insurer has certain notice, consent and other rights under the Indenture and will have the right to control all remedies in the event of a default under the Indenture as to the Bonds. The Insurer is not required to obtain the consent of the Owners of the Bonds with respect to the exercise of remedies. See Appendix B.

FDIC/Federal Government Interests in Properties

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

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

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

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

The Community Facilities Districts have not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the Taxing Jurisdictions, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the Taxing Jurisdictions is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of a Community Facilities District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. The FDIC’s policy statement regarding the payment of state and local real property taxes (the “Policy Statement”) provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay

claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

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

The Community Facilities Districts are unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within a Taxing Jurisdiction in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Bankruptcy and Foreclosure

In the event of a delinquency in the payment of the Special Taxes, the Community Facilities Districts, under certain circumstances, are required to commence enforcement proceedings as described under the heading "SECURITY FOR THE LOCAL OBLIGATIONS — Covenants of the Community Facilities Districts." However, prosecution of such proceedings could be delayed due to crowded local court calendars, dilatory legal tactics, or bankruptcy. It is also possible that the Community Facilities Districts will be unable to realize proceeds in an amount sufficient to pay the applicable delinquency. Moreover, the ability of the Community Facilities Districts to commence and prosecute enforcement proceedings may be limited 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, the amount and priority of any Special Tax liens could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner 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 Local Obligations, and the possibility of delinquent tax installments not being paid in full. The various legal opinions 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, the Indenture, the Local Obligations and the Local Obligation Agreements by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public corporations such as the Community Facilities Districts.

Funds Invested in the County Investment Pool

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county. Following payment of the Special Taxes to the Community Facilities Districts and prior to payment by Wilmington Trust of debt service on the Local Obligations, such funds may be invested in the name of the City or a Community Facilities District for a period of time in the County investment pool. In the event of a petition of or the adjustment of County debts under Chapter 9 of the Federal Bankruptcy Code, a court might hold that the Community Facilities Districts and in turn the Authority and the Bond owners do not have a valid and/or prior lien on the Special Taxes or debt service payments on the Local Obligations where such amounts are deposited in the County investment pool and may not provide the Bond owners with a priority interest in such amounts. In that circumstance, unless the Bond owners could “trace” the funds that have been deposited in the County investment pool, the Bond owners would be unsecured (rather than secured) creditors of the County. There can be no assurance that the Bond owners could successfully so trace the Special Taxes or debt service payments.

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. Pursuant to the Indenture, an Owner of the Bonds is given the right for the equal benefit and protection of all owners similarly situated to pursue certain remedies described in Appendix B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — SUMMARY OF AUTHORITY INDENTURE — EVENTS OF DEFAULT AND REMEDIES.”

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 exclusion from gross income for federal income tax purposes 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 creditors’ rights, by equitable principles, by the exercise of judicial discretion and by limitations on remedies against public agencies in the State. 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 of the Bonds.

Loss of Tax Exemption

As discussed under the caption “LEGAL MATTERS — Tax Matters” herein, interest on the Bonds could become includable in 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 Authority, the City or the Community Facilities Districts in violation of covenants in the Indenture or the Local Obligation Agreements, respectively. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective

purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is possible that subsequent to the issuance of the Bonds there might be federal, State, or local statutory changes (or judicial or regulatory interpretations of federal, State, or local law) that affect the federal, State, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur. See “LEGAL MATTERS — Tax Matters” below.

Limited Secondary Market

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 Authority has committed to provide certain statutorily required financial and operating information, there can be no assurance that such information will be available to Bondowners on a timely basis. See “INTRODUCTION — Continuing Disclosure” and Appendix F — “FORM OF CONTINUING DISCLOSURE AGREEMENT.” Any failure to provide annual financial information, if required, 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.

Proposition 218

An initiative measure commonly referred to as the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” The provisions of the Initiative continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes available to the Community Facilities Districts to pay the principal of and interest on the Local Obligations as described below.

Among other things, Section 3 of Article XIII 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 Mello-Roos 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 Mello-Roos 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 Mello-Roos Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On August 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

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

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

The interpretation and application of the Initiative will continue to be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See “SPECIAL RISK FACTORS — Limitations on Remedies.”

Ballot Initiatives

Articles XIII A, XIII B, XIII C and XIII D, all of which placed certain limitations on the power of local agencies to tax, collect and expend revenues, were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, or the Community Facilities Districts to increase revenues or to increase appropriations or on the ability of the landowners within the Taxing Jurisdictions to complete proposed future development.

Litigation with Respect to Community Facilities Districts

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

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

Horizon. The Sacramento County Superior Court issued a ruling in *Horizon Capital Investments, LLC v. City of Sacramento et al.* (Case No. 34-2017-80002661), which was a case involving an election to approve the levy of a special tax within a community facilities district (“CFD”) formed under the Act.

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

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

tentative ruling states that the phrase “qualified electors of the district” refers to the registered voters of the entity imposing the special tax, which in this case was the City of Sacramento. Because the vote within the proposed CFD was by landowners only and not by all registered voters in the City of Sacramento, the final ruling states that the special tax is invalid.

The superior court’s final ruling is not binding upon other courts within the State and does not directly apply to the Taxing Jurisdictions, the Special Taxes, or the Local Obligations. The City of Sacramento did not appeal the superior court’s ruling.

The Special Tax Election in the Taxing Jurisdictions. With respect to the San Diego Decision, the facts of such case show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The elections held in the Taxing Jurisdictions had less than 12 registered voters at the time of the election to authorize the Special Taxes. In the San Diego Decision, the court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the court’s holding in the San Diego Decision does not apply to the Special Tax elections in the Taxing Jurisdictions. Moreover, Section 53341 of the Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. The petitioners in *Horizon* filed the writ of mandate within 30 days of the landowner election. Voters in each Taxing Jurisdictions approved their respective Special Tax more than three years ago. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the Community Facilities Districts believe that no successful challenge to the their respective Special Taxes being levied in accordance with the applicable Rate and Method may now be brought.

LEGAL MATTERS

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, 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 difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same maturity is 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 the Bond Owner will increase the Bond Owner’s basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

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 Authority, the Community Facilities Districts and others and is subject to the condition that the Authority and the Community Facilities Districts 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 Authority and the Community Facilities Districts have covenanted to comply with all such requirements.

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

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 EXECUTION AND DELIVERY OF THE BONDS, THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE INTEREST ON THE BONDS OR THE MARKET VALUE OF THE BONDS. LEGISLATIVE CHANGES HAVE BEEN PROPOSED IN CONGRESS, WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE EXECUTION AND DELIVERY OF THE BONDS, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. 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, the Local Obligation Bond Indentures 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 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 Bond Counsel.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the Authority and the Community Facilities Districts 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.

See Appendix E — “FORM OF BOND COUNSEL OPINION” for a form of the opinion to be provided by Bond Counsel on the date of issuance of the Bonds.

Absence of Litigation

The Authority will certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity of the Bonds or the Local Obligations and that no action, suit or proceeding is known by the Authority to be pending that would restrain or enjoin the delivery of the Bonds or the Local Obligations, or contest or affect the validity of the Bonds or the Local Obligations or any proceedings of the Authority taken with respect to the Bonds or the Local Obligations. The Community Facilities Districts will also each certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity of the Local Obligations and that no action, suit or proceeding is known by the Community Facilities District to be pending that would restrain or enjoin the delivery of the Local Obligations, or contest or affect the validity of the Local Obligations or any proceedings of the Community Facilities Districts taken with respect to the Local Obligations.

Legal Opinion

Certain proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel for the Authority in connection with the issuance of the Bonds. The opinion of Bond Counsel approving the validity of the Bonds substantially in the form attached as Appendix E hereto will be attached to each Bond. Bond Counsel’s employment is limited to a review of legal procedures required for the approval of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation. Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to do so.

Payment of the fees of Bond Counsel, Disclosure Counsel, the Underwriter and Underwriter’s Counsel is contingent upon issuance of the Bonds.

MISCELLANEOUS

Ratings

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”), has assigned the rating of “__” to the Bonds based upon the delivery of the Policy by the Insurer at the time of issuance of the Bonds. See “BOND INSURANCE” herein.

In addition, S&P has assigned its underlying rating of “__” to the Bonds, independent of the delivery of the Policy. There is no assurance that any credit rating given to the Bonds will be maintained for any period

of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Such ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the City, the Authority or the Community Facilities Districts which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The Authority has covenanted in a Continuing Disclosure Agreement to file notices of any rating changes on the Bonds. See the caption “—Continuing Disclosure” and Appendix F. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the Authority and prior to the date the Authority is obligated to file a notice of rating change. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

None of the City, the Authority, the Community Facilities Districts or the Underwriter makes any representation as to the Insurer’s creditworthiness or any representation that the Insurer’s credit rating will be maintained in the future. The rating agencies have previously taken action to downgrade the ratings of certain municipal bond insurers and have published various releases outlining the processes that they intend to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to the rating agencies for additional information on the applicable rating agencies’ evaluations of the financial guaranty industry and individual financial guarantors, including the Insurer. See the caption “BOND INSURANCE” for further information relating to the Insurer.

Verification of Mathematical Accuracy

Causey Public Finance LLC, upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them which were prepared by the Underwriter, relating to the sufficiency of moneys and securities deposited into the Escrow Funds to pay, when due, the principal, whether at maturity or upon prior redemption, and interest requirements of the Prior Bonds and the Prior Lake Elsinore PFA Bonds.

The report of Causey Public Finance LLC, will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of its report.

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Inc. (the “Underwriter”), at a purchase price of \$_____ (representing the par amount of the Bonds, plus original issue [premium/discount] of \$_____, less Underwriter’s discount of \$_____).

The purchase agreement relating to the Bonds between the Authority and the Underwriter provides that all Bonds will be purchased if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in said purchase contract, including, but not limited to, the approval of certain legal matters by counsel.

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

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

Continuing Disclosure

The Authority will execute a Continuing Disclosure Agreement by and between the Authority and Spicer Consulting Group, LLC, as Dissemination Agent, in the form attached hereto as Appendix F for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Authority and the Taxing Jurisdictions (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events (the “Listed Events”). The Annual Report will be filed by the Dissemination Agent with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board (“EMMA”) and notices of Listed Events will be filed by the Dissemination Agent with EMMA. The specific nature of the information to be included in the Annual Reports and the notices of Listed Events is set forth in Appendix F — “FORM OF CONTINUING DISCLOSURE AGREEMENT.” The Continuing Disclosure Agreement will be executed and delivered by the Authority in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”). The Annual Reports are to be filed by the Authority no later than the February 15 after the end of the Authority’s fiscal year, which is currently June 30. The first Annual Report will be due February 15, 2026.

The City Council of the City serves as the governing board of the Authority and all of the City’s community facilities districts. Although the City and certain of its affiliated entities (such as the Lake Elsinore Public Financing Authority, the City’s former redevelopment agency and its successor agency (the “Agency”), and community facilities districts formed by the City) are not obligated persons pursuant to Rule 15c2-12 with respect to the Bonds, during the last five years the City and such affiliated entities failed to comply in certain respects with continuing disclosure obligations related to outstanding bonded indebtedness. The failures to comply include late filings with respect to several annual reports, and failure to provide notice of late annual financial information, more specifically:

(1) Updated tabular and other operating information relating to the City, the Agency and community facilities districts for Fiscal Years 2017-18, 2018-19 and 2019-20 were filed late. **[To be confirmed.]**

(2) Failure to provide notices of the late filing of certain of the annual financial information that is described in item (1) above.

(3) Several of the annual reports included incomplete information relating to community facilities districts, including tax prepayment information, improvement fund balances and special tax delinquency information.

The City and its affiliated entities have made additional filings to provide certain of the previously omitted information.

The City has retained Spicer Consulting Group, LLC to serve as Dissemination Agent for the continuing disclosure undertaking related to the Bonds, and has adopted policies and procedures with respect to its continuing disclosure practices.

The Continuing Disclosure Agreement will inure solely to the benefit of any Dissemination Agent, the Underwriter and Owners or Beneficial Owners from time to time of the Bonds. A default under the Continuing Disclosure Agreement is not a default under the Indenture and the sole remedy following a default is an action to compel specific performance by the Authority with the terms of the Continuing Disclosure Agreement.

Additional Information

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the Bonds.

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

LAKE ELSINORE FACILITIES FINANCING
AUTHORITY

By: _____
Executive Director

APPENDIX A

INFORMATION REGARDING THE TAXING JURISDICTIONS

Community Facilities District 2003-2 and Improvement Area A

Location and Description. CFD No. 2003-2 and Improvement Area A therein were formed by the City in January, 2004 to finance the acquisition and construction of public streets, streetscape, park and recreation facilities, storm drain, fire station, and other city facilities, including water and sewer facilities and fees of the Elsinore Valley Municipal Water District. Improvement Area A of CFD No. 2003-2 includes 599 taxable parcels. Improvement Area A of CFD No. 2003-2 is 100% "Developed Property." A parcel is "Developed Property" if a building permit has been issued on or before March 1 preceding the fiscal year in which the Special Tax was levied. As of March 1, 2025, 599 completed single-family detached homes have been conveyed to individual homeowners in Improvement Area A. For fiscal year 2025-26, all subdivided parcels in Improvement Area A of CFD No. 2003-2 will be levied as Developed Property.

Assigned Special Taxes. Table A-1 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area A of CFD No. 2003-2 in fiscal year 2025-26 based on the development status within Improvement Area A of CFD No. 2003-2 as of March 1, 2025. The Special Taxes in Improvement Area A of CFD No. 2003-2 may not be levied after the 2041-42 fiscal year. The final maturity of the Local Obligations of Improvement Area A of CFD No. 2003-2 is September 1, 2034.

For the complete text of the CFD No. 2003-2 and Improvement Area A Rate and Method, see Appendix D — "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS."

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TABLE A-1
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA A
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

Zone 1 – Developed Property

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,175	\$1,416	\$ 0	0.0%	0	\$ 0	0.0%
Residential Property	1,175-1,324	1,548	0	0.0	0	0	0.0
Residential Property	1,325-1,549	1,807	0	0.0	0	0	0.0
Residential Property	1,550-1,649	1,820	0	0.0	0	0	0.0
Residential Property	1,650-1,749	1,830	0	0.0	0	0	0.0
Residential Property	1,750-1,949	1,843	1,311	71.1	64	83,890	9.1
Residential Property	1,950-2,199	1,973	0	0.0	0	0	0.0
Residential Property	2,200-2,449	2,104	1,497	71.1	185	276,875	30.0
Residential Property	2,450-2,699	2,500	1,778	71.1	56	99,575	10.8
Residential Property	2,700-2,949	2,631	1,872	71.1	99	185,288	20.1
Residential Property	> 2,950	2,891	2,056	71.1	41	84,310	9.2
Non-Residential Property	N/A	7,730	0	0.0	0	0	0.0
Total					445	\$ 729,938	79.2%

Zone 2 – Developed Property

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,175	\$1,416	\$ 0	0.0%	0	\$ 0	0.0%
Residential Property	1,175-1,324	1,548	1,101	71.1	45	49,534	5.4
Residential Property	1,325-1,549	1,807	0	0.0	0	0	0.0
Residential Property	1,550-1,649	1,820	0	0.0	0	0	0.0
Residential Property	1,650-1,749	1,830	1,302	71.1	109	141,916	15.4
Residential Property	1,750-1,949	1,843	0	0.0	0	0	0.0
Residential Property	1,950-2,199	1,973	0	0.0	0	0	0.0
Residential Property	2,200-2,449	2,104	0	0.0	0	0	0.0
Residential Property	2,450-2,699	2,500	0	0.0	0	0	0.0
Residential Property	2,700-2,949	2,631	0	0.0	0	0	0.0
Residential Property	> 2,950	2,891	0	0.0	0	0	0.0
Non-Residential Property	N/A	0	0	0.0	0	0	0.0
Total					154	\$ 191,450	20.8%
Grand Total					599	\$ 921,388	100.0%

⁽¹⁾ Includes estimated Administrative Expenses of \$50,000.
Source: Spicer Consulting Group, LLC.

* Preliminary, subject to change.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2003-2 Improvement Area A, as established by the County Assessor for Fiscal Year 2024-25, which totals \$229,947,611.

CFD No. 2003-2 Improvement Area A 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 CFD No. 2003-2 Improvement Area A is shown in Table A-2 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within CFD No. 2003-2 Improvement Area A; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within CFD No. 2003-2 Improvement Area A, based on the Fiscal Year 2024-25 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within CFD No. 2003-2 Improvement Area A, and assuming that the CFD No. 2003-2 Improvement Area A Bonds have been issued to refund the Prior CFD No. 2003-2 Improvement Area A Bonds, equals approximately 28.48:1.* This ratio does not include other overlapping debt general obligation debt within CFD No. 2003-2 Improvement Area A. Taking that direct and overlapping general obligation debt into account, the ratio of the aggregate assessed value of the taxable property within CFD No. 2003-2 Improvement Area A to the total principal amount of all direct and overlapping debt for CFD No. 2003-2 Improvement Area A is approximately 24.79:1.*

* Preliminary, subject to change.

TABLE A-2
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA A
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾ \$229,947,611

II. Land Secured Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2003-2 IA A ⁽³⁾</i>	<i>Amount Applicable</i>
Lake Elsinore RAD 2021-1	AD	\$10,390,000	\$ 5,295,000	13.354%	435	\$ 707,090
CFD 98-1 Temescal Valley Project	CFD	25,890,013	19,645,007	2.863	599	562,368
Lake Elsinore Unified School District CFD 2006-6, Series 2017A	CFD	3,280,000	1,555,000	12.189	154	189,536
City of Lake Elsinore, CFD No. 2003-2 IA A, 2025A	CFD	12,235,000	6,615,000	100.000	599	<u>6,615,000</u> *
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 8,073,994*

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2003-2 IA A ⁽³⁾</i>	<i>Amount Applicable</i>
Lake Elsinore RAD 2021-1	AD	\$10,390,000	\$ 0	13.354%	435	\$ 0
CFD 98-1 Temescal Valley Project	CFD	25,890,013	0	2.863	599	0
Lake Elsinore Unified School District CFD 2006-6, Series 2017A	CFD	5,000,000	1,720,000	12.189	154	209,648
City of Lake Elsinore, CFD No. 2003-2 IA A, 2025A	CFD	14,000,000	1,765,000	100.000	599	<u>1,765,000</u>
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 1,974,648

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS **\$10,048,642**

III. General Obligation Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2003-2 IA A ⁽³⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 19,215,000	0.153%	599	\$ 29,329
Mt San Jacinto Jr College Debt Service	GO	295,000,000	242,210,000	0.170	599	411,105
Lake Elsinore Unified School District Debt Service	GO	68,915,000	62,005,000	1.229	599	<u>761,943</u>
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 1,202,377

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2003-2 IA A ⁽³⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 0	0.153%	599	\$ 0
Mt San Jacinto Jr College Debt Service	GO	295,000,000	0	0.170	599	0
Lake Elsinore Unified School District Debt Service	GO	105,000,000	36,085,000	1.229	599	<u>443,427</u>
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 443,427

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS **\$ 1,645,804**

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT **\$ 9,276,372**
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS **\$11,694,446**

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt	28.48:1
Total Outstanding Bonded Debt	24.79:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Spicer Consulting Group is not aware of any additional bonded debt for parcels in CFD No. 2003-2 IA A for the referenced Fiscal Year 2024-25 Issued, Outstanding and Authorized amounts are for CFD 2003-2 IA A (Canyon Hills).

⁽³⁾ All parcels have been subdivided into 599 individual parcels and have all been classified as developed property per the Rate and Method of Apportionment.

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

* Preliminary, subject to change.

Value-to-Lien. Home construction has been completed on the Taxable Property within CFD No. 2003-2 Improvement Area A, and all homes have been transferred to individual homeowners. Table A-3 sets forth the value-to-lien ratio of the property within CFD No. 2003-2 Improvement Area A for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-4 below sets forth the stratification of value-to-liens of the Taxable Property within CFD No. 2003-2 Improvement Area A based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2003-2 Improvement Area A Bonds as well as all other overlapping debt (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26). The ratio of the value of an individual lot within CFD No. 2003-2 Improvement Area A to its respective share of the principal amount of the CFD No. 2003-2 Improvement Area A Bonds can be expected to vary.

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**TABLE A-3
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA A
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS**

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax*</i>	<i>Fiscal Year 2025-26 Assessed Value</i>	<i>CFD No. 2003- 2 IA A Proposed 2025 Bonds⁽¹⁾</i>	<i>All Other Overlapping Debt</i>	<i>Total Outstanding Debt*</i>	<i>Value-to-Lien Ratio*</i>
2018 1 IH BORROWER LP	2	\$ 3,650	0.40%	\$ 808,743	\$ 26,203	\$ 5,779	\$ 31,982	25.29:1
JKH PROP	2	3,368	0.37	447,962	24,182	5,333	29,515	15.18:1
PATEL LIPSA S 2021 TRUST DTD 05/29/21	2	2,993	0.32	634,545	21,490	4,740	26,229	24.19:1
ECD PROP MANAGEMENT INC	2	2,807	0.30	539,682	20,155	4,445	24,601	21.94:1
VYAS JAYANT R	2	2,622	0.28	699,783	18,821	4,151	22,972	30.46:1
YUAN HONG	2	2,412	0.26	367,993	17,313	3,819	21,132	17.41:1
DRAKE MARK T	2	2,403	0.26	274,859	17,250	3,805	21,055	13.05:1
INDIVIDUAL OWNER	1	2,056	0.22	331,987	14,763	3,256	18,019	18.42:1
INDIVIDUAL OWNER	1	2,056	0.22	468,511	14,763	3,256	18,019	26.0:1
INDIVIDUAL OWNER	1	2,056	0.22	662,331	14,763	3,256	18,019	36.76:1
Subtotal	17	26,423	2.87	5,236,396	189,704	41,841	231,545	22.62:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	582	894,964	97.13	224,711,215	6,425,296	1,417,153	7,842,449	28.65:1
Totals	599	\$ 921,388	100.00%	\$ 229,947,611	\$ 6,615,000	\$ 1,458,994	\$ 8,073,994	28.48:1

⁽¹⁾ Excludes all other overlapping Bonded indebtedness applicable within CFD No. 2003-2 IA A.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

* Preliminary, subject to change.

TABLE A-4*
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA A
VALUE-TO-LIEN STRATA FOR ALL PROPERTY

<i>Value-to-Lien Category</i>	<i>Number of Parcels of Developed Property</i>	<i>Percent of Developed Property</i>	<i>Fiscal Year 2024-25 Assessed Value ⁽¹⁾</i>	<i>Percent of Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 2003-2 IA A Estimated Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Estimated Fiscal Year 2025-26 Levy</i>	<i>CFD No. 2003-2 IA A Proposed 2025 Bonds ⁽²⁾</i>	<i>Percent Share of Proposed 2025 Bonds</i>	<i>All Other Overlapping Debt</i>	<i>Aggregate Value-to- Lien</i>
Less than 20.00:1 ⁽³⁾	129	21.54%	\$ 28,878,330	12.56%	\$ 196,598	21.34%	\$1,411,455	21.34%	\$ 311,308	16.76:1
20.00:1 to 25.00:1	90	15.03	28,742,412	12.50	144,508	15.68	1,037,478	15.68	228,825	22.70:1
25.01:1 to 30.00:1	140	23.37	52,817,177	22.97	220,657	23.95	1,584,185	23.95	349,405	27.32:1
30.01:1 to 35.00:1	71	11.85	29,520,537	12.84	103,547	11.24	743,405	11.24	163,964	32.53:1
35.01:1 to 40.00:1	81	13.52	42,213,946	18.36	128,409	13.94	921,899	13.94	203,333	37.52:1
40.01:1 to 45.00:1	73	12.19	39,079,408	16.99	106,632	11.57	765,550	11.57	168,849	41.82:1
Greater than 45.00:1 ⁽³⁾	<u>15</u>	<u>2.50</u>	<u>8,695,801</u>	<u>3.78</u>	<u>21,036</u>	<u>2.28</u>	<u>151,027</u>	<u>2.28</u>	<u>33,310</u>	<u>47.17:1</u>
Totals	599	100.00%	\$ 229,947,611	100.00%	\$ 921,388	100.00%	\$6,615,000	100.00%	\$1,458,994	28.48:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Responsibility of the par amount has been allocated based on the estimated Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and preliminary bond sizing as provided by the Underwriter.

⁽³⁾ The minimum value to lien in the less than 20.00:1 category is 10.36:1. The maximum value to lien in the Greater than 45.00:1 category is 51.03:1.

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

* Preliminary, subject to change.

Historical Assessed Values. The following table summarizes the assessed values within CFD No. 2003-2 Improvement Area A for the Fiscal Years shown.

**TABLE A-5
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA A
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25**

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$52,997,286	\$126,627,186	\$179,624,472
2021-22	54,711,580	135,238,024	189,949,604
2022-23	57,534,873	152,652,784	210,187,657
2023-24	58,902,395	164,112,075	223,014,470
2024-25	60,854,392	169,093,219	229,947,611

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

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-6 below summarizes the Special Tax delinquencies within CFD No. 2003-2 Improvement Area A for Fiscal Years 2019-20 through 2024-25 as of April 30, 2025.

**TABLE A-6
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA A
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 30, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$ 911,958	599	1	\$ 1,185	0.13%
2020-21	930,196	599	1	1,209	0.13
2021-22	948,800	599	1	1,831	0.19
2022-23	967,781	599	4	4,603	0.48
2023-24	987,133	599	6	9,378	0.95
2024-25	1,006,877	599	17	16,703	1.66

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

Community Facilities District 2003-2 and Improvement Area B

Location and Description. CFD No. 2003-2 and Improvement Area B therein were formed by the City in January, 2004 to finance the acquisition and construction of public streets, streetscape, park and recreation facilities, storm drain, fire station, and other city facilities, including water and sewer facilities and fees of the Elsinore Valley Municipal Water District. Improvement Area B of CFD No. 2003-2 includes 806 taxable parcels. Improvement Area B of CFD No. 2003-2 is 100% "Developed Property." A parcel is "Developed Property" if a building permit has been issued on or before March 1 preceding the fiscal year in which the Special Tax was levied. As of March 1, 2025, 806 completed single-family detached homes have been conveyed to individual homeowners in Improvement Area B. For fiscal year 2025-26, all subdivided parcels in Improvement Area B of CFD No. 2003-2 will be levied as Developed Property.

Assigned Special Taxes. Table A-7 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area B of CFD No. 2003-2 in fiscal year 2025-26 based on the development status within Improvement Area B of CFD No. 2003-2 as of March 1, 2025. The Special Taxes in Improvement Area B of CFD No. 2003-2 may not be levied after the 2043-44 fiscal year. The final maturity of the Local Obligations of Improvement Area B of CFD No. 2003-2 is September 1, 2040.

For the complete text of the CFD No. 2003-2 and Improvement Area B Rate and Method, see Appendix D — "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS."

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TABLE A-7
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA B
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

Zone 1 and 2 – Developed Property

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,175	\$1,585	\$ 0	0.0%	0	\$ 0	0.0%
Residential Property	1,175-1,324	1,725	0	0.0	0	0	0.0
Residential Property	1,325-1,549	1,954	0	0.0	0	0	0.0
Residential Property	1,550-1,649	2,095	0	0.0	27	49,800	2.7
Residential Property	1,650-1,749	2,234	1,967	88.0	15	29,504	1.6
Residential Property	1,750-1,949	2,314	2,038	88.0	192	391,242	21.3
Residential Property	1,950-2,199	2,393	2,107	88.0	28	59,000	3.2
Residential Property	2,200-2,449	2,675	2,355	88.0	98	230,779	12.6
Residential Property	2,450-2,699	2,815	0	0.0	52	128,895	7.0
Residential Property	2,700-2,949	2,957	2,604	88.0	40	104,159	5.7
Residential Property	> 2,950	3,237	2,850	88.0	125	356,296	19.4
Non-Residential Property	N/A	7,730	0	0.0	0	0	0.0
Total					577	\$1,349,674	73.5%

Zone 3 – Developed Property

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,175	\$1,248	\$ 0	0.0%	0	\$ 0	0.0%
Residential Property	1,175-1,324	1,388	0	0.0	0	0	0.0
Residential Property	1,325-1,549	1,617	0	0.0	0	0	0.0
Residential Property	1,550-1,649	1,758	0	0.0	0	0	0.0
Residential Property	1,650-1,749	1,897	1,670	88.0	3	5,011	0.3
Residential Property	1,750-1,949	1,977	1,741	88.0	28	48,747	2.7
Residential Property	1,950-2,199	2,035	1,791	88.0	39	69,862	3.8
Residential Property	2,200-2,449	2,302	2,027	88.0	37	74,993	4.1
Residential Property	2,450-2,699	2,435	0	0.0	35	75,036	4.1
Residential Property	2,700-2,949	2,636	2,321	88.0	42	97,475	5.3
Residential Property	> 2,950	2,900	2,554	88.0	45	114,912	6.3
Non-Residential Property	N/A	7,730	0	0.0	0	0	0.0
Total					229	\$ 486,037	26.5%
Grand Total					806	\$1,835,710	100.0%

⁽¹⁾ Includes estimated Administrative Expenses of \$65,000.
Source: Spicer Consulting Group, LLC.

* Preliminary, subject to change.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2003-2 Improvement Area B, as established by the County Assessor for Fiscal Year 2024-25, which totals \$347,952,201.

CFD No. 2003-2 Improvement Area B 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 CFD No. 2003-2 Improvement Area B is shown in Table A-8 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 CFD No. 2003-2 Improvement Area B; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within CFD No. 2003-2 Improvement Area B, based on the Fiscal Year 2024-25 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within CFD No. 2003-2 Improvement Area B, and assuming that the CFD No. 2003-2 Improvement Area B Bonds have been issued to refund the Prior CFD No. 2003-2 Improvement Area B Bonds, equals approximately 20.43:1.* This ratio does not include other overlapping debt general obligation debt within CFD No. 2003-2 Improvement Area B. Taking that direct and overlapping general obligation debt into account, the ratio of the aggregate assessed value of the taxable property within CFD No. 2003-2 Improvement Area B to the total principal amount of all direct and overlapping debt for CFD No. 2003-2 Improvement Area B is approximately 13.68:1.*

* Preliminary, subject to change.

TABLE A-8
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA B
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾ \$347,952,201

II. Land Secured Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2003-2 IA B ⁽²⁾</i>	<i>Amount Applicable</i>
Lake Elsinore AD 93-1	AD	\$10,390,000	\$ 5,295,000	22.943%	803	\$ 1,214,833
CFD 98-1 Temescal Valley Project	CFD	25,890,013	19,645,007	4.061	806	797,728
Perris Union High School CFD 92-1	CFD	36,315,000	29,055,000	1.247	235	362,422
City of Lake Elsinore, CFD No. 2003-2 IA B, 2017	CFD	7,975,000	4,025,000	100.000	806	4,025,000
City of Lake Elsinore, CFD No. 2003-2 IA B, 2025A	CFD	28,545,000	10,630,000	100.000	806	<u>10,630,000</u> *
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$17,029,983*

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2003-2 IA B ⁽²⁾</i>	<i>Amount Applicable</i>
Lake Elsinore AD 93-1	AD	\$10,390,000	\$ 0	22.943%	803	\$ 0
CFD 98-1 Temescal Valley Project	CFD	25,890,013	0	4.061	806	0
Perris Union High School CFD 92-1	CFD	40,000,000	3,685,000	1.247	235	45,965
City of Lake Elsinore, CFD No. 2003-2 IA B, 2017	CFD	37,000,000	0	100.000	806	0
City of Lake Elsinore, CFD No. 2003-2 IA B, 2025A	CFD	37,000,000	0	100.000	806	<u>0</u>
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 45,965

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS **\$17,075,949**

III. General Obligation Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2003-2 IA B ⁽²⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 19,215,000	0.310%	806	\$ 59,493
Perris Union High School District Debt Service	GO	363,415,283	292,042,190	1.342	806	3,919,478
Menifee Union School District Debt Service	GO	180,955,495	152,811,292	2.142	806	3,273,514
Lake Elsinore Unified School District Debt Service	GO	68,915,000	62,005,000	1.859	806	<u>1,152,956</u>
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 8,405,441

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2003-2 IA B ⁽²⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 0	0.310%	806	\$ 0
Perris Union High School District Debt Service	GO	363,420,000	4,717	1.342	806	63
Menifee Union School District Debt Service	GO	180,960,000	4,506	2.142	806	97
Lake Elsinore Unified School District Debt Service	GO	105,000,000	36,085,000	1.859	806	<u>670,985</u>
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 671,145

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS **\$ 9,076,586**

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT **\$25,435,425**

TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS **\$26,152,535**

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt	20.43:1
Total Outstanding Bonded Debt	13.68:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Spicer Consulting Group is not aware of any additional bonded debt for parcels in CFD No. 2003-2 IA B for the referenced Fiscal Year 2024-25 Issued, Outstanding and Authorized amounts are for CFD 2003-2 IA B (Canyon Hills).

⁽³⁾ All parcels have been subdivided into 806 individual parcels and have all been classified as developed property per the Rate and Method of Apportionment.

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

* Preliminary, subject to change.

Value-to-Lien. Home construction has been completed on the Taxable Property within CFD No. 2003-2 Improvement Area B, and all homes have been transferred to individual homeowners. Table A-9 sets forth the value-to-lien ratio of the property within CFD No. 2003-2 Improvement Area B for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-10 below sets forth the stratification of value-to-liens of the Taxable Property within CFD No. 2003-2 Improvement Area B based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2003-2 Improvement Area B Bonds as well as all other overlapping debt (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26). The ratio of the value of an individual lot within CFD No. 2003-2 Improvement Area B to its respective share of the principal amount of the CFD No. 2003-2 Improvement Area B Bonds can be expected to vary.

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TABLE A-9
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA B
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax *</i>	<i>Fiscal Year 2025-26 Assessed Value</i>	<i>CFD No. 2003- 2 IA B Proposed 2025 Bonds ⁽¹⁾</i>	<i>All Other Overlapping Debt</i>	<i>Total Outstanding Debt *</i>	<i>Value-to-Lien Ratio *</i>
PARKS RODNEY T	2	\$ 5,158	0.28%	\$ 727,291	\$ 29,866	\$ 17,981	\$ 47,847	15.20:1
WOODS STEVEN UDELL Jr	2	4,710	0.26	823,862	27,273	16,420	43,693	18.86:1
LASH JON EDWARD	2	4,075	0.22	546,315	23,600	14,209	37,808	14.45:1
INDIVIDUAL OWNER	1	2,850	0.16	310,016	16,506	9,937	26,443	11.72:1
INDIVIDUAL OWNER	1	2,850	0.16	576,397	16,506	9,937	26,443	21.80:1
INDIVIDUAL OWNER	1	2,850	0.16	479,669	16,506	9,937	26,443	18.14:1
INDIVIDUAL OWNER	1	2,850	0.16	494,324	16,506	9,937	26,443	18.69:1
INDIVIDUAL OWNER	1	2,850	0.16	704,350	16,506	9,937	26,443	26.64:1
INDIVIDUAL OWNER	1	2,850	0.16	694,323	16,506	9,937	26,443	26.26:1
INDIVIDUAL OWNER	<u>1</u>	<u>2,850</u>	<u>0.16</u>	<u>307,842</u>	<u>16,506</u>	<u>9,937</u>	<u>26,443</u>	<u>11.64:1</u>
Subtotal	13	33,895	1.85	5,664,389	196,277	118,172	314,449	18.01:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	<u>793</u>	<u>1,801,815</u>	<u>98.15</u>	<u>342,287,812</u>	<u>10,433,723</u>	<u>6,281,811</u>	<u>16,715,534</u>	<u>20.48:1</u>
Totals	806	\$1,835,710	100.00%	\$ 347,952,201	\$10,630,000	\$ 6,399,983	\$17,029,983	20.43:1

⁽¹⁾ Excludes all other overlapping Bonded indebtedness applicable within CFD No. 2003-2 IA B.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

* Preliminary, subject to change.

TABLE A-10*
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA B
VALUE-TO-LIEN STRATA FOR ALL PROPERTY

<i>Value-to-Lien Category</i>	<i>Number of Parcels of Developed Property</i>	<i>Percent of Developed Property</i>	<i>Fiscal Year 2024-25 Assessed Value ⁽¹⁾</i>	<i>Percent of Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 2003-2 IA B Estimated Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Estimated Fiscal Year 2025-26 Levy</i>	<i>CFD No. 2003- 2 IA B Proposed 2025 Bonds ⁽²⁾</i>	<i>Percent Share of Proposed 2025 Bonds</i>	<i>All Other Overlapping Debt</i>	<i>Aggregate Value-to- Lien</i>
Less than 10.00:1 ⁽³⁾	9	1.12%	\$ 1,581,537	0.45%	\$ 21,875	1.19%	\$ 126,668	1.19%	\$ 76,263	7.79:1
10.00:1 to 15.00:1	118	14.64	33,558,089	9.64	278,241	15.16	1,611,201	15.16	970,052	13.00:1
15.01:1 to 20.00:1	289	35.86	110,559,863	31.77	671,108	36.56	3,886,168	36.56	2,339,738	17.76:1
20.01:1 to 25.00:1	202	25.06	92,918,562	26.70	453,433	24.70	2,625,681	24.70	1,580,839	22.09:1
25.01:1 to 30.00:1	144	17.87	81,520,289	23.43	320,796	17.48	1,857,624	17.48	1,118,416	27.39:1
30.01:1 to 35.00:1	32	3.97	20,059,105	5.76	67,952	3.70	393,491	3.70	236,908	31.82:1
Greater than 35.00:1 ⁽³⁾	<u>12</u>	<u>1.49</u>	<u>7,754,756</u>	<u>2.23</u>	<u>22,306</u>	<u>1.22</u>	<u>129,167</u>	<u>1.22</u>	<u>77,767</u>	<u>37.47:1</u>
Totals	806	100.00%	\$ 347,952,201	100.00%	\$1,835,710	100.00%	\$ 10,630,000	100.00%	\$6,399,983	20.43:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Responsibility of the par amount has been allocated based on the estimated Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and preliminary bond sizing as provided by the Underwriter.

⁽³⁾ The minimum value to lien in the less than 10.00:1 category is 3.02:1. The maximum value to lien in the Greater than 35.00:1 category is 44.13:1.

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

* Preliminary, subject to change.

Historical Assessed Values. The following table summarizes the assessed values within CFD No. 2003-2 Improvement Area B for the Fiscal Years shown.

**TABLE A-11
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA B
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25**

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$79,319,788	\$204,041,550	\$283,361,338
2021-22	81,288,411	214,532,360	295,820,771
2022-23	83,228,457	234,970,580	318,199,037
2023-24	84,546,107	251,175,247	335,721,354
2024-25	88,155,147	259,797,054	347,952,201

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

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-12 below summarizes the Special Tax delinquencies within CFD No. 2003-2 Improvement Area B for Fiscal Years 2019-20 through 2024-25 as of April 30, 2025.

**TABLE A-12
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA B
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 30, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$1,851,324	806	1	\$ 2,626	0.14%
2020-21	1,888,343	806	1	2,679	0.14
2021-22	1,926,109	806	2	2,732	0.14
2022-23	1,964,631	806	3	4,968	0.25
2023-24	2,003,928	806	4	8,742	0.44
2024-25	2,044,012	806	13	34,199	1.67

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

Community Facilities District 2003-2 and Improvement Area C

Location and Description. CFD No. 2003-2 and Improvement Area C therein were formed by the City in January, 2004 to finance the acquisition and construction of public streets, streetscape, park and recreation facilities, storm drain, fire station, and other city facilities, including water and sewer facilities and fees of the Elsinore Valley Municipal Water District. Improvement Area C of CFD No. 2003-2 includes 440 taxable parcels. Improvement Area C of CFD No. 2003-2 is 100% "Developed Property." A parcel is "Developed Property" if a building permit has been issued on or before March 1 preceding the fiscal year in which the Special Tax was levied. As of March 1, 2025, 440 completed single-family detached homes have been conveyed to individual homeowners in Improvement Area C. For fiscal year 2025-26, all subdivided parcels in Improvement Area C of CFD No. 2003-2 will be levied as Developed Property.

Assigned Special Taxes. Table A-13 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area C of CFD No. 2003-2 in fiscal year 2025-26 based on the development status within Improvement Area C of CFD No. 2003-2 as of March 1, 2025. The Special Taxes in Improvement Area C of CFD No. 2003-2 may not be levied after the 2045-46 fiscal year. The final maturity of the Local Obligations of Improvement Area C of CFD No. 2003-2 is September 1, 2040.

For the complete text of the CFD No. 2003-2 and Improvement Area C Rate and Method, see Appendix D — "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS."

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TABLE A-13
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA C
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

Zone 1 – Developed Property

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,175	\$1,711	\$ 0	0.0%	0	\$ 0	0.0%
Residential Property	1,175-1,324	1,863	1,335	71.6	4	5,338	0.7
Residential Property	1,325-1,549	2,110	0	0.0	0	0	0.0
Residential Property	1,550-1,649	2,262	1,620	71.6	2	3,241	0.4
Residential Property	1,650-1,749	2,413	1,729	71.6	2	3,458	0.5
Residential Property	1,750-1,949	2,500	1,791	71.6	9	16,118	2.1
Residential Property	1,950-2,199	2,579	1,847	71.6	4	7,389	1.0
Residential Property	2,200-2,449	2,874	2,059	71.6	13	26,766	3.5
Residential Property	2,450-2,699	3,052	2,186	71.6	2	4,373	0.6
Residential Property	2,700-2,949	3,095	2,217	71.6	3	6,652	0.9
Residential Property	> 2,950	3,318	2,377	71.6	7	16,637	2.2
Non-Residential Property	N/A	7,730	0	0.0	0	0	0.0
Total					46	\$ 89,971	11.9%

Zone 2 – Developed Property

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,175	\$1,348	\$ 0	0.0%	0	\$ 0	0.0%
Residential Property	1,175-1,324	1,500	1,074	71.6	25	26,857	3.6
Residential Property	1,325-1,549	1,747	0	0.0	0	0	0.0
Residential Property	1,550-1,649	1,898	1,360	71.6	15	20,401	2.7
Residential Property	1,650-1,749	2,050	1,469	71.6	20	29,372	3.9
Residential Property	1,750-1,949	2,135	1,529	71.6	71	108,594	14.4
Residential Property	1,950-2,199	2,243	1,607	71.6	75	120,526	16.0
Residential Property	2,200-2,449	2,538	1,819	71.6	119	216,408	28.7
Residential Property	2,450-2,699	2,715	1,945	71.6	11	21,393	2.8
Residential Property	2,700-2,949	2,760	1,977	71.6	14	27,677	3.7
Residential Property	> 2,950	2,981	2,135	71.6	44	93,954	12.4
Non-Residential Property	N/A	7,730	0	0.0	0	0	0.0
Total					394	\$ 665,182	88.1%
Grand Total					440	\$ 755,153	100.0%

⁽¹⁾ Includes estimated Administrative Expenses of \$55,000.
Source: Spicer Consulting Group, LLC.

* Preliminary, subject to change.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2003-2 Improvement Area C, as established by the County Assessor for Fiscal Year 2024-25, which totals \$177,543,522.

CFD No. 2003-2 Improvement Area C 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 CFD No. 2003-2 Improvement Area C is shown in Table A-14 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 CFD No. 2003-2 Improvement Area C; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within CFD No. 2003-2 Improvement Area C, based on the Fiscal Year 2024-25 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within CFD No. 2003-2 Improvement Area C, and assuming that the CFD No. 2003-2 Improvement Area C Bonds have been issued to refund the Prior CFD No. 2003-2 Improvement Area C Bonds, equals approximately 15.15:1.* This ratio does not include other overlapping debt general obligation debt within CFD No. 2003-2 Improvement Area C. Taking that direct and overlapping general obligation debt into account, the ratio of the aggregate assessed value of the taxable property within CFD No. 2003-2 Improvement Area C to the total principal amount of all direct and overlapping debt for CFD No. 2003-2 Improvement Area C is approximately 11.09:1.*

* Preliminary, subject to change.

TABLE A-14
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA C
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾ \$177,543,522

II. Land Secured Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2003-2 IA C ⁽³⁾</i>	<i>Amount Applicable</i>
Lake Elsinore AD 93-1	AD	\$15,345,000	\$ 5,295,000	12.573%	440	\$ 665,748
CFD 98-1 Temescal Valley Project	CFD	25,890,013	19,645,007	2.217	440	435,484
Perris Union High School CFD 92-1	CFD	36,315,000	29,055,000	2.065	389	599,925
City of Lake Elsinore, CFD No. 2003-2 IA C, 2021	CFD	6,260,000	5,520,000	100.000	440	5,520,000
City of Lake Elsinore, CFD No. 2003-2 IA C, 2025A	CFD	6,515,000	4,495,000	100.000	440	<u>4,495,000</u> *
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$11,716,157*

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2003-2 IA C ⁽³⁾</i>	<i>Amount Applicable</i>
Lake Elsinore AD 93-1	AD	\$15,345,000	\$ 0	12.573%	440	\$ 0
CFD 98-1 Temescal Valley Project	CFD	25,890,013	0	2.217	440	0
Perris Union High School CFD 92-1	CFD	40,000,000	3,685,000	2.065	389	76,088
City of Lake Elsinore, CFD No. 2003-2 IA C, 2021	CFD	13,000,000	0	100.000	440	0
City of Lake Elsinore, CFD No. 2003-2 IA C, 2025A	CFD	13,000,000	0	100.000	440	<u>0</u>
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 76,088

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS **\$11,792,245**

III. General Obligation Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2003-2 IA C ⁽³⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 19,215,000	0.158%	440	\$ 30,356
Perris Union High School District Debt Service	GO	363,415,283	292,042,190	0.685	440	1,999,924
Menifee Union School District Debt Service	GO	180,955,495	152,811,292	1.093	440	1,670,319
Lake Elsinore Unified School District Debt Service	GO	68,915,000	62,005,000	0.949	440	<u>588,299</u>
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 4,288,898

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2003-2 IA C ⁽³⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 0	0.158%	440	\$ 0
Perris Union High School District Debt Service	GO	363,420,000	4,717	0.685	440	32
Menifee Union School District Debt Service	GO	180,960,000	4,506	1.093	440	49
Lake Elsinore Unified School District Debt Service	GO	105,000,000	36,085,000	0.949	440	<u>342,372</u>
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 342,453

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS **\$ 4,631,352**

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT **\$16,005,055**

**TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING
INDEBTEDNESS** **\$16,423,596**

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt	15.15:1
Total Outstanding Bonded Debt	11.09:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Spicer Consulting Group is not aware of any additional bonded debt for parcels in CFD No. 2003-2 IA C for the referenced Fiscal Year 2024-25 Issued, Outstanding and Authorized amounts are for CFD 2003-2 IA C (Canyon Hills).

⁽³⁾ All parcels have been subdivided into 440 individual parcels and have all been classified as developed property per the Rate and Method of Apportionment.

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

* Preliminary, subject to change.

Value-to-Lien. Home construction has been completed on the Taxable Property within CFD No. 2003-2 Improvement Area C, and all homes have been transferred to individual homeowners. Table A-15 sets forth the value-to-lien ratio of the property within CFD No. 2003-2 Improvement Area C for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-16 below sets forth the stratification of value-to-liens of the Taxable Property within CFD No. 2003-2 Improvement Area C based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2003-2 Improvement Area C Bonds as well as all other overlapping debt (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26). The ratio of the value of an individual lot within CFD No. 2003-2 Improvement Area C to its respective share of the principal amount of the CFD No. 2003-2 Improvement Area C Bonds can be expected to vary.

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TABLE A-15
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA C
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax *</i>	<i>Fiscal Year 2025-26 Assessed Value</i>	<i>CFD No. 2003- 2 IA C Proposed 2025 Bonds⁽¹⁾</i>	<i>All Other Overlapping Debt</i>	<i>Total Outstanding Debt*</i>	<i>Value-to-Lien Ratio *</i>
WOODS STEVEN UDELL Jr	2	\$ 3,984	0.53%	\$ 1,058,259	\$ 23,713	\$ 38,095	\$ 61,808	17.12:1
INDIVIDUAL OWNER	1	2,377	0.31	427,251	14,147	22,728	36,875	11.59:1
INDIVIDUAL OWNER	1	2,377	0.31	530,165	14,147	22,728	36,875	14.38:1
INDIVIDUAL OWNER	1	2,377	0.31	363,934	14,147	22,728	36,875	9.87:1
INDIVIDUAL OWNER	1	2,377	0.31	443,748	14,147	22,728	36,875	12.03:1
INDIVIDUAL OWNER	1	2,377	0.31	386,315	14,147	22,728	36,875	10.48:1
INDIVIDUAL OWNER	1	2,377	0.31	406,694	14,147	22,728	36,875	11.03:1
INDIVIDUAL OWNER	1	2,217	0.29	411,634	13,198	21,203	34,401	11.97:1
INDIVIDUAL OWNER	1	2,217	0.29	344,024	13,198	21,203	34,401	10.0:1
INDIVIDUAL OWNER	1	2,217	0.29	377,261	13,198	21,203	34,401	10.97:1
Subtotal	11	24,896	3.30	4,749,285	148,192	238,069	386,261	12.30:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	429	730,257	96.70	172,794,237	4,346,808	6,983,088	11,329,896	15.25:1
Totals	440	\$ 755,153	100.00%	\$ 177,543,522	\$ 4,495,000	\$ 7,221,157	\$11,716,157	15.15:1

⁽¹⁾ Excludes all other overlapping Bonded indebtedness applicable within CFD No. 2003-2 IA C.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

* Preliminary, subject to change.

TABLE A-16*
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA C
VALUE-TO-LIEN STRATA FOR ALL PROPERTY

<i>Value-to-Lien Category</i>	<i>Number of Parcels of Developed Property</i>	<i>Percent of Developed Property</i>	<i>Fiscal Year 2024-25 Assessed Value ⁽¹⁾</i>	<i>Percent of Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 2003-2 IA C Estimated Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Estimated Fiscal Year 2025-26 Levy</i>	<i>CFD No. 2003-2 IA C Proposed 2025 Bonds ⁽²⁾</i>	<i>Percent Share of Proposed 2025 Bonds</i>	<i>All Other Overlapping Debt</i>	<i>Aggregate Value-to- Lien</i>
Less than 10.00:1 ⁽³⁾	10	2.27%	\$ 2,792,208	1.57%	\$ 19,456	2.58%	\$ 115,810	2.58%	\$ 186,047	9.25:1
10.00:1 to 12.00:1	69	15.68	23,000,260	12.95	132,726	17.58	790,042	17.58	1,269,192	11.17:1
12.01:1 to 14.00:1	116	26.36	41,053,289	23.12	203,825	26.99	1,213,253	26.99	1,949,074	12.98:1
14.01:1 to 16.00:1	89	20.23	35,018,682	19.72	149,614	19.81	890,571	19.81	1,430,690	15.09:1
16.01:1 to 18.00:1	74	16.82	31,422,785	17.70	119,407	15.81	710,761	15.81	1,141,828	16.96:1
18.01:1 to 20.00:1	23	5.23	11,543,564	6.50	39,353	5.21	234,244	5.21	376,310	18.91:1
Greater than 20.00:1 ⁽³⁾	<u>59</u>	<u>13.41</u>	<u>32,712,734</u>	<u>18.43</u>	<u>90,773</u>	<u>12.02</u>	<u>540,319</u>	<u>12.02</u>	<u>868,016</u>	<u>23.23:1</u>
Totals	440	100.00%	\$ 177,543,522	100.00%	\$ 755,153	100.00%	\$ 4,495,000	100.00%	\$7,221,157	15.15:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Responsibility of the par amount has been allocated based on the estimated Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and preliminary bond sizing as provided by the Underwriter.

⁽³⁾ The minimum value to lien in the less than 10.00:1 category is 7.79:1. The maximum value to lien in the Greater than 20.00:1 category is 30.56:1.

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

* Preliminary, subject to change.

Historical Assessed Values. The following table summarizes the assessed values within CFD No. 2003-2 Improvement Area C for the Fiscal Years shown.

TABLE A-17
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA C
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$41,896,987	\$107,495,002	\$149,391,989
2021-22	42,446,012	111,739,143	154,185,155
2022-23	43,377,758	120,180,608	163,558,366
2023-24	44,186,216	128,031,626	172,217,842
2024-25	45,033,338	132,510,184	177,543,522

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

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-18 below summarizes the Special Tax delinquencies within CFD No. 2003-2 Improvement Area C for Fiscal Years 2019-20 through 2024-25 as of April 30, 2025.

TABLE A-18
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2003-2 (CANYON HILLS)
IMPROVEMENT AREA C
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 30, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$798,773	440	0	\$ 0	0.00%
2020-21	818,744	440	0	0	0.00
2021-22	814,935	440	1	1,152	0.14
2022-23	835,307	440	3	5,820	0.70
2023-24	856,191	440	3	5,786	0.68
2024-25	877,598	440	9	16,190	1.84

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

Community Facilities District 2004-3 and Improvement Area 1

Location and Description. CFD No. 2004-3 and Improvement Area 1 therein were formed by the City in March, 2005 to finance the acquisition and construction of public streets, streetscape, storm drain, sewer, domestic water, reclaimed water, fire station and other city facilities, including City fees and fees of the Elsinore Valley Municipal Water District. Improvement Area 1 of CFD No. 2004-3 includes 509 taxable parcels. Improvement Area 1 of CFD No. 2004-2 consists of 100% "Developed Property." A parcel is "Developed Property" when, exclusive of taxable public property and taxable property owner association property for which the final subdivision was recorded on or before January 1 of the prior fiscal year, a building permit for new construction was issued on or before May 1 of the fiscal year preceding the most recent fiscal year for which the Special Taxes were levied. 509 completed single-family detached homes have been conveyed to individual homeowners.

Assigned Special Taxes. Table A-19 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area 1 of CFD No. 2004-3 in fiscal year 2025-26 based on the development status within Improvement Area 1 of CFD No. 2004-3 as of March 1, 2025. The Special Taxes in Improvement Area 1 of CFD No. 2004-3 may not be levied after the 2045-46 fiscal year. The final maturity of the Local Obligations of Improvement Area C of CFD No. 2003-2 is September 1, 2035.

For the complete text of the CFD No. 2004-3 and Improvement Area 1 Rate and Method, see Appendix D — "RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE TAXING JURISDICTIONS."

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TABLE A-19
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2004-3 (ROSETTA CANYON)
IMPROVEMENT AREA 1
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

Zone 1 – Developed Property

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,700	\$3,071	\$ 2,311	75.2%	18	\$ 41,596	2.8%
Residential Property	1,700-1,950	3,152	0	0.0	0	0	0.0
Residential Property	1,951-2,200	3,231	2,431	75.2	17	41,333	2.7
Residential Property	2,201-2,450	3,475	2,615	75.2	41	107,199	7.1
Residential Property	2,451-2,700	3,569	2,685	75.2	1	2,685	0.2
Residential Property	2,701-2,950	3,662	2,756	75.2	111	305,880	20.3
Residential Property	2,951-3,200	3,871	2,913	75.2	66	192,237	12.8
Residential Property	3,201-3,450	4,004	0	0.0	0	0	0.0
Residential Property	3,451-3,700	4,137	0	0.0	0	0	0.0
Residential Property	3,701 - 3,950	4,271	0	0.0	0	0	0.0
Residential Property	> 3950	4,404	0	0.0	0	0	0.0
Non-Residential Property	N/A	21,304	0	0.0	0	0	0.0
Total					254	\$ 690,930	45.9%

Zone 2 – Developed Property

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,700	\$3,461	\$ 0	0.0%	0	\$ 0	0.0%
Residential Property	1,700-1,950	3,597	0	0.0	0	0	0.0
Residential Property	1,951-2,200	3,718	2,798	75.2	25	69,939	4.6
Residential Property	2,201-2,450	3,819	2,873	75.2	23	66,087	4.4
Residential Property	2,451-2,700	3,999	3,009	75.2	56	168,488	11.2
Residential Property	2,701-2,950	4,106	3,089	75.2	45	139,016	9.2
Residential Property	2,951-3,200	4,278	0	0.0	0	0	0.0
Residential Property	3,201-3,450	4,451	3,349	75.2	40	133,974	8.9
Residential Property	3,451-3,700	4,659	3,506	75.2	31	108,686	7.2
Residential Property	3,701 - 3,950	4,742	0	0.0	0	0	0.0
Residential Property	> 3950	4,825	3,631	75.2	35	127,076	8.4
Non-Residential Property	N/A	0	0	0.0	0	0	0.0
Total					255	\$ 813,266	54.1%
Grand Total					509	\$1,504,196	100.0%

⁽¹⁾ Includes estimated Administrative Expenses of \$65,000.
Source: Spicer Consulting Group, LLC.

* Preliminary, subject to change.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2004-3 Improvement Area 1, as established by the County Assessor for Fiscal Year 2024-25, which totals \$207,171,032.

CFD No. 2004-3 Improvement Area 1 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 CFD No. 2004-3 Improvement Area 1 is shown in Table A-20 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 CFD No. 2004-3 Improvement Area 1; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within CFD No. 2004-3 Improvement Area 1, based on the Fiscal Year 2024-25 assessed values, assuming that the CFD No. 2004-3 Improvement Area 1 Bonds have been issued to refund the Prior CFD No. 2004-3 Improvement Area 1 Bonds, equals approximately 10.27:1.* As of March 1, 2025, there was no other overlapping special tax or assessment district debt within CFD No. 2004-3 Improvement Area 1. The foregoing ratio does not include other overlapping general obligation debt within CFD No. 2004-3 Improvement Area 1. Taking that direct and overlapping general obligation debt into account, the ratio of the aggregate assessed value of the Taxable Property within CFD No. 2004-3 Improvement Area 1 to the total principal amount of all direct and overlapping debt for CFD No. 2004-3 Improvement Area 1 is approximately 8.64:1.*

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* Preliminary, subject to change.

TABLE A-20
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2004-3 (ROSETTA CANYON)
IMPROVEMENT AREA 1
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾ \$207,171,032

II. Land Secured Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2004-3 IA 1 ⁽³⁾</i>	<i>Amount Applicable</i>
CFD 98-1 Temescal Valley Project	CFD	\$25,890,013	\$ 19,645,007	2.564%	509	\$ 503,776
Lake Elsinore USD CFD 2005-1 IA A	CFD	10,242,369	7,848,000	100.000	509	7,848,000
City of Lake Elsinore, CFD No. 2004-3 IA 1, 2025A	CFD	22,635,000	11,825,000	100.000	509	<u>11,825,000*</u>
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 20,176,776*

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2004-3 IA 1 ⁽³⁾</i>	<i>Amount Applicable</i>
CFD 98-1 Temescal Valley Project	CFD	\$25,890,013	\$ 0	2.564%	509	\$ 0
Lake Elsinore USD CFD 2005-1-A	CFD	10,500,000	0	100.000	509	0
City of Lake Elsinore, CFD No. 2004-3 IA 1, 2025A	CFD	37,000,000	0	100.000	509	<u>0</u>
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 0

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS **\$ 20,176,776**

III. General Obligation Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2004-3 IA 1 ⁽³⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 19,215,000	0.184%	509	\$ 35,422
Mt San Jacinto Jr College Debt Services	GO	295,000,000	242,210,000	1.275	509	3,089,301
Lake Elsinore Unified School District Debt Service	GO	68,915,000	62,005,000	1.107	509	<u>686,471</u>
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 3,811,195

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2004-3 IA 1 ⁽³⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 0	0.184%	509	\$ 0
Mt San Jacinto Jr College Debt Services	GO	295,000,000	0	1.275	509	0
Lake Elsinore Unified School District Debt Service	GO	105,000,000	36,085,000	1.107	509	<u>399,505</u>
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 399,505

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS **\$ 4,210,700**

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT **\$ 23,987,971**

**TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING
INDEBTEDNESS** **\$ 24,387,476**

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt	10.27:1
Total Outstanding Bonded Debt	8.64:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Spicer Consulting Group is not aware of any additional bonded debt for parcels in CFD No. 2004-3 IA 1 for the referenced Fiscal Year 2024-25 Issued, Outstanding and Authorized amounts are for CFD 2004-3 IA 1 (Rosetta Canyon).

⁽³⁾ All parcels have been subdivided into 509 individual parcels and have all been classified as developed property per the Rate and Method of Apportionment.

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

* Preliminary, subject to change.

Value-to-Lien. Home construction has been completed on the Taxable Property within CFD No. 2004-3 Improvement Area 1, and all homes have been transferred to individual homeowners. Table A-21 sets forth the value-to-lien ratio of the property within CFD No. 2004-3 Improvement Area 1 for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-22 below sets forth the stratification of value-to-liens of the Taxable Property within CFD No. 2004-3 Improvement Area 1 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2004-3 Improvement Area 1 Bonds as well as all other overlapping debt (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26) and the ratio of the assessed value to its share of the CFD No. 2004-3 Improvement Area 1 Bonds. The ratio of the value of an individual lot within CFD No. 2004-3 Improvement Area 1 to its respective share of the principal amount of the CFD No. 2004-3 Improvement Area 1 Bonds can be expected to vary.

TABLE A-21
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2004-3 (ROSETTA CANYON)
IMPROVEMENT AREA 1
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax *</i>	<i>Fiscal Year 2025-26 Assessed Value</i>	<i>CFD No. 2004- 3 IA 1 Proposed 2025 Bonds⁽¹⁾</i>	<i>All Other Overlapping Debt</i>	<i>Total Outstanding Debt*</i>	<i>Value-to-Lien Ratio *</i>
2017 1 IH BORROWER	3	\$ 8,601	0.57%	\$ 1,160,570	\$ 67,612	\$ 47,753	\$ 47,753	10.06:1
IH4 PROPERTY WEST	2	6,017	0.40	762,336	47,305	33,411	33,411	9.44:1
THR CALIF	2	5,623	0.37	739,578	44,207	31,222	31,222	9.80:1
BUTTAR SURJIT	2	5,511	0.37	820,878	43,327	30,601	30,601	11.10:1
CHOE TIM	2	5,370	0.36	736,867	42,218	29,817	29,817	10.23:1
INDIVIDUAL OWNER	1	3,631	0.24	392,180	28,542	20,159	20,159	8.05:1
INDIVIDUAL OWNER	1	3,631	0.24	650,250	28,542	20,159	20,159	13.35:1
INDIVIDUAL OWNER	1	3,631	0.24	443,748	28,542	20,159	20,159	9.11:1
INDIVIDUAL OWNER	1	3,631	0.24	693,000	28,542	20,159	20,159	14.23:1
INDIVIDUAL OWNER	1	3,631	0.24	338,185	28,542	20,159	20,159	6.94:1
Subtotal	16	49,277	3.28	6,737,592	387,381	273,600	273,600	10.19:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	493	1,454,919	96.72	200,433,440	11,437,619	8,078,176	19,515,796	10.27:1
Totals	509	\$1,504,196	100.00%	\$ 207,171,032	\$11,825,000	\$ 8,351,776	\$ 20,176,776	10.27:1

⁽¹⁾ Excludes all other overlapping Bonded indebtedness applicable within CFD No. 2004-3 IA 1.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

* Preliminary, subject to change.

TABLE A-22*
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2004-3 (ROSETTA CANYON)
IMPROVEMENT AREA 1
VALUE-TO-LIEN STRATA FOR ALL PROPERTY

<i>Value-to-Lien Category</i>	<i>Number of Parcels Developed Property</i>	<i>Percent of Developed Property</i>	<i>Fiscal Year 2024-25 Assessed Value ⁽¹⁾</i>	<i>Percent of Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 2004-3 IA 1 Estimated Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Estimated Fiscal Year 2025-26 Levy</i>	<i>CFD No. 2004-3 IA 1 Proposed 2025 Bonds ⁽²⁾</i>	<i>Percent Share of Proposed 2025 Bonds</i>	<i>All Other Overlapping Debt</i>	<i>Aggregate Value-to- Lien</i>
Less than 2.00:1 ⁽³⁾	2	0.39%	\$ 87,833	0.04%	\$ 5,440	0.36%	\$ 42,766	0.36%	\$ 30,205	1.20:1
2.00:1 to 5.00:1	0	0.00	0	0.00	0	0.00	0	0.00	0	N/A
5.01:1 to 8.00:1	149	29.27	39,509,914	19.07	436,717	29.03	3,433,182	29.03	2,424,792	6.74:1
8.01:1 to 11.00:1	179	35.17	68,886,908	33.25	536,757	35.68	4,219,631	35.68	2,980,246	9.57:1
11.01:1 to 14.00:1	76	14.93	36,708,799	17.72	223,318	14.85	1,755,579	14.85	1,239,932	12.25:1
14.01:1 to 17.00:1	95	18.66	57,003,230	27.52	280,813	18.67	2,207,569	18.67	1,559,165	15.13:1
Greater than 17.00:1 ⁽³⁾	8	<u>1.57</u>	<u>4,974,348</u>	<u>2.40</u>	<u>21,151</u>	<u>1.41</u>	<u>166,273</u>	<u>1.41</u>	<u>117,436</u>	<u>17.53:1</u>
Totals	509	100.00%	\$ 207,171,032	100.00%	\$1,504,196	100.00%	\$ 11,825,000	100.00%	\$8,351,776	10.27:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Responsibility of the par amount has been allocated based on the estimated Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and preliminary bond sizing as provided by the Underwriter.

⁽³⁾ The minimum value to lien in the less than 2.00:1 category is 0.88:1. The maximum value to lien in the Greater than 17.00:1 category is 18.69:1.

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

* Preliminary, subject to change.

Historical Assessed Values. The following table summarizes the historical and current assessed values within CFD No. 2004-3 Improvement Area 1 for the Fiscal Years shown.

TABLE A-23
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2004-3 (ROSETTA CANYON)
IMPROVEMENT AREA 1
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$44,179,818	\$121,635,607	\$165,815,425
2021-22	44,977,011	128,518,593	173,495,604
2022-23	46,658,165	141,379,454	188,037,619
2023-24	47,728,236	151,203,584	198,931,820
2024-25	50,198,281	156,972,751	207,171,032

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

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-24 below summarizes the Special Tax delinquencies within CFD No. 2004-3 Improvement Area 1 for Fiscal Years 2019-20 through 2024-25 as of April 30, 2025.

TABLE A-24
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2004-3 (ROSETTA CANYON)
IMPROVEMENT AREA 1
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 30, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$1,607,408	509	0	\$ 0	0.00%
2020-21	1,644,996	509	0	0	0.00
2021-22	1,677,893	509	1	1,678	0.10
2022-23	1,711,452	509	3	5,092	0.30
2023-24	1,745,683	509	4	12,194	0.70
2024-25	1,789,997	509	16	34,786	1.94

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

Community Facilities District No. 2004-3 and Improvement Area 2

Location and Description. CFD No. 2004-3 and Improvement Area 2 therein were formed by the City in March, 2005 to finance the acquisition and construction of public streets, streetscape, storm drain, sewer, domestic water, reclaimed water, fire station and other city facilities, including City fees and fees of the Elsinore Valley Municipal Water District. Improvement Area 2 of CFD No. 2004-3 includes 562 taxable parcels. Improvement Area 2 of CFD No. 2004-3 consists of 100% “Developed Property.” A parcel is “Developed Property” when, exclusive of taxable public property and taxable property owner association property for which the final subdivision was recorded on or before January 1 of the prior fiscal year, a building permit for new construction was issued after January 1, 2004 and on or before May 1 of the fiscal year preceding the most recent fiscal year for which the Special Taxes were levied. 562 completed single-family detached homes have been conveyed to individual homeowners.

Assigned Special Taxes. Table A-25 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area 2 of CFD No. 2004-3 in fiscal year 2025-26 based on the development status within Improvement Area 2 of CFD No. 2004-3 as of March 1, 2025. The Special Taxes in Improvement Area 2 of CFD No. 2004-3 may not be levied after the 2045-46 fiscal year. The final maturity of the Local Obligations of Improvement Area 2 of CFD No. 2004-3 is September 1, 2039.

For the complete text of the Rate and Method of Improvement Area 2 of CFD No. 2004-3, see Appendix D — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR EACH TAXING JURISDICTION.”

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TABLE A-25
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2004-3 (ROSETTA CANYON)
IMPROVEMENT AREA 2
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

Zone 1 – Developed Property

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,700	\$3,409	\$ 0	0.0%	0	\$ 0	0.0%
Residential Property	1,700-1,950	3,496	0	0.0	0	0	0.0
Residential Property	1,951-2,200	3,584	2,736	76.3	23	62,926	3.3
Residential Property	2,201-2,450	3,850	2,939	76.3	34	99,914	5.2
Residential Property	2,451-2,700	3,952	3,016	76.3	44	132,724	6.9
Residential Property	2,701-2,950	4,053	3,094	76.3	93	287,766	15.0
Residential Property	2,951-3,200	4,281	3,268	76.3	56	182,988	9.5
Residential Property	3,201-3,450	4,426	3,379	76.3	8	27,028	1.4
Residential Property	3,451-3,700	4,571	3,489	76.3	15	52,342	2.7
Residential Property	3,701 - 3,950	4,716	0	0.0	0	0	0.0
Residential Property	> 3950	4,862	0	0.0	0	0	0.0
Non-Residential Property	N/A	26,475	0	0.0	0	0	0.0
Total					273	\$ 845,689	44.1%

Zone 2 – Developed Property

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,700	\$3,850	\$ 0	0.0%	0	\$ 0	0.0%
Residential Property	1,700-1,950	3,994	0	0.0	0	0	0.0
Residential Property	1,951-2,200	4,117	0	0.0	0	0	0.0
Residential Property	2,201-2,450	4,226	3,226	76.3	21	67,749	3.5
Residential Property	2,451-2,700	4,422	3,375	76.3	27	91,138	4.8
Residential Property	2,701-2,950	4,540	3,465	76.3	44	152,478	8.0
Residential Property	2,951-3,200	4,714	3,599	76.3	1	3,599	0.2
Residential Property	3,201-3,450	4,890	3,733	76.3	86	321,007	16.7
Residential Property	3,451-3,700	5,117	3,906	76.3	64	250,006	13.0
Residential Property	3,701 - 3,950	5,208	0	0.0	0	0	0.0
Residential Property	> 3950	5,298	4,044	76.3	46	186,042	9.7
Non-Residential Property	N/A	24,896	0	0.0	0	0	0.0
Total					289	\$1,072,019	55.9%
Grand Total					562	\$1,917,708	100.0%

⁽¹⁾ Includes estimated Administrative Expenses of \$35,000.
Source: Spicer Consulting Group, LLC.

* Preliminary, subject to change.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2004-3 Improvement Area 2, as established by the County Assessor for Fiscal Year 2024-25, which totals \$229,157,925.

CFD No. 2004-3 Improvement Area 2 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 CFD No. 2004-3 Improvement Area 2 is shown in Table A-26 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 CFD No. 2004-3 Improvement Area 2; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within CFD No. 2004-3 Improvement Area 2, based on the Fiscal Year 2024-25 assessed values, assuming that the CFD No. 2004-3 Improvement Area 2 Bonds have been issued to refund the Prior Improvement CFD No. 2004-3 Improvement Area 2 Bonds, equals approximately 7.59:1.* As of March 1, 2025, there was no other overlapping special tax or assessment district debt within CFD No. 2004-3 Improvement Area 2. The foregoing ratio does not include other overlapping general obligation debt within CFD No. 2004-3 Improvement Area 2. Taking that overlapping general obligation debt into account, the ratio of the aggregate assessed value of the Taxable Property within CFD No. 2004-3 Improvement Area 2 to the total principal amount of all direct and overlapping debt for CFD No. 2004-3 Improvement Area 2 is approximately 6.66:1.*

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* Preliminary, subject to change.

TABLE A-26
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2004-3 (ROSETTA CANYON)
IMPROVEMENT AREA 2
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾ \$229,157,925

II. Land Secured Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2004-3 IA 2 ⁽³⁾</i>	<i>Amount Applicable</i>
CFD 98-1 Temescal Valley Project	CFD	\$25,890,013	\$ 19,645,007	2.529%	502	\$ 496,848
Lake Elsinore USD CFD 2005-1 IA B	CFD	10,241,000	8,948,000	100.000	562	8,948,000
City of Lake Elsinore, CFD No. 2004-3 IA 2, 2025A	CFD	23,460,000	20,750,000	100.000	562	<u>20,750,000*</u>
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 30,194,848*

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2004-3 IA 2 ⁽³⁾</i>	<i>Amount Applicable</i>
CFD 98-1 Temescal Valley Project	CFD	\$25,890,013	\$ 0	2.529%	502	\$ 0
Lake Elsinore USD CFD 2005-1 IA B	CFD	11,500,000	0	100.000	562	0
City of Lake Elsinore, CFD No. 2004-3 IA 2, 2025A	CFD	33,000,000	9,540,000	100.000	562	<u>9,540,000</u>
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 9,540,000

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS **\$ 39,734,848**

III. General Obligation Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2004-3 IA 2 ⁽³⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 19,215,000	0.204%	562	\$ 39,181
Mt San Jacinto Jr College Debt Services	GO	295,000,000	242,210,000	1.411	562	3,417,166
Lake Elsinore Unified School District Debt Service	GO	68,915,000	62,005,000	1.225	562	<u>759,326</u>
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 4,215,674

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2004-3 IA 2 ⁽³⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 0	0.204%	562	\$ 0
Mt San Jacinto Jr College Debt Services	GO	295,000,000	0	1.411	562	0
Lake Elsinore Unified School District Debt Service	GO	105,000,000	36,085,000	1.225	562	<u>441,904</u>
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 3,654,135

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS **\$ 7,869,809**

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT **\$ 34,410,522**

**TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING
INDEBTEDNESS** **\$ 47,604,657**

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt	7.59:1
Total Outstanding Bonded Debt	6.66:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Spicer Consulting Group is not aware of any additional bonded debt for parcels in CFD No. 2004-3 IA 2 for the referenced Fiscal Year 2024-25 Issued, Outstanding and Authorized amounts are for CFD 2004-3 IA 2 (Rosetta Canyon).

⁽³⁾ All parcels have been subdivided into 562 individual parcels and have all been classified as developed property per the Rate and Method of Apportionment.

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

* Preliminary, subject to change.

Value-to-Lien. Home construction has been completed on the Taxable Property within CFD No. 2004-3 Improvement Area 2, and all homes have been transferred to individual homeowners. Table A-27 sets forth the value-to-lien ratio of the property within CFD No. 2004-3 Improvement Area 2 for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-28 below sets forth the stratification of value-to-liens of the Taxable Property within CFD No. 2004-3 Improvement Area 2 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2004-3 Improvement Area 2 Bonds as well as all other overlapping debt (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26) and the ratio of the assessed value to its share of the CFD No. 2004-3 Improvement Area 2 Bonds. The ratio of the value of an individual lot within CFD No. 2004-3 Improvement Area 2 to its respective share of the principal amount of the CFD No. 2004-3 Improvement Area 2 Bonds can be expected to vary.

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TABLE A-27
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2004-3 (ROSETTA CANYON)
IMPROVEMENT AREA 2
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax *</i>	<i>Fiscal Year 2025-26 Assessed Value</i>	<i>CFD No. 2004- 3 IA 2 Proposed 2025 Bonds⁽¹⁾</i>	<i>All Other Overlapping Debt</i>	<i>Total Outstanding Debt*</i>	<i>Value-to-Lien Ratio *</i>
WU JIUN TSONG	2	\$ 7,813	0.41%	\$ 618,646	\$ 84,535	\$ 38,478	\$ 123,013	5.03:1
IH4 PROPERTY WEST	2	6,189	0.32	739,574	66,961	30,479	97,440	7.59:1
INDIVIDUAL OWNER	1	4,044	0.21	470,126	43,761	19,919	63,680	7.38:1
INDIVIDUAL OWNER	1	4,044	0.21	451,460	43,761	19,919	63,680	7.09:1
INDIVIDUAL OWNER	1	4,044	0.21	358,822	43,761	19,919	63,680	5.63:1
INDIVIDUAL OWNER	1	4,044	0.21	365,656	43,761	19,919	63,680	5.74:1
INDIVIDUAL OWNER	1	4,044	0.21	363,183	43,761	19,919	63,680	5.70:1
INDIVIDUAL OWNER	1	4,044	0.21	524,189	43,761	19,919	63,680	8.23:1
INDIVIDUAL OWNER	1	4,044	0.21	624,240	43,761	19,919	63,680	9.80:1
INDIVIDUAL OWNER	1	4,044	0.21	448,867	43,761	19,919	63,680	7.05:1
Subtotal	12	46,356	2.42	4,964,763	501,585	228,308	729,893	6.80:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	550	1,871,352	97.58	224,193,162	20,248,415	9,216,540	29,464,955	7.61:1
Totals	562	\$1,917,708	100.00%	\$ 229,157,925	\$20,750,000	\$ 9,444,848	\$ 30,194,848	7.59:1

⁽¹⁾ Excludes all other overlapping Bonded indebtedness applicable within CFD No. 2004-3 IA 2.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

* Preliminary, subject to change.

TABLE A-28*
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2004-3 (ROSETTA CANYON)
IMPROVEMENT AREA 2
VALUE-TO-LIEN STRATA FOR ALL PROPERTY

<i>Value-to-Lien Category</i>	<i>Number of Parcels of Developed Property</i>	<i>Percent of Developed Property</i>	<i>Fiscal Year 2024-25 Assessed Value ⁽¹⁾</i>	<i>Percent of Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 2004-3 IA 2 Estimated Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Estimated Fiscal Year 2025-26 Levy</i>	<i>CFD No. 2004-3 IA 2 Proposed 2025 Bonds ⁽²⁾</i>	<i>Percent Share of Proposed 2025 Bonds</i>	<i>All Other Overlapping Debt</i>	<i>Aggregate Value-to-Lien</i>
Less than 2.00:1 ⁽³⁾	2	0.36%	\$ 174,559	0.08%	\$ 6,692	0.35%	\$ 72,404	0.35%	\$ 32,956	1.66:1
2.00:1 to 4.00:1	3	0.53	674,782	0.29	11,039	0.58	119,442	0.58	54,367	3.88:1
4.00:1 to 6.00:1	130	23.13	35,312,944	15.41	443,769	23.14	4,801,668	23.14	2,185,591	5.05:1
6.01:1 to 8.00:1	215	38.26	84,763,192	36.99	752,549	39.24	8,142,737	39.24	3,706,357	7.15:1
8.01:1 to 10.00:1	129	22.95	59,188,047	25.83	428,868	22.36	4,640,438	22.36	2,112,204	8.77:1
10.01:1 to 12.00:1	64	11.39	37,136,961	16.21	215,132	11.22	2,327,771	11.22	1,059,540	10.96:1
Greater than 12.00:1 ⁽³⁾	<u>19</u>	<u>3.38</u>	<u>11,907,440</u>	<u>5.20</u>	<u>59,661</u>	<u>3.11</u>	<u>645,540</u>	<u>3.11</u>	<u>293,833</u>	<u>12.68:1</u>
Totals	562	100.00%	\$ 229,157,925	100.00%	\$1,917,708	100.00%	\$ 20,750,000	100.00%	\$9,444,848	7.59:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Responsibility of the par amount has been allocated based on the estimated Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and preliminary bond sizing as provided by the Underwriter.

⁽³⁾ The minimum value to lien in the less than 2.00:1 category is 1.47:1. The maximum value to lien in the Greater than 12.00:1 category is 14.39:1.

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

* Preliminary, subject to change.

Historical Assessed Values. The following table summarizes the assessed values within CFD No. 2004-3 Improvement Area 2 for the Fiscal Years shown.

TABLE A-29
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2004-3 (ROSETTA CANYON)
IMPROVEMENT AREA 2
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$50,241,937	\$141,649,953	\$191,891,890
2021-22	51,229,358	148,438,170	199,667,528
2022-23	52,788,442	158,508,311	211,296,753
2023-24	53,578,844	168,892,288	222,471,132
2024-25	54,916,847	174,241,078	229,157,925

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

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-30 below summarizes the Special Tax delinquencies within CFD No. 2004-3 Improvement Area 2 for Fiscal Years 2019-20 through 2024-25 as of April 30, 2025.

TABLE A-30
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2004-3 (ROSETTA CANYON)
IMPROVEMENT AREA 2
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 30, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$1,783,756	562	2	\$ 7,395	0.41%
2020-21	1,819,432	562	2	7,543	0.41
2021-22	1,855,820	562	2	7,694	0.41
2022-23	1,892,937	562	5	16,677	0.88
2023-24	1,930,797	562	7	18,857	0.98
2024-25	1,969,413	562	22	61,326	3.11

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

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Community Facilities District No. CFD No. 2005-1

Location and Description. CFD No. 2005-1 was formed by the City in January, 2005 to finance the acquisition and/or construction of streets, streetscape, parks, City fees, and fees of the Elsinore Valley Municipal Water District. CFD No. 2005-1 includes 233 taxable parcels. CFD No. 2005-1 consists of 100% Developed “Property,” meaning all County Assessor’s parcels of taxable property in CFD No. 2005-1 were issued a building permit on or before March 1 preceding the most recent fiscal year in which the Special Tax was levied.; 233 completed single-family detached homes have been conveyed to individual homeowners.

Assigned Special Taxes. Table A-31 below sets forth the current Assigned Special Taxes that may be levied on the property within CFD No. 2005-1 in fiscal year 2025-26 based on the development status within CFD No. 2005-1 as of March 1, 2025. The Special Taxes in CFD No. 2005-1 may not be levied after the 2043-44 fiscal year. The final maturity of the Local Obligations of CFD No. 2005-1 is September 1, 2036.

For the complete text of the Rate and Method of CFD No. 2005-1, see Appendix D — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR EACH TAXING JURISDICTION.”

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TABLE A-31
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SERENITY)
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1801	\$2,892	\$2,043	70.6%	24	\$ 49,029	7.8%
Residential Property	1801 - 2050	3,158	2,231	70.6	75	167,308	26.8
Residential Property	2051 - 2300	3,860	2,727	70.6	55	150,003	24.0
Residential Property	2301 - 2550	4,339	3,065	70.6	40	122,614	19.6
Residential Property	>2550	4,950	3,497	70.6	39	136,376	21.8
Non-Residential Property	N/A	26,390	0	0.0	0	0	0.0
Total					233	\$ 625,329	100.0%

⁽¹⁾ Includes estimated Administrative Expenses of \$45,000.
Source: Spicer Consulting Group, LLC.

* Preliminary, subject to change.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2005-1, as established by the County Assessor for Fiscal Year 2024-25, which totals \$85,187,309.

CFD No. 2005-1 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 CFD No. 2005-1 is shown in Table A-32 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 CFD No. 2005-1; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within CFD No. 2005-1, based on the Fiscal Year 2024-25 assessed values, assuming that the CFD No. 2005-1 Bonds have been issued to refund the Prior Improvement CFD No. 2005-1 Bonds, equals approximately 16.24:1.* As of March 1, 2025, there was no other overlapping special tax or assessment district debt within CFD No. 2005-1. The foregoing ratio does not include other overlapping general obligation debt within CFD No. 2005-1. Taking that overlapping general obligation debt into account, the ratio of the aggregate assessed value of the Taxable Property within CFD No. 2005-1 to the total principal amount of all direct and overlapping debt for CFD No. 2005-1 is approximately 10.96:1.*

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* Preliminary, subject to change.

TABLE A-32
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SERENITY)
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾							\$ 85,187,309
II. Land Secured Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2005-1 ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Lake Elsinore, CFD No. 2005-1, 2025A	CFD	\$29,025,000	\$ 5,245,000	100.000%	233	\$ 5,245,000*	
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 5,245,000*	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2005-1 ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Lake Elsinore, CFD No. 2005-1, 2025A	CFD	\$37,000,000	\$ 0	100.000%	233	\$ 0	
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 0	
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS						\$ 5,245,000	
III. General Obligation Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2005-1 ⁽³⁾</i>	<i>Amount Applicable</i>	
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 19,215,000	0.076%	233	\$ 14,565	
Perris Union High School District Debt Service	GO	363,415,283	292,042,190	0.329	233	959,585	
Mt San Jacinto Jr College Debt Services	GO	295,000,000	242,210,000	0.524	233	1,270,300	
Lake Elsinore Unified School District Debt Service	GO	68,915,000	62,005,000	0.455	233	282,272	
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 2,526,722	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2005-1 ⁽³⁾</i>	<i>Amount Applicable</i>	
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 0	0.076%	233	\$ 0	
Perris Union High School District Debt Service	GO	363,420,000	4,717	0.329	233	15	
Mt San Jacinto Jr College Debt Services	GO	295,000,000	0	0.524	233	0	
Lake Elsinore Unified School District Debt Service	GO	105,000,000	36,085,000	0.455	233	164,274	
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 164,289	
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS						\$ 2,691,012	
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT						\$ 7,771,722	
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS						\$ 7,936,012	
IV. Ratios to Appraisal Value							
	Outstanding Land Secured Bonded Debt	16.24:1					
	Total Outstanding Bonded Debt	10.96:1					

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Spicer Consulting Group is not aware of any additional bonded debt for parcels in CFD No. 2005-1 for the referenced Fiscal Year 2024-25 Issued, Outstanding and Authorized amounts are for CFD 2005-1 (Serenity).

⁽³⁾ All parcels have been subdivided into 233 individual parcels and have all been classified as developed property per the Rate and Method of Apportionment.

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

* Preliminary, subject to change.

Value-to-Lien. Home construction has been completed on the Taxable Property within CFD No. 2005-1, and all homes have been transferred to individual homeowners. Table A-33 sets forth the value-to-lien ratio of the property within CFD No. 2005-1 for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-34 below sets forth the stratification of value-to-liens of the Taxable Property within CFD No. 2005-1 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2005-1 Bonds as well as all other overlapping debt (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26) and the ratio of the assessed value to its share of the CFD No. 2005-1 Bonds. The ratio of the value of an individual lot within CFD No. 2005-1 to its respective share of the principal amount of the CFD No. 2005-1 Bonds can be expected to vary.

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TABLE A-33
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SERENITY)
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax*</i>	<i>Fiscal Year 2025-26 Assessed Value</i>	<i>CFD No. 2005-1 Proposed 2025 Bonds⁽¹⁾</i>	<i>Value-to- Lien Ratio*</i>
PEREZ CECILIA E	2	\$ 5,296	0.85%	\$ 809,001	\$ 44,422	18.21:1
INDIVIDUAL OWNER	1	3,497	0.56	289,097	29,330	9.86:1
INDIVIDUAL OWNER	1	3,497	0.56	377,213	29,330	12.86:1
INDIVIDUAL OWNER	1	3,497	0.56	393,684	29,330	13.42:1
INDIVIDUAL OWNER	1	3,497	0.56	365,260	29,330	12.45:1
INDIVIDUAL OWNER	1	3,497	0.56	312,674	29,330	10.66:1
INDIVIDUAL OWNER	1	3,497	0.56	421,047	29,330	14.36:1
INDIVIDUAL OWNER	1	3,497	0.56	412,177	29,330	14.05:1
INDIVIDUAL OWNER	1	3,497	0.56	498,767	29,330	17.01:1
INDIVIDUAL OWNER	<u>1</u>	<u>3,497</u>	<u>0.56</u>	<u>357,902</u>	<u>29,330</u>	<u>12.20:1</u>
Subtotal	11	36,767	5.88	4,236,822	308,390	13.74:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	<u>222</u>	<u>588,562</u>	<u>94.12</u>	<u>80,950,487</u>	<u>4,936,610</u>	<u>16.40:1</u>
Totals	233	\$625,329	100.00%	\$85,187,309	\$5,245,000	16.24:1

⁽¹⁾ Excludes all other overlapping Bonded indebtedness applicable within CFD No. 2005-1.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

* Preliminary, subject to change.

TABLE A-34*
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SERENITY)
VALUE-TO-LIEN STRATA FOR ALL PROPERTY

<i>Value-to-Lien Category</i>	<i>Number of Parcels of Developed Property</i>	<i>Percent of Developed Property</i>	<i>Fiscal Year 2024-25 Assessed Value ⁽¹⁾</i>	<i>Percent of Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 2005- 1 Estimated Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Estimated Fiscal Year 2025-26 Levy</i>	<i>CFD No. 2005-1 Proposed 2025 Bonds ⁽²⁾</i>	<i>Percent Share of Proposed 2025 Bonds</i>	<i>Aggregate Value-to-Lien</i>
Less than 5.00:1 ⁽³⁾	0	0.00%	\$ 0	0.00%	\$ 0	0.00%	\$ 0	0.00%	N/A
5.01:1 to 10.00:1	15	6.44	3,478,415	4.08	47,217	7.55	396,035	7.55	8.78:1
10.01:1 to 15.00:1	89	38.20	25,857,726	30.35	248,696	39.77	2,085,962	39.77	12.40:1
15.01:1 to 20.00:1	76	32.62	29,554,124	34.69	199,977	31.98	1,677,326	31.98	17.62:1
20.01:1 to 25.00:1	31	13.30	14,623,029	17.17	80,617	12.89	676,178	12.89	21.63:1
25.01:1 to 30.00:1	16	6.87	8,238,379	9.67	35,813	5.73	300,386	5.73	27.43:1
Greater than 30.00:1 ⁽³⁾	<u>6</u>	<u>2.58</u>	<u>3,435,636</u>	<u>4.03</u>	<u>13,009</u>	<u>2.08</u>	<u>109,113</u>	<u>2.08</u>	<u>31.49:1</u>
Totals	233	100.00%	\$ 85,187,309	100.00%	\$ 625,329	100.00%	\$ 5,245,000	100.00%	16.24:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Responsibility of the par amount has been allocated based on the estimated Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and preliminary bond sizing as provided by the Underwriter.

⁽³⁾ The minimum value to lien in the between 5.01:1 to 10.00:1 category is 7.14:1. The maximum value to lien in the Greater than 30.00:1 category is 33.52:1.

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

* Preliminary, subject to change.

Historical Assessed Values. The following table summarizes the assessed values within CFD No. 2005-1 for the Fiscal Years shown.

TABLE A-35
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SERENITY)
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$17,986,616	\$51,678,817	\$69,665,433
2021-22	18,456,073	54,983,080	73,439,153
2022-23	19,081,465	59,720,115	78,801,580
2023-24	19,428,715	63,475,832	82,904,547
2024-25	20,085,504	65,101,805	85,187,309

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

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-36 below summarizes the Special Tax delinquencies within CFD No. 2005-1 for Fiscal Years 2019-20 through 2024-25 as of April 30, 2025.

TABLE A-36
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (SERENITY)
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 30, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$685,191	233	1	\$ 1,393	0.20%
2020-21	685,191	233	0	0	0.00
2021-22	685,191	233	0	0	0.00
2022-23	685,191	233	0	0	0.00
2023-24	685,191	233	4	7,719	1.13
2024-25	685,191	233	7	14,231	2.080

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

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Community Facilities District No. 2005-2 and Improvement Area A

Location and Description. CFD No. 2005-2 and Improvement Area A therein were formed by the City in September, 2005 to the acquisition and/or construction of street, streetscape, and storm drain improvements and park/recreational improvements, City fees, and fees and improvements of the Elsinore Valley Municipal Water District and improvements of the California Department of Transportation. Improvement Area A of CFD No. 2005-2 includes 441 taxable parcels. Improvement Area A of CFD No. 2005-2 consists of 100% “Developed Property.” A parcel is “Developed Property” when (i) it is included in a final map that was recorded prior to January 1 preceding the most recent fiscal year in which the Special Taxes were levied, and (ii) a building permit for new construction was issued on or before May 1 preceding the most recent fiscal year in which the Special Taxes were levied. 441 completed single-family detached homes have been conveyed to individual homeowners.

Assigned Special Taxes. Table A-37 below sets forth the current Assigned Special Taxes that may be levied on the property within Improvement Area A of CFD No. 2005-2 in fiscal year 2025-26 based on the development status within Improvement Area A of CFD No. 2005-2 as of March 1, 2025. The Special Taxes in Improvement Area A of CFD No. 2005-2 may not be levied after the 2041-42 fiscal year. The final maturity of the Local Obligations of Improvement Area A of CFD No. 2005-2 is September 1, 2036.

For the complete text of the Rate and Method of CFD No. 2005-2 Improvement Area A, see Appendix D — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR EACH TAXING JURISDICTION.”

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TABLE A-37
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-2 (ALBERHILL RANCH)
IMPROVEMENT AREA A
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,851	\$4,011	\$3,001	74.8%	25	\$ 75,021	4.6%
Residential Property	1,851 - 2,050	4,219	3,157	74.8	46	145,208	8.9
Residential Property	2,051 - 2,550	4,691	3,510	74.8	99	347,476	21.3
Residential Property	2,551 - 3,150	4,914	3,677	74.8	213	783,123	48.0
Residential Property	3,151 - 3,650	6,235	4,665	74.8	23	107,301	6.6
Residential Property	> 3,650	6,652	4,977	74.8	35	174,196	10.7
Non-Residential Property	N/A	31,074	0	0.0	0	0	0.0
Total					441	\$1,632,325	100.0%

⁽¹⁾ Includes estimated Administrative Expenses of \$65,000.
Source: Spicer Consulting Group, LLC.

* Preliminary, subject to change.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2005-2 Improvement Area A, as established by the County Assessor for Fiscal Year 2024-25, which totals \$198,262,475.

CFD No. 2005-2 Improvement Area A 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 CFD No. 2005-2 Improvement Area A is shown in Table A-38 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 CFD No. 2005-2 Improvement Area A; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within CFD No. 2005-2 Improvement Area A, based on the Fiscal Year 2024-25 assessed values, assuming that the CFD No. 2005-2 Improvement Area A Bonds have been issued to refund the Prior Improvement CFD No. 2005-2 Improvement Area A Bonds, equals approximately 9.79:1.* As of March 1, 2025, there was no other overlapping special tax or assessment district debt within CFD No. 2005-2 Improvement Area A. The foregoing ratio does not include other overlapping general obligation debt within CFD No. 2005-2 Improvement Area A. Taking that overlapping general obligation debt into account, the ratio of the aggregate assessed value of the Taxable Property within CFD No. 2005-2 Improvement Area A to the total principal amount of all direct and overlapping debt for CFD No. 2005-2 Improvement Area A is approximately 9.31:1.*

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* Preliminary, subject to change.

TABLE A-38
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-2 (ALBERHILL RANCH)
IMPROVEMENT AREA A
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾ \$198,262,475

II. Land Secured Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2005-2 IA A ⁽³⁾</i>	<i>Amount Applicable</i>
CFD 98-1 Temescal Valley Project	CFD	\$25,890,013	\$ 19,645,007	2.227%	441	\$ 437,434
City of Lake Elsinore, CFD No. 2005-2 IA A, 2019	CFD	6,565,000	5,320,000	100.000	441	5,320,000
City of Lake Elsinore, CFD No. 2005-2 IA A, 2025A	CFD	18,115,000	14,490,000	100.000	441	<u>14,490,000</u> *
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 20,247,434*

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2005-2 IA A ⁽³⁾</i>	<i>Amount Applicable</i>
CFD 98-1 Temescal Valley Project	CFD	\$25,890,013	\$ 0	2.227%	441	\$ 0
City of Lake Elsinore, CFD No. 2005-2 IA A	CFD	28,000,000	3,320,000	100.000%	441	<u>3,320,000</u>
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 3,320,000

TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS **\$ 23,567,434**

III. General Obligation Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2005-2 IA A ⁽³⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 19,215,000	0.176%	441	\$ 33,899
Mt San Jacinto Jr College Debt Service	GO	295,000,000	242,210,000	0.146	441	354,458
Lake Elsinore Unified School District Debt Service	GO	68,915,000	62,005,000	1.060	441	<u>656,952</u>
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 1,045,309

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2005-2 IA A ⁽³⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 0	0.176%	441	\$ 0
Mt San Jacinto Jr College Debt Service	GO	295,000,000	0	0.146	441	0
Lake Elsinore Unified School District Debt Service	GO	105,000,000	36,085,000	1.060	441	<u>382,326</u>
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 382,326

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS **\$ 1,427,635**

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT **\$ 21,292,743**

TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS **\$ 24,995,069**

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt	9.79:1
Total Outstanding Bonded Debt	9.31:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Spicer Consulting Group is not aware of any additional bonded debt for parcels in CFD No. 2005-2 IA A for the referenced Fiscal Year 2024-25 Issued, Outstanding and Authorized amounts are for CFD 2005-2 IA A (Alberhill Ranch).

⁽³⁾ All parcels have been subdivided into 441 individual parcels and have all been classified as developed property per the Rate and Method of Apportionment.

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

* Preliminary, subject to change.

Value-to-Lien. Home construction has been completed on the Taxable Property within CFD No. 2005-2 Improvement Area A, and all homes have been transferred to individual homeowners. Table A-39 sets forth the value-to-lien ratio of the property within CFD No. 2005-2 Improvement Area A for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-40 below sets forth the stratification of value-to-liens of the Taxable Property within CFD No. 2005-2 Improvement Area A based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2005-2 Improvement Area A Bonds as well as all other overlapping debt (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26) and the ratio of the assessed value to its share of the CFD No. 2005-2 Improvement Area A Bonds. The ratio of the value of an individual lot within CFD No. 2005-2 Improvement Area A to its respective share of the principal amount of the CFD No. 2005-2 Improvement Area A Bonds can be expected to vary.

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TABLE A-39
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-2 (ALBERHILL RANCH)
IMPROVEMENT AREA A
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax*</i>	<i>Fiscal Year 2025-26 Assessed Value</i>	<i>CFD No. 2005- 2 IA A Proposed 2025 Bonds⁽¹⁾</i>	<i>All Other Overlapping Debt</i>	<i>Total Outstanding Debt*</i>	<i>Value-to-Lien Ratio*</i>
MANJARREZ CARLOS	2	\$ 8,342	0.51%	\$ 932,407	\$ 74,050	\$ 29,423	\$ 103,473	9.01:1
INDIVIDUAL OWNER	1	4,977	0.30	458,898	44,181	17,555	61,735	7.43:1
INDIVIDUAL OWNER	1	4,977	0.30	724,000	44,181	17,555	61,735	11.73:1
INDIVIDUAL OWNER	1	4,977	0.30	320,282	44,181	17,555	61,735	5.19:1
INDIVIDUAL OWNER	1	4,977	0.30	724,000	44,181	17,555	61,735	11.73:1
INDIVIDUAL OWNER	1	4,977	0.30	765,000	44,181	17,555	61,735	12.39:1
INDIVIDUAL OWNER	1	4,977	0.30	724,000	44,181	17,555	61,735	11.73:1
INDIVIDUAL OWNER	1	4,977	0.30	428,366	44,181	17,555	61,735	6.94:1
INDIVIDUAL OWNER	1	4,977	0.30	455,127	44,181	17,555	61,735	7.37:1
INDIVIDUAL OWNER	<u>1</u>	<u>4,977</u>	<u>0.30</u>	<u>444,664</u>	<u>44,181</u>	<u>17,555</u>	<u>61,735</u>	<u>7.20:1</u>
Subtotal	11	53,135	3.26	5,976,744	471,676	187,415	659,091	9.07:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	<u>430</u>	<u>1,579,190</u>	<u>96.74</u>	<u>192,285,731</u>	<u>14,018,324</u>	<u>5,570,019</u>	<u>19,588,343</u>	<u>9.82:1</u>
Totals	441	\$ 1,632,325	100.00%	\$198,262,475	\$14,490,000	\$ 5,757,434	\$ 20,247,434	9.79:1

⁽¹⁾ Excludes all other overlapping Bonded indebtedness applicable within CFD No. 2005-2 IA A.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

* Preliminary, subject to change.

TABLE A-40*
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-2 (ALBERHILL RANCH)
IMPROVEMENT AREA A
VALUE-TO-LIEN STRATA FOR ALL PROPERTY

<i>Value-to-Lien Category</i>	<i>Number of Parcels of Developed Property</i>	<i>Percent of Developed Property</i>	<i>Fiscal Year 2024-25 Assessed Value ⁽¹⁾</i>	<i>Percent of Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 2005-2 IA A Estimated Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Estimated Fiscal Year 2025-26 Levy</i>	<i>CFD No. 2005-2 IA A Proposed ⁽²⁾ 2025 Bonds</i>	<i>Percent Share of Proposed 2025 Bonds</i>	<i>All Other Overlapping Debt</i>	<i>Aggregate Value-to-Lien</i>
Less than 5.00:1 ⁽³⁾	4	0.91%	\$ 1,008,240	0.51%	\$ 16,684	1.02%	\$ 148,101	1.02%	\$ 58,846	4.87:1
5.00:1 to 7.00:1	61	13.83	18,387,249	9.27	235,811	14.45	2,093,276	14.45	831,739	6.29:1
7.01:1 to 9.00:1	111	25.17	42,867,816	21.62	428,296	26.24	3,801,941	26.24	1,510,657	8.07:1
9.01:1 to 11.00:1	148	33.56	65,546,270	33.06	531,175	32.54	4,715,191	32.54	1,873,527	9.95:1
11.01:1 to 13.00:1	43	9.75	23,893,674	12.05	159,937	9.80	1,419,749	9.80	564,121	12.04:1
13.01:1 to 15.00:1	57	12.93	35,260,942	17.78	202,193	12.39	1,794,849	12.39	713,163	14.06:1
Greater than 15.00:1 ⁽³⁾	<u>17</u>	<u>3.85</u>	<u>11,298,284</u>	<u>5.70</u>	<u>58,229</u>	<u>3.57</u>	<u>516,892</u>	<u>3.57</u>	<u>205,381</u>	<u>15.64:1</u>
Totals	441	100.00%	\$ 198,262,475	100.00%	\$1,632,325	100.00%	\$ 14,490,000	100.00%	\$5,757,434	9.79:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Responsibility of the par amount has been allocated based on the estimated Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and preliminary bond sizing as provided by the Underwriter.

⁽³⁾ The minimum value to lien in the less than 5.00:1 category is 4.67:1. The maximum value to lien in the Greater than 15.00:1 category is 16.47:1.

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

* Preliminary, subject to change.

Historical Assessed Values. The following table summarizes the assessed values within CFD No. 2005-2 Improvement Area A for the Fiscal Years shown.

TABLE A-41
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-2 (ALBERHILL RANCH)
IMPROVEMENT AREA A
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$43,476,016	\$118,923,185	\$162,399,201
2021-22	45,142,506	123,400,142	168,542,648
2022-23	46,718,113	133,168,818	179,886,931
2023-24	48,245,903	143,296,106	191,542,009
2024-25	50,013,662	148,248,813	198,262,475

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

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-42 below summarizes the Special Tax delinquencies within CFD No. 2005-2 Improvement Area A for Fiscal Years 2019-20 through 2024-25 as of April 30, 2025.

TABLE A-42
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-2 (ALBERHILL RANCH)
IMPROVEMENT AREA A
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 30, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$1,504,993	806	0	\$ 0	0.00%
2020-21	1,512,996	442	0	0	0.00
2021-22	1,550,821	442	0	0	0.00
2022-23	1,589,592	441	1	3,418	0.22
2023-24	1,629,333	441	1	3,670	0.23
2024-25	1,670,064	441	12	37,071	2.22

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

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Community Facilities District No. 2005-6

Location and Description. CFD No. 2005-6 was formed by the City in September, 2005 to finance the acquisition and construction of public streets, streetscape, park and recreation facilities, storm drain, fire station, and other city facilities, including City fees and water and sewer facilities and fees of the Elsinore Valley Municipal Water District. CFD No. 2005-6 includes 144 taxable parcels. CFD No. 2005-6 is 100% “Developed Property.” A parcel is “Developed Property” when (i) it is included in a final map that was recorded prior to January 1 preceding the most recent fiscal year in which the Special Taxes were levied, and (ii) a building permit for new construction was issued on or before May 1 preceding the most recent fiscal year in which the Special Taxes were levied. 144 completed single-family detached homes have been conveyed to individual homeowners.

Assigned Special Taxes. Table A-43 below sets forth the current Assigned Special Taxes that may be levied on the property within CFD No. 2005-6 in fiscal year 2025-26 based on the development status within CFD No. 2005-6 as of March 1, 2025. The Special Taxes in CFD No. 2005-6 may not be levied after the 2042-43 fiscal year. The final maturity of the Local Obligations of CFD No. 2005-6 is September 1, 2036.

For the complete text of the Rate and Method of CFD No. 2005-6, see Appendix D — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR EACH TAXING JURISDICTION.”

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TABLE A-43
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-6 (CITY CENTER)
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,000	\$ 1,756	\$ 0	0.0%	0	\$ 0	0.0%
Residential Property	1,000-1,199	1,981	1,514	76.4	48	72,665	28.0
Residential Property	1,200-1,399	2,468	1,886	76.4	48	90,545	34.9
Residential Property	1,400-1,499	2,630	2,010	76.4	48	96,487	37.2
Residential Property	> 1,499	2,733	0	0.0	0	0	0.0
Non-Residential Property	N/A	28,682	0	0.0	0	0	0.0
Total					144	\$ 259,696	100.0%

⁽¹⁾ Includes estimated Administrative Expenses of \$35,000.
Source: Spicer Consulting Group, LLC.

* Preliminary, subject to change.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2005-6, as established by the County Assessor for Fiscal Year 2024-25, which totals \$37,606,915.

CFD No. 2005-6 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 CFD No. 2005-6 is shown in Table A-44 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 CFD No. 2005-6; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within CFD No. 2005-6, based on the Fiscal Year 2024-25 assessed values, assuming that the CFD No. 2005-6 Bonds have been issued to refund the Prior Improvement CFD No. 2005-6 Bonds, equals approximately 22.32:1.* As of March 1, 2025, there was no other overlapping special tax or assessment district debt within CFD No. 2005-6. The foregoing ratio does not include other overlapping general obligation debt within CFD No. 2005-6. Taking that overlapping general obligation debt into account, the ratio of the aggregate assessed value of the Taxable Property within CFD No. 2005-6 to the total principal amount of all direct and overlapping debt for CFD No. 2005-6 is approximately 19.97:1.*

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* Preliminary, subject to change.

TABLE A-44
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-6 (CITY CENTER)
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾							\$ 37,606,915
II. Land Secured Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2005-6 ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Lake Elsinore, CFD No. 2005-6, 2025A	CFD	\$3,525,000	\$ 1,685,000	100.000%	144	\$ 1,685,000*	
TOTAL LAND SECURED BONDED DEBT ⁽²⁾						\$ 1,685,000*	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2005-6 ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Lake Elsinore, CFD No. 2005-6, 2025A	CFD	\$5,000,000	\$ 1,475,000	100.000%	144	\$ 1,475,000	
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾						\$ 1,475,000	
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS							\$ 3,160,000
III. General Obligation Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2005-6 ⁽³⁾</i>	<i>Amount Applicable</i>	
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 19,215,000	0.033%	144	\$ 6,430	
Mt San Jacinto Jr College Debt Service	GO	295,000,000	242,210,000	0.028	144	67,234	
Lake Elsinore Unified School District Debt Service	GO	68,915,000	62,005,000	0.201	144	124,612	
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾						\$ 198,277	
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2005-6 ⁽³⁾</i>	<i>Amount Applicable</i>	
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 0	0.033%	144	\$ 0	
Mt San Jacinto Jr College Debt Service	GO	295,000,000	0	0.028	144	0	
Lake Elsinore Unified School District Debt Service	GO	105,000,000	36,085,000	0.201	144	72,521	
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾						\$ 72,521	
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS							\$ 270,797
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT							\$ 1,883,277
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS							\$ 3,430,797
IV. Ratios to Appraisal Value							
		Outstanding Land Secured Bonded Debt	22.32:1				
		Total Outstanding Bonded Debt	19.97:1				

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Spicer Consulting Group is not aware of any additional bonded debt for parcels in CFD No. 2005-6 for the referenced Fiscal Year 2024-25 Issued, Outstanding and Authorized amounts are for CFD 2005-6 (City Center).

⁽³⁾ All parcels have been subdivided into 144 individual parcels and have all been classified as developed property per the Rate and Method of Apportionment.

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

* Preliminary, subject to change.

Value-to-Lien. Home construction has been completed on the Taxable Property within CFD No. 2005-6, and all homes have been transferred to individual homeowners. Table A-45 sets forth the value-to-lien ratio of the property within CFD No. 2005-6 for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-46 below sets forth the stratification of value-to-liens of the Taxable Property within CFD No. 2005-6 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2005-6 Bonds as well as all other overlapping debt (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26) and the ratio of the assessed value to its share of the CFD No. 2005-6 Bonds. The ratio of the value of an individual lot within CFD No. 2005-6 to its respective share of the principal amount of the CFD No. 2005-6 Bonds can be expected to vary.

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TABLE A-45
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-6 (CITY CENTER)
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax*</i>	<i>Fiscal Year 2025-26 Assessed Value</i>	<i>CFD No. 2005-6 Proposed 2025 Bonds⁽¹⁾</i>	<i>Value-to- Lien Ratio*</i>
FLEMING TERRY L JR	3	\$ 5,783	2.23%	\$ 458,696	\$ 37,521	12.23:1
SUBOTIC LJUBOMIR	2	3,896	1.50	492,965	25,282	19.50:1
DU DIRK & CHUN JA DU FAMILY TRUST DTD 9/8/21	2	3,524	1.36	319,142	22,865	13.96:1
BLACK GOLDEN	2	3,400	1.31	261,285	22,062	11.84:1
BASSETT DAVID M	2	3,028	1.17	334,949	19,645	17.05:1
INDIVIDUAL OWNER	1	2,010	0.77	163,233	13,042	12.52:1
INDIVIDUAL OWNER	1	2,010	0.77	250,680	13,042	19.22:1
INDIVIDUAL OWNER	1	2,010	0.77	164,499	13,042	12.61:1
INDIVIDUAL OWNER	1	2,010	0.77	305,574	13,042	23.43:1
INDIVIDUAL OWNER	<u>1</u>	<u>2,010</u>	<u>0.77</u>	<u>267,384</u>	<u>13,042</u>	<u>20.50:1</u>
Subtotal	16	29,682	11.43	3,018,407	192,587	15.67:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	<u>128</u>	<u>230,014</u>	<u>88.57</u>	<u>34,588,508</u>	<u>1,492,413</u>	<u>23.18:1</u>
Totals	144	\$259,696	100.00%	\$37,606,915	\$1,685,000	22.32:1

⁽¹⁾ Excludes all other overlapping Bonded indebtedness applicable within CFD No. 2005-6.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

* Preliminary, subject to change.

TABLE A-46*
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-6 (CITY CENTER)
VALUE-TO-LIEN STRATA FOR ALL PROPERTY

<i>Value-to-Lien Category</i>	<i>Number of Parcels of Developed Property</i>	<i>Percent of Developed Property</i>	<i>Fiscal Year 2024-25 Assessed Value ⁽¹⁾</i>	<i>Percent of Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 2005-6 Estimated Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Estimated Fiscal Year 2025-26 Levy</i>	<i>CFD No. 2005- 6 Proposed 2025 Bonds ⁽²⁾</i>	<i>Percent Share of Proposed 2025 Bonds</i>	<i>All Other Overlapping Debt</i>	<i>Aggregate Value-to-Lien</i>
Less than 12.00:1 ⁽³⁾	17	11.81%	\$ 2,404,357	6.39%	\$ 32,438	12.49%	\$ 210,470	12.49%	\$0	11.42:1
12.00:1 to 17.00:1	38	26.39	5,855,870	15.57	68,447	26.36	444,108	26.36	0	13.19:1
17.01:1 to 22.00:1	21	14.58	4,734,662	12.59	36,507	14.06	236,872	14.06	0	19.99:1
22.01:1 to 27.00:1	26	18.06	7,556,168	20.09	47,675	18.36	309,335	18.36	0	24.43:1
27.01:1 to 32.00:1	7	4.86	2,546,160	6.77	13,080	5.04	84,865	5.04	0	30.00:1
32.01:1 to 37.00:1	24	16.67	10,018,454	26.64	44,400	17.10	288,084	17.10	0	34.78:1
Greater than 37.00:1 ⁽³⁾	<u>11</u>	<u>7.64</u>	<u>4,491,244</u>	<u>11.94</u>	<u>17,149</u>	<u>6.60</u>	<u>111,266</u>	<u>6.60</u>	<u>0</u>	<u>40.36:1</u>
Totals	<u>144</u>	100.00%	\$ 37,606,915	100.00%	\$ 259,696	100.00%	\$ 1,685,000	100.00%	\$0	22.32:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Responsibility of the par amount has been allocated based on the estimated Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and preliminary bond sizing as provided by the Underwriter.

⁽³⁾ The minimum value to lien in the less than 12.00:1 category is 10.10:1. The maximum value to lien in the Greater than 37.00:1 category is 43.25:1.

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

* Preliminary, subject to change.

Historical Assessed Values. The following table summarizes the assessed values within CFD No. 2005-6 for the Fiscal Years shown.

TABLE A-47
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-6 (CITY CENTER)
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$8,256,580	\$20,282,141	\$28,538,721
2021-22	8,492,153	21,647,703	30,139,856
2022-23	8,823,353	24,266,455	33,089,808
2023-24	9,109,335	26,247,904	35,357,239
2024-25	9,562,867	28,044,048	37,606,915

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

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-48 below summarizes the Special Tax delinquencies within CFD No. 2005-6 for Fiscal Years 2019-20 through 2024-25 as of April 30, 2025.

TABLE A-48
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2005-6 (CITY CENTER)
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 30, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$250,713	144	0	\$ 0	0.00%
2020-21	255,727	144	0	0	0.00
2021-22	260,841	144	0	0	0.00
2022-23	266,058	144	1	2,059	0.77
2023-24	271,380	144	4	6,809	2.51
2024-25	276,807	144	4	7,301	2.64

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

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Community Facilities District No. 2006-2

Location and Description. CFD No. 2006-2 was formed by the City in April, 2006 to finance the acquisition and construction of street, streetscape, and flood control improvements, City fees, and fees and improvements of the Elsinore Valley Municipal Water District. CFD No. 2006-2 includes 168 taxable parcels. CFD No. 2006-2 consists of 97.62% "Developed Property." A parcel is "Developed Property" when, exclusive of taxable public property and taxable property owner association property for which the final subdivision was recorded on or before January 1 of the prior fiscal year, a building permit for new construction was issued on or before May 1 of the fiscal year preceding the fiscal year for which the Special Tax was most recently levied. 164 completed single-family detached homes have been conveyed to individual homeowners.

Assigned Special Taxes. Table A-49 below sets forth the current Assigned Special Taxes that may be levied on the property within CFD No. 2006-2 in fiscal year 2025-26 based on the development status within CFD No. 2006-2 as of March 1, 2025. The Special Taxes in CFD No. 2006-2 may not be levied after the 2045-46 fiscal year. The final maturity of the Local Obligations of Improvement Area B of CFD No. 2006-2 is September 1, 2036.

For the complete text of the Rate and Method of CFD No. 2006-2, see Appendix D — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR EACH TAXING JURISDICTION."

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TABLE A-49
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2006-2 (VISCAYA)
ASSIGNED SPECIAL TAX RATES FOR FISCAL YEAR 2025-26

<i>Land Use Type</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned Special Tax Rates Fiscal Year 2025-26⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2025-26</i>	<i>Percent of Assigned Special Tax Rate</i>	<i>Number of Units</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2025-26*</i>	<i>Percent of Total</i>
Residential Property	< 1,550	\$ 3,563	\$2,515	70.6%	30	\$ 75,453	15.9%
Residential Property	1,550 - 1,949	3,829	2,703	70.6	33	89,194	18.8
Residential Property	1,950 - 2,349	4,028	2,843	70.6	52	147,856	31.2
Residential Property	> 2,349	4,321	3,050	70.6	53	161,651	34.1
Non-Residential Property	N/A	43,182	0	0.0	0	0	0.0
Total					168	\$ 474,154	100.0%

⁽¹⁾ Includes estimated Administrative Expenses of \$35,000.
Source: Spicer Consulting Group, LLC.

* Preliminary, subject to change.

Direct and Overlapping Debt. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2006-2, as established by the County Assessor for Fiscal Year 2024-25, which totals \$59,784,764.

CFD No. 2006-2 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 CFD No. 2006-2 is shown in Table A-50 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 CFD No. 2006-2; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within CFD No. 2006-2, based on the Fiscal Year 2024-25 assessed values, assuming that the CFD No. 2006-2 Bonds have been issued to refund the Prior Improvement CFD No. 2006-2 Bonds, equals approximately 16.91:1.* As of March 1, 2025, there was no other overlapping special tax or assessment district debt within CFD No. 2006-2. The foregoing ratio does not include other overlapping general obligation debt within CFD No. 2006-2. Taking that overlapping general obligation debt into account, the ratio of the aggregate assessed value of the Taxable Property within CFD No. 2006-2 to the total principal amount of all direct and overlapping debt for CFD No. 2006-2 is approximately 15.53:1.*

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* Preliminary, subject to change.

TABLE A-50
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2006-2 (VISCAYA)
DIRECT AND OVERLAPPING DEBT
AS OF MARCH 1, 2025

I. Fiscal Year 2024-25 Assessed Value ⁽¹⁾							\$ 59,784,764
II. Land Secured Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2006-2 ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Lake Elsinore, CFD No. 2006-2, 2025A	CFD	\$7,290,000	\$ 3,535,000	100.000%	168	\$ 3,535,000*	
TOTAL LAND SECURED BONDED DEBT ⁽²⁾							\$ 3,535,000*
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2006-2 ⁽³⁾</i>	<i>Amount Applicable</i>	
City of Lake Elsinore, CFD No. 2006-2, 2025A	CFD	\$7,500,000	\$ 210,000	100.000%	168	\$ 210,000	
TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽²⁾							\$ 210,000
TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS							\$ 3,745,000
III. General Obligation Bond Indebtedness							
<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2006-2 ⁽³⁾</i>	<i>Amount Applicable</i>	
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 19,215,000	0.053%	168	\$ 10,222	
Mt San Jacinto Jr College Debt Service	GO	295,000,000	242,210,000	0.044	168	106,884	
Lake Elsinore Unified School District Debt Service	GO	68,915,000	62,005,000	0.319	168	198,100	
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽²⁾							\$ 315,206
<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>Percentage Applicable</i>	<i>Parcels in CFD No. 2006-2 ⁽³⁾</i>	<i>Amount Applicable</i>	
Metropolitan Water Debt Service	GO	\$850,000,000	\$ 0	0.053%	168	\$ 0	
Mt San Jacinto Jr College Debt Service	GO	295,000,000	0	0.044	168	0	
Lake Elsinore Unified School District Debt Service	GO	105,000,000	36,085,000	0.319	168	115,288	
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽²⁾							\$ 115,288
TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS							\$ 430,494
TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT							\$ 3,850,206
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS							\$ 4,175,494
IV. Ratios to Appraisal Value							
Outstanding Land Secured Bonded Debt		16.91:1					
Total Outstanding Bonded Debt		15.53:1					

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Spicer Consulting Group is not aware of any additional bonded debt for parcels in CFD No. 2006-2 for the referenced Fiscal Year 2024-25 Issued, Outstanding and Authorized amounts are for CFD 2006-2 (Viscaya).

⁽³⁾ All parcels have been subdivided into 168 individual parcels and have all been classified as developed property per the Rate and Method of Apportionment.

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

* Preliminary, subject to change.

Value-to-Lien. Home construction has been completed on the Taxable Property within CFD No. 2006-2, except for four parcels with expired building permits issued in 2006, which are currently being developed. Table A-51 sets forth the value-to-lien ratio of the property within CFD No. 2006-2 for the ten property owners with the largest share of the Special Tax levy and for all other owners of Taxable Property in the aggregate, in each case based on Fiscal Year 2024-25 assessed values and the projected Fiscal Year 2025-26 Special Tax levy.

Table A-52 below sets forth the stratification of value-to-liens of the Taxable Property within CFD No. 2006-2 based on Fiscal Year 2024-25 assessed value and each parcel's respective share of the principal amount of the CFD No. 2006-2 Bonds as well as all other overlapping debt (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2025-26) and the ratio of the assessed value to its share of the CFD No. 2006-2 Bonds. The ratio of the value of an individual lot within CFD No. 2006-2 to its respective share of the principal amount of the CFD No. 2006-2 Bonds can be expected to vary.

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**TABLE A-51
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2006-2 (VISCAYA)
ESTIMATED VALUE-TO-LIEN FOR TOP 10 TAXPAYERS**

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2025-26 Special Tax*</i>	<i>Percent of Projected Total Fiscal Year 2025-26 Special Tax*</i>	<i>Fiscal Year 2025-26 Assessed Value</i>	<i>CFD No. 2006-2 Proposed 2025 Bonds⁽¹⁾</i>	<i>Value-to- Lien Ratio*</i>
ARAIN DEV	4	\$ 11,646	2.46%	\$ 57,422	\$ 86,827	.66:1
2018-3 IH BORROWER LP	2	5,893	1.24	739,579	43,938	16.83:1
SALAM ABDUL	2	5,546	1.17	485,589	41,349	11.74:1
MONDINO RODNEY	2	5,218	1.10	381,714	38,902	9.81:1
INDIVIDUAL OWNER	1	3,050	0.64	265,740	22,739	11.69:1
INDIVIDUAL OWNER	1	3,050	0.64	483,702	22,739	21.27:1
INDIVIDUAL OWNER	1	3,050	0.64	253,082	22,739	11.13:1
INDIVIDUAL OWNER	1	3,050	0.64	370,348	22,739	16.29:1
INDIVIDUAL OWNER	1	3,050	0.64	391,350	22,739	17.21:1
INDIVIDUAL OWNER	<u>1</u>	<u>3,050</u>	<u>0.64</u>	<u>370,346</u>	<u>22,739</u>	<u>16.29:1</u>
Subtotal	16	46,604	9.83	3,798,872	347,450	10.93:1
ALL OTHER INDIVIDUAL PROPERTY OWNERS	<u>152</u>	<u>427,550</u>	<u>90.17</u>	<u>55,985,892</u>	<u>3,187,550</u>	<u>17.56:1</u>
Totals	168	\$474,154	100.00%	\$59,784,764	\$3,535,000	16.91:1

⁽¹⁾ Excludes all other overlapping Bonded indebtedness applicable within CFD No. 2006-2.
Source: County of Riverside Assessor's Office; Spicer Consulting Group, LLC.

* Preliminary, subject to change.

TABLE A-52*
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2006-2 (VISCAYA)
VALUE-TO-LIEN STRATA FOR ALL PROPERTY

<i>Value-to-Lien Category</i>	<i>Number of Parcels of Developed Property</i>	<i>Percent of Developed Property</i>	<i>Fiscal Year 2024-25 Assessed Value ⁽¹⁾</i>	<i>Percent of Fiscal Year 2024-25 Assessed Value</i>	<i>CFD No. 2006- 2 Estimated Fiscal Year 2025-26 Levy</i>	<i>Percent Share of Estimated Fiscal Year 2025-26 Levy</i>	<i>CFD No. 2006-2 Proposed 2025 Bonds ⁽²⁾</i>	<i>Percent Share of Proposed 2025 Bonds</i>	<i>Aggregate Value-to-Lien</i>
Less than 9.00:1 ⁽³⁾	5	2.98%	\$ 69,094	0.12%	\$ 14,161	2.99%	\$ 105,578	2.99%	0.65:1
9.00:1 to 12.00:1	39	23.21	8,706,649	14.56	111,066	23.42	828,042	23.42	10.51:1
12.01:1 to 15.00:1	25	14.88	7,188,492	12.02	70,272	14.82	523,904	14.82	13.72:1
15.01:1 to 18.00:1	31	18.45	11,125,160	18.61	89,800	18.94	669,495	18.94	16.62:1
18.01:1 to 21.00:1	20	11.90	8,037,525	13.44	55,631	11.73	414,752	11.73	19.38:1
21.01:1 to 24.00:1	15	8.93	7,079,246	11.84	42,315	8.92	315,476	8.92	22.44:1
Greater than 24.00:1 ⁽³⁾	<u>33</u>	<u>19.64</u>	<u>17,578,598</u>	<u>29.40</u>	<u>90,908</u>	<u>19.17</u>	<u>677,752</u>	<u>19.17</u>	<u>25.94:1</u>
Totals	168	100.00%	\$ 59,784,764	100.00%	\$ 474,154	100.00%	\$ 3,535,000	100.00%	16.91:1

⁽¹⁾ Assessed Value is based on the information provided from the Riverside County Assessor's Equalized Roll as of January 1, 2024 and may not accurately reflect true market value.

⁽²⁾ Responsibility of the par amount has been allocated based on the estimated Fiscal Year 2025-26 Special Tax levy, with development status as of March 1, 2025, and preliminary bond sizing as provided by the Underwriter.

⁽³⁾ The minimum value to lien in the less than 9.00:1 category is 0.59:1. The maximum value to lien in the Greater than 24.00:1 category is 30.20:1.

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

* Preliminary, subject to change.

Historical Assessed Values. The following table summarizes the assessed values within CFD No. 2006-2 for the Fiscal Years shown.

TABLE A-53
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2006-2 (VISCAYA)
ASSESSED VALUATION HISTORY
FISCAL YEARS 2020-21 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Land Assessed Valuation</i>	<i>Structure Assessed Valuation</i>	<i>Total Assessed Valuation</i>
2020-21	\$12,969,065	\$33,062,940	\$46,032,005
2021-22	13,568,003	35,579,671	49,147,674
2022-23	13,700,011	39,562,478	53,262,489
2023-24	13,890,295	43,865,694	57,755,989
2024-25	14,239,730	45,545,034	59,784,764

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

Delinquencies. Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-54 below summarizes the Special Tax delinquencies within CFD No. 2006-2 for Fiscal Years 2019-20 through 2024-25 as of April 30, 2025.

TABLE A-54
CITY OF LAKE ELSINORE
COMMUNITY FACILITIES DISTRICT NO. 2006-2 (VISCAYA)
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2019-20 THROUGH 2024-25

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of April 30, 2025</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2019-20	\$479,042	168	0	\$ 0	0.00%
2020-21	494,518	168	0	0	0.00
2021-22	506,881	168	1	3,264	0.64
2022-23	519,554	168	3	9,657	1.86
2023-24	532,542	168	5	12,911	2.42
2024-25	545,856	168	7	16,422	3.01

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

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APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

SUMMARY OF AUTHORITY INDENTURE

[TO COME]

SUMMARY OF THE LOCAL OBLIGATION AGREEMENTS

[TO COME]

APPENDIX C

DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF RIVERSIDE AND THE CITY OF LAKE ELSINORE

The Bonds are not obligations of the City of Lake Elsinore (the “City”) or the County of Riverside (the “County”) and do not represent a lien or charge against any funds or property of the City or the County. The following information is provided only to give prospective investors an overview of the general economic condition of the City, the County and the State of California (the “State”).

General

The City was founded in 1883 and incorporated as a general law city effective April 23, 1888 in San Diego County. In 1893, the Elsinore Valley, previously located in San Diego County, became part of the new County of Riverside. The City encompasses approximately 43 square miles, with over 10 miles of lakeshore, and is located at the southwestern end of the County, 73 miles southeast of downtown Los Angeles and 74 miles north of downtown San Diego.

Population

The following table offers population estimates as of January 1 for the City, the County and the State for years 2020 through 2024.

<i>Area</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
City of Lake Elsinore	63,591	70,951	71,586	71,351	71,452
County of Riverside	2,440,719	2,419,165	2,427,832	2,428,580	2,442,378
State of California	39,648,938	39,327,868	39,114,785	39,061,058	39,128,162

Source: California State Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020 with 2010 Census Benchmark and 2021-2024 with 2020 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 for years 2019 through 2023.

BUILDING PERMIT VALUATIONS City of Lake Elsinore 2019-2023 (Dollars in Thousands)

	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Valuation (\$000):					
Residential	\$94,437	\$101,321	\$61,598	\$105,540	\$3,512
Non-residential	<u>26,442</u>	<u>4,248</u>	<u>12,276</u>	<u>18,302</u>	<u>6,689</u>
Total*	\$120,879	\$105,569	\$73,874	\$123,842	\$10,202
Residential Units:					
Single family	327	410	218	297	12
Multiple family	<u>83</u>	<u>0</u>	<u>0</u>	<u>13</u>	<u>0</u>
Total	410	410	218	310	12

* Totals may not add to sums due to rounding.

Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
County of Riverside
2019-2023
(Dollars in Thousands)

	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Valuation (\$000):					
Residential	\$2,275,405	\$2,519,303	\$2,262,642	\$2,921,113	\$3,306,086
Non-residential	<u>1,285,856</u>	<u>1,153,778</u>	<u>1,543,998</u>	<u>1,701,618</u>	<u>1,676,498</u>
Total*	\$3,561,261	\$3,673,081	\$3,806,640	\$4,622,731	\$4,982,584
Residential Units:					
Single family	6,563	8,443	7,360	8,863	8,894
Multiple family	<u>1,798</u>	<u>723</u>	<u>1,126</u>	<u>2,861</u>	<u>6,428</u>
Total	8,361	9,166	8,486	11,724	15,322

* 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, 2024.

LARGEST EMPLOYERS
City of Lake Elsinore
(as of June 30, 2024)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	Lake Elsinore Unified School District	2,688	School District
2.	M & M Framing	512	Construction
3.	Stater Brothers	346	Supermarket
4.	Costco Wholesale	323	Retail Store
5.	Walmart Superstore #2077	290	Retail Store
6.	Lake Elsinore Hotel & Casino	246	Casino & Resort
7.	Riverside County – Department of Public Social Services	217	Government
8.	E.V.M.W.D. (Elsinore Valley Municipal Water District)	180	Water District
9.	The Home Depot	156	Building Supplies
10.	City of Lake Elsinore ⁽¹⁾	163	Government

⁽¹⁾ Includes Certificated, Classified and Admin.

Source: City of Lake Elsinore, California Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2024.

LARGEST EMPLOYERS
County of Riverside
(as of June 30, 2024)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	23,772	County Government
2.	Amazon	14,317	Online Retail
3.	University of California, Riverside	8,593	University
4.	State of California	8,398	Government
5.	Walmart	6,465	Retail Store
6.	Moreno Valley Unified School District	6,020	School District
7.	Kaiser Permanente Riverisde Medical Center	5,817	Medical Center
8.	Riverside Unified School District	5,431	School District
9.	Stater Brothers	4,990	Supermarket
10.	Mt. San Jacinto Community College District	4,638	School District

Source: County of Riverside, California Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2024.

Employment and Industry

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

The following table represents the Annual Average Labor Force and Industry Employment for the Riverside-San Bernardino-Ontario MSA for years 2020 through 2024.

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

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Civilian Labor Force	2,073,400	2,108,400	2,140,500	2,180,300	2,209,100
Civilian Employment	1,868,300	1,951,600	2,049,900	2,078,100	2,093,800
Civilian Unemployment	205,100	156,700	90,700	102,300	115,300
Civilian Unemployment Rate	9.9%	7.4%	4.2%	4.7%	5.2%
 Total Farm	 14,100	 13,700	 13,800	 13,200	 13,700
Total Nonfarm	1,495,800	1,575,100	1,660,200	1,681,000	1,700,400
Total Private	1,247,800	1,333,100	1,410,200	1,420,700	1,430,200
Goods Producing	202,200	207,700	216,300	215,300	212,900
Mining and Logging	1,300	1,400	1,500	1,500	1,600
Construction	104,900	110,100	114,700	115,400	116,200
Manufacturing	96,000	96,100	100,000	98,500	95,200
Service Providing	1,293,700	1,367,400	1,443,900	1,465,700	1,487,500
Trade, Transportation and Utilities	406,900	443,200	464,900	457,900	456,400
Wholesale Trade	65,600	67,400	69,500	68,900	68,600
Retail Trade	168,800	177,000	181,000	183,000	182,600
Transportation, Warehousing and Utilities	172,500	198,800	214,400	206,000	205,200
Information	12,400	12,500	13,000	13,300	13,000
Financial Activities	44,100	45,200	46,000	44,900	44,100
Professional and Business Services	152,100	166,600	173,900	164,400	161,800
Private Education and Health Services	248,800	254,300	267,900	287,800	306,000
Leisure and Hospitality	141,300	160,200	180,900	187,600	185,300
Other Services	40,200	43,600	47,400	49,400	50,700
Government	248,000	242,000	250,000	260,200	270,200
Total, All Industries	1,509,900	1,588,800	1,674,000	1,694,100	1,714,100

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, Industry Employment – Official Estimates. March 2024 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for years 2019 through 2023 for the City, the County, the State and the nation as a whole.

**CITY OF LAKE ELSINORE,
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⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate (%)⁽³⁾</i>
2019				
City of Lake Elsinore	31,100	29,900	1,200	3.9%
County of Riverside	1,106,200	1,059,500	46,700	4.2
State of California	19,385,300	18,589,600	795,700	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
City of Lake Elsinore	30,000	26,800	3,200	10.7%
County of Riverside	1,118,900	1,006,200	112,700	10.1
State of California	18,958,600	17,037,000	1,921,600	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
City of Lake Elsinore	30,200	27,900	2,300	7.6%
County of Riverside	1,130,500	1,047,700	82,800	7.3
State of California	18,956,600	17,568,700	1,387,800	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
City of Lake Elsinore	30,500	29,200	1,300	4.3%
County of Riverside	1,145,700	1,097,200	48,500	4.2
State of California	19,169,300	18,348,900	820,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
City of Lake Elsinore	30,800	29,300	1,500	4.9%
County of Riverside	1,157,900	1,102,300	55,600	4.8
State of California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

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

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

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2023 Benchmark.

Personal Income

Personal income consists of the income that persons receive in return for their provision of labor, land, and capital used in current production as well as other income, such as personal current transfer receipts. In the state and local personal income accounts the personal income of an area represents the income received by or on behalf of the persons residing in that area. It is calculated as the sum of wages and salaries, supplements to wages and salaries, proprietors' income with inventory valuation (IVA) and capital consumption adjustments

(CCAdj), rental income of persons with capital consumption adjustment (CCAdj), personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance plus the adjustment for residence.

Total personal income in Riverside County increased by 29.25% between 2019 and 2023. The following tables summarize personal income for Riverside County for 2019 through 2023.

PERSONAL INCOME
Riverside County
2019-2023
(Dollars in Thousands)

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2019	103,647,288	6.9%
2020	115,370,344	11.3
2021	126,493,256	9.6
2022	126,174,731	-0.3
2023	133,968,557	6.2

Note. All dollar estimates are in thousands of current dollars (not adjusted for inflation).
Source: U.S. Bureau of Economic Analysis.

The following table summarizes per capita personal income for Riverside County, California and the United States for years 2019 through 2023. This measure of income is calculated as the total personal income divided by total midyear population.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2019-2023

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2019	43,122	64,219	55,567
2020	47,615	70,098	59,123
2021	51,558	76,882	64,460
2022	50,995	76,941	66,244
2023	53,750	81,255	69,810

Source: U.S. Bureau of Economic Analysis.

Taxable Sales

The table below presents taxable sales for the years 2019 through 2024 for the City.

TAXABLE SALES
City of Lake Elsinore
2019-2024
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2019	1,692	\$905,476
2020	1,843	1,015,341
2021	1,907	1,295,868
2022	1,974	1,338,536
2023	2,014	1,274,565
2024 ⁽¹⁾	2,038	1,240,972

⁽¹⁾ Quarter 2 and Quarter 3 of 2024 are preliminary figures (last updated December 20, 2024).

Source: California Department of Tax and Fee Administration, Taxable Sales – Cities by Type of Business (Taxable Table 4).

The table below presents taxable sales for the years 2019 through 2024 for the County.

TAXABLE SALES
County of Riverside
2019-2024
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2019	64,063	\$40,626,998
2020	69,284	42,313,474
2021	64,335	55,535,196
2022	66,738	62,117,153
2023	68,670	61,331,274
2024 ⁽¹⁾	70,577	60,343,097

⁽¹⁾ Quarter 2 and Quarter 3 of 2024 are preliminary figures (last updated December 20, 2024).

Source: California Department of Tax and Fee Administration, Taxable Sales – By County (Taxable Table 2).

APPENDIX D
RATES AND METHODS OF APPORTIONMENT
OF SPECIAL TAXES FOR
THE TAXING JURISDICTIONS

APPENDIX E
FORM OF BOND COUNSEL OPINION

[Closing Date]

Lake Elsinore Facilities Financing Authority
Lake Elsinore, California

Re: \$ _____ Lake Elsinore Facilities Financing Authority Local Agency Revenue
Refunding Bonds, Series 2025A

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Lake Elsinore Facilities Financing Authority (the “Authority”) taken in connection with the issuance by the Authority of its Lake Elsinore Facilities Financing Authority Local Agency Revenue Refunding Bonds, Series 2025A (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 and certifications of fact made by the Authority, the Community Facilities Districts, the initial purchaser of the Bonds and others and opinions of counsel to the Authority and the Community Facilities Districts. 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 Marks Roos Local Bond Pooling Act of 1985, as amended (Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code) (the “Act”), that certain Indenture of Trust dated as of June 1, 2025 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as Trustee, and an authorizing resolution adopted by the Board of Directors of the Authority (the “Board”) on _____, 2025 (the “Resolution”). Capitalized terms not defined herein shall have the meaning set forth in the Indenture.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the preceding paragraphs of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bonds and the Indenture. We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Bonds and the Indenture.

We call attention to the fact that the rights and obligations under the Bonds and the Indenture 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.

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 Authority and are legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture.

(2) The Indenture has been duly executed and delivered by the Authority. The Indenture creates a valid pledge of the Revenues to secure the Bonds and the amounts on deposit in certain funds and accounts established under the Indenture to secure the Bonds, as and to the extent provided in the Indenture. The Indenture constitutes the valid and binding agreement of the Authority and is enforceable in accordance with its terms.

(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, 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 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.

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

The opinions expressed in paragraph (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the Authority, the City and the Community Facilities District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority, the City and the Community Facilities District each 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.

Certain requirements and procedures contained or referred to in the Indenture, the Tax Certificate and the Local Obligation Bond Indentures may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion herein as to the effect on the exclusion from gross income for federal income tax purposes of interest

(and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon 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 income tax 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.

By delivering this opinion, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Bonds or the Indenture, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Our engagement as Bond Counsel terminates upon the issuance of the Bonds and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken (or not taken) or do occur (or do not occur).

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds 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.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of June 1, 2025, is executed and delivered by the LAKE ELSINORE FACILITIES FINANCING AUTHORITY (the “Issuer”), and Spicer Consulting Group, LLC, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$_____ aggregate principal amount the Lake Elsinore Facilities Financing Authority Local Agency Revenue Refunding Bonds, Series 2025A (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of June 1, 2025 (the “Indenture”), by and between Wilmington Trust, National Association, as trustee (the “Trustee”), and the Issuer. The proceeds of the Bonds will be used to acquire the Local Obligations (as defined below). The Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating 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 Agreement 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 Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“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.

“Taxing Jurisdiction” means any one of Community Facilities District No. 2003-2 Improvement Area A, Community Facilities District No. 2003-2 Improvement Area B, Community Facilities District No. 2003-2 Improvement Area C, Community Facilities District No. 2004-3 Improvement Area No. 1, Community Facilities District No. 2004-3 Improvement Area No. 2, Community Facilities District No. 2005-2 Improvement Area A, Community Facilities District No. 2005-6, Community Facilities District No. 2005-1, or Community Facilities District No. 2006-2.

“Community Facilities District No. 2003-2 Improvement Area A” means Improvement Area A of the City of Lake Elsinore Community Facilities District No. 2003-2 (Canyon Hills), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2003-2 Improvement Area B” means Improvement Area B of the City of Lake Elsinore Community Facilities District No. 2003-2 (Canyon Hills), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2003-2 Improvement Area C” means Improvement Area C of the City of Lake Elsinore Community Facilities District No. 2003-2 (Canyon Hills), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District 2004-3 Improvement Area No. 1” means Improvement Area 1 of the City of Lake Elsinore Community Facilities District No. 2004-3 (Rosetta Canyon), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District 2004-3 Improvement Area No. 2” means Improvement Area 2 of the City of Lake Elsinore Community Facilities District No. 2004-3 (Rosetta Canyon), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2005-1” means Community Facilities District No. 2005-1 of the City of Lake Elsinore (Serenity), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District 2005-2 Improvement Area A” means Improvement Area A of the City of Lake Elsinore Community Facilities District No. 2005-2 (Alberhill Ranch), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2005-6” means Community Facilities District No. 2005-6 of the City of Lake Elsinore (City Center Townhomes), a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2006-2” means Community Facilities District No. 2006-2 of the City of Lake Elsinore (Viscaya), a community facilities district formed pursuant to the CFD Act.

“Disclosure Representative” shall mean the Executive Director of the Issuer, or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Spicer Consulting Group, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Issuer a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

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

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 and any successor entity designated under the Rule as the repository for filings made pursuant to Section 15B(b)(2) of the Securities Exchange Act of 1934.

“Official Statement” shall mean that certain Official Statement for the Bonds dated ____, 2025.

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

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

“Repository” shall mean the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org, any other repository of disclosure information that may be designated by the Securities and Exchange Commission in the future.

“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.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than the February 15 following the end of the Issuer’s Fiscal Year (June 30) commencing with the report due by February 15, 2026, provide to the Repository, in an electronic format and accompanied by identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer and the District, 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 Issuer’s or the District’s fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent and Trustee may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to inquire if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to date for providing the Annual Report the name and address of the Repository; and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing the Repository(ies) to which it was provided.

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

(a) The audited financial statements of the City for the prior fiscal year, if any have been prepared and which, if prepared, shall be 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 City is preparing audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements 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 such audited financial statements are not available by the date required for filing the Annual Report.

- (b) The Annual Report shall contain or incorporate by reference the following:
- (i) the principal amount of the Bonds and each series of Local Obligations 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 Rates and Methods of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared;
 - (iv) an update of the estimated assessed value-to-lien ratio for each Taxing Jurisdiction substantially in the form of Table A-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 current fiscal year; provided, however that in such updates, value to lien by ownership need not be shown;
 - (v) the status of any foreclosure actions being pursued by the Community Facilities Districts within the Taxing Jurisdictions with respect to delinquent Special Taxes;
 - (vi) an update by Taxing Jurisdiction similar to Tables A-6 of the total Special Taxes levied and collected in the most recent prior fiscal year and the current fiscal year, and the total Special Taxes that remain unpaid for the prior fiscal year in which Special Taxes were levied and the number of delinquent parcels in each Taxing Jurisdiction;
 - (vii) any changes with respect to the inclusion or exclusion of the Taxing Jurisdictions in the County's Teeter Plan; and
 - (viii) any information not already included under (i) through (vii) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

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 Issuer or related public entities, which have been submitted to the Repository. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer 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 Issuer shall give, or cause the Dissemination Agent to give, notice 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 Issuer 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 trustee or the change of the name of a trustee;
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 reflect financial difficulties.

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

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

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Dissemination Agent, if other than the Issuer, shall not be responsible for determining whether the Issuer'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.

Section 6. Format for Filings with the MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be Spicer Consulting Group, LLC. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver 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 Agreement, the Issuer 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 Issuer. 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, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer 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 Agreement, the Issuer 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 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Trustee at the written direction of any Participating 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 Issuer to comply with its obligations under this Disclosure Agreement, 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 Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Issuer:	Lake Elsinore Facilities Financing Authority c/o City of Lake Elsinore 130 South Main Street Lake Elsinore, CA 92530 Attention: City Manager
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Dissemination Agent: Spicer Consulting Group, LLC
41880 Kalmia Street
Murrieta, California 92562
Attention: Shane Spicer
Email: shane.spicer@spicercg.com

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Governing Law. This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.

LAKE ELSINORE FACILITIES FINANCING
AUTHORITY

By: _____
Executive Director

SPICER CONSULTING GROUP, LLC, as Dissemination
Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: LAKE ELSINORE FACILITIES FINANCING AUTHORITY

Name of Bond Issue: \$_____ LAKE ELSINORE FACILITIES FINANCING AUTHORITY
LOCAL AGENCY REVENUE REFUNDING BONDS, SERIES 2025A

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of [June 1], 2025, by and between the Issuer and Spicer Consulting Group, LLC, as dissemination agent. The Issuer anticipated that the Annual Report will be filed by _____.

Dated: [DISSEMINATION AGENT],
as Dissemination Agent on behalf of ISSUER

APPENDIX G

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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. Such website is not incorporated herein by such reference.

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

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

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

APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY