

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

\$50,620,000
MORENO VALLEY UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY
SPECIAL TAX REVENUE BONDS
SERIES 2024A

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

The Moreno Valley Unified School District Financing Authority Special Tax Revenue Bonds, Series 2024A (the “Bonds”) are being issued by the Moreno Valley Unified School District Financing Authority (the “Authority”) to (i) acquire certain special tax obligations (the “Local Obligations”) of community facilities districts (the “Districts”) formed by the Moreno Valley Unified School District (the “School District”), (ii) purchase the Policy (as defined herein) and (iii) purchase the Reserve Policy to fund the Reserve Fund for the Bonds. The Local Obligations are being issued to (i) finance school facility improvements of the School District, (ii) refund five outstanding series of bonds issued by said Districts and (iii) pay the costs of issuance of the Bonds.

The Bonds are payable solely from Revenues pledged by the Authority pursuant to that certain Indenture of Trust, dated as of February 1, 2024, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Revenues consist primarily of special taxes levied in the Districts and paid to the Authority as debt service on the Local Obligations.

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 September 1, 2024. 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 (“DTC”), 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 remits such payments to its Participants for subsequent distribution to the Beneficial Owners of the Bonds.

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 a municipal bond insurance policy (the “Policy”) to be issued concurrently with the issuance of the Bonds by Assured Guaranty Municipal Corp.



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.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used but not otherwise defined on this cover page shall have the meanings assigned herein.

Maturity Schedule
(see inside cover)

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth LLP, San Francisco, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the Authority by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel, for the Underwriter by James F. Anderson Law Firm, a Professional Corporation and for the Trustee and the Fiscal Agent by its counsel. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC on or about February 29, 2024.

PIPER | SANDLER

Dated: February 14, 2024

MATURITY SCHEDULE
\$50,620,000
MORENO VALLEY UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY
SPECIAL TAX REVENUE BONDS
SERIES 2024A

<i>Principal Payment Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†] No.</i>
2024	\$2,665,000	5.000%	3.160%	100.915%	61687LBW4
2025	1,615,000	5.000	2.920	103.041	61687LBX2
2026	1,755,000	5.000	2.810	105.262	61687LBY0
2027	1,915,000	5.000	2.680	107.713	61687LBZ7
2028	2,080,000	5.000	2.670	109.829	61687LCA1
2029	2,255,000	5.000	2.670	111.856	61687LCB9
2030	2,440,000	5.000	2.690	113.702	61687LCC7
2031	2,635,000	5.000	2.710	115.458	61687LCD5
2032	2,845,000	5.000	2.720	117.208	61687LCE3
2033	3,060,000	5.000	2.730	118.892	61687LCF0
2034	3,295,000	5.000	2.730 ⁽¹⁾	118.892	61687LCG8
2035	3,540,000	5.000	2.830 ⁽¹⁾	117.974	61687LCH6
2036	3,795,000	5.000	2.920 ⁽¹⁾	117.156	61687LCJ2
2037	4,075,000	5.000	3.070 ⁽¹⁾	115.806	61687LCK9
2038	4,360,000	5.000	3.140 ⁽¹⁾	115.183	61687LCL7
2039	4,000,000	5.000	3.220 ⁽¹⁾	114.476	61687LCM5
2040	4,290,000	5.000	3.350 ⁽¹⁾	113.337	61687LCN3

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data is provided by CUSIP Global Services (CGS) which is owned by FactSet Research Systems Inc. ("FactSet"). FactSet will manage the CUSIP system on behalf of the American Bankers Association. CUSIP® data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers have been assigned by an independent company not affiliated with the Authority, the Districts, the School District, the Municipal Advisor or the Underwriter and are provided for convenience of reference only. None of the Authority, the Districts, the School District, the Municipal Advisor or the Underwriter takes any responsibility for the accuracy or usage of such numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP® number for a specific maturity is subject to being changed after the execution and delivery 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.

⁽¹⁾ Yield to call at par on September 1, 2033.

MORENO VALLEY UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

Governing Board

Brandy Clark, *Chair*
Ruth Self-Williams, *Vice Chair*
Jesus Holguin, *Board Member*
CJ Johnson, *Board Member*
Susan Smith, *Board Member*

Administration

Dr. Robert Verdi, *Executive Director*⁽¹⁾
Susana Lopez, *Treasurer*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
San Francisco, California

Municipal Advisor

Fieldman Rolapp & Associates, Inc.
Irvine, California

Trustee/Fiscal Agent/Escrow Agent

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

Special Tax Consultant/Dissemination Agent

KeyAnalytics
Ladera Ranch, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

⁽¹⁾ Dr. Verdi is currently serving as the Interim Superintendent of the School District.

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 Authority, the School District and the Districts. No dealer, broker, salesperson or other person has been authorized by the Authority, the School District, the 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 School District, the Districts or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Certain of 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 Districts, the School District 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 School District, the Districts or any other parties described herein since the date hereof. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the School District for further information in connection therewith.

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,” “intend” 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.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading “Bond Insurance” and Appendix H — “SPECIMEN MUNICIPAL BOND INSURANCE POLICY” herein.

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.

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\$50,620,000
MORENO VALLEY UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY
SPECIAL TAX REVENUE BONDS
SERIES 2024A

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 \$50,620,000 Moreno Valley Unified School District Financing Authority Special Tax Revenue Bonds, Series 2024A (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.

Changes Since the Preliminary Official Statement

Since the publication of the Preliminary Official Statement, the Authority has elected to have the portion of the net proceeds of the Local Obligations (as defined herein) that will be used to redeem the Prior Bonds (as defined below) deposited into a single escrow fund held pursuant to a single escrow agreement. In addition, the filing date for Annual Reports (as defined herein) under the Continuing Disclosure Agreement (as defined herein) has been changed to from January 1 (commencing January 1, 2025) to March 1 (commencing March 1, 2025).

Financing Purpose

Purpose of the Bonds. The Bonds are being issued by the Moreno Valley Unified School District Financing Authority (the “Authority”) to (i) acquire the “Local Obligations” described below; (ii) purchase a municipal bond insurance policy (the “Policy”) issued by Assured Guaranty Municipal Corp. (the “Insurer” or “AGM”) securing the payment of principal of and interest of the Bonds; and (iii) purchase a debt service reserve insurance policy (the “Reserve Policy”) issued by the Insurer to be credited to the Reserve Fund for the Bonds (the “Reserve Fund”).

Purpose of the Local Obligations. The net proceeds of the Local Obligations, along with other available funds, will be used as follows: (i) finance capital improvements to school facilities of benefit to the Districts (as defined herein), (ii) to make a deposit into an escrow fund (the “Escrow Fund”) to be held by U.S. Bank Trust Company, National Association, as escrow agent (the “Escrow Agent”) pursuant to an Escrow Agreement, dated as of February 1, 2024 (the “Escrow Agreement”) for the purpose of paying (A) interest on the Prior Bonds (as defined below) due on the first optional redemption date for each of the Prior Bonds, as further described herein (each, a “Redemption Date”) and (B) redeem the Prior Bonds on the Redemption Date; and (iii) to pay the costs of issuing the Bonds and the Local Obligations.

See also “FINANCING PLAN” herein.

The Bonds; The Local Obligations

The Bonds. The Bonds are payable from “Revenues,” as more completely 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.

Local Obligations. The Local Obligations consist of the following separate series of bonds issued by community facilities districts formed by the Moreno Valley Unified School District (the “School District”):

CFD No. 2002-1 Bonds: \$8,279,754.34 Community Facilities District No. 2002-1 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds (the “CFD No. 2002-1 Bonds”) being issued by Community Facilities District No. 2002-1 of the Moreno Valley Unified School District (“CFD No. 2002-1”) to refund the outstanding Community Facilities District No. 2002-1 of the Moreno Valley Unified School District Series 2013 Special Tax Refunding Bonds (the “Prior CFD No. 2002-1 Bonds”). The CFD No. 2002-1 Bonds are payable from Special Taxes levied on taxable property within CFD No. 2002-1. See Appendix A — “INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS — Community Facilities District No. 2002-1” herein.

CFD No. 2003-1 Bonds: \$8,066,814.92 Community Facilities District No. 2003-1 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds (the “CFD No. 2003-1 Bonds”) being issued by Community Facilities District No. 2003-1 of the Moreno Valley Unified School District (“CFD No. 2003-1”) to refund the outstanding Community Facilities District No. 2003-1 of the Moreno Valley Unified School District Series 2013 Special Tax Refunding Bonds (the “Prior CFD No. 2003-1 Bonds”). The CFD No. 2003-1 Bonds are payable from Special Taxes levied on taxable property within CFD No. 2003-1. See Appendix A — “INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS — Community Facilities District No. 2003-1” herein.

CFD No. 2003-2 Bonds: \$4,824,035.70 Community Facilities District No. 2003-2 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds (the “CFD No. 2003-2 Bonds”) being issued by Community Facilities District No. 2003-2 of the Moreno Valley Unified School District (“CFD No. 2003-2”) to refund the outstanding Community Facilities District No. 2003-2 of the Moreno Valley Unified School District Series 2013 Special Tax Refunding Bonds (the “Prior CFD No. 2003-2 Bonds”). The CFD No. 2003-2 Bonds are payable from Special Taxes levied on taxable property within CFD No. 2003-2. See Appendix A — “INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS — Community Facilities District No. 2003-2” herein.

CFD No. 2004-2 Bonds: \$5,485,969.71 Community Facilities District No. 2004-2 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds (the “CFD No. 2004-2 Bonds”) being issued by Community Facilities District No. 2004-2 of the Moreno Valley Unified School District (“CFD No. 2004-2”) to refund the outstanding Community Facilities District No. 2004-2 of the Moreno Valley Unified School District Series 2014 Special Tax Refunding Bonds (the “Prior CFD No. 2004-2 Bonds”). The CFD No. 2004-2 Bonds are payable from Special Taxes levied on taxable property within CFD No. 2004-2. See Appendix A — “INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS — Community Facilities District No. 2004-2” herein.

CFD No. 2004-6 Bonds: \$30,925,191.98 Community Facilities District No. 2004-6 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds (the “CFD No. 2004-6 Bonds”) being issued by Community Facilities District No. 2004-6 of the Moreno Valley Unified School District (“CFD No. 2004-6”) to refund the outstanding Community Facilities District No. 2004-6 of the Moreno Valley Unified School District Series 2014 Special Tax Refunding Bonds (the “Prior CFD No. 2004-6 Bonds”). The CFD No. 2004-6 Bonds are payable from Special Taxes levied on taxable property within CFD No. 2004-6. See Appendix A — “INFORMATION

REGARDING THE COMMUNITY FACILITIES DISTRICTS — Community Facilities District No. 2004-6” herein.

CFD No. 2002-1, CFD No. 2003-1, CFD 2003-2, CFD 2004-2 and CFD No. 2004-6 are referred to in this Official Statement as the “Districts” or the “Community Facilities Districts.” The CFD No. 2002-1 Bonds, CFD No. 2003-1 Bonds, CFD No. 2003-2 Bonds, CFD No. 2004-2 Bonds and CFD No. 2004-6 Bonds are collectively referred to in this Official Statement as the “Local Obligations.” The Prior CFD No. 2002-1 Bonds, Prior CFD No. 2003-1 Bonds, Prior CFD No. 2003-2 Bonds, Prior CFD No. 2004-2 Bonds and Prior CFD No. 2004-6 Bonds are collectively referred to in this Official Statement as the “Prior 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 “Local Bond Pooling Act”) and an Indenture of Trust, dated as of February 1, 2024 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the “Trustee”).

The Local Obligations. The Local Obligations are being issued 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 “Act”), resolutions approved by Governing Board of the School District, acting as the legislative bodies of each District, and five separate bond indentures relating to each of the Local Obligations (the “Local Obligation Indentures”), each by and between the applicable Community Facilities District and U.S. Bank Trust Company, National Association, as fiscal agent (in such capacity, the “Fiscal Agent”).

Sources of Payment for the Bonds and the Local Obligations

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 (excluding the Purchase Fund) 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 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 Rebate Fund and the Surplus Fund).

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

Local Obligations. Each Local Obligation will be payable from Net Special Taxes collected in the applicable District as a result of the levy of Special Taxes.

The Local Obligations are not cross-collateralized. In other words, Special Taxes from one District cannot be used to cover any shortfall in the payment of debt service on the Local Obligation of another District. However, the Reserve Fund held by the Trustee and funded at the Reserve Requirement by the deposit of the Reserve Policy will be available in the event of a shortfall in Revenues. 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 September 1, 2024 (each an “Interest Payment Date”). 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 School District

The School District was organized as a unified school district in 1962 and provides public education for grades transitional kindergarten through 12 within an area of approximately 43 square miles located in Riverside County, California (the “County”). The District operates 23 elementary schools, six middle schools, four high schools, one online academy, one adult education school, one preschool, and four alternative schools. For fiscal year 2023-24, enrollment in the District is 31,347 students and the District has a projected average daily attendance (“ADA”) of 28,500.

The Authority

The Authority is a joint exercise of powers authority organized and existing pursuant to the Local Bond Pooling Act. Its members are the School District and Community Facilities District No. 2004-5 of the Moreno Valley Unified School District. The Governing Board of the School District serves as the Board of Directors of the Authority.

Professionals Involved in the Offering

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee under the Indenture, Fiscal Agent under the Local Obligation Indentures and Escrow Agent under the Escrow Agreements. Piper Sandler & Co. is the Underwriter of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth LLP, San Francisco, California, Bond Counsel. Certain matters will be passed on for the Authority and the School District by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel and counsel to the Authority and the School District. Certain legal matters will be passed on for the Underwriter by James F. Anderson Law Firm, a Professional Corporation, as counsel to the Underwriter. Other professional services have been performed by Fieldman Rolapp & Associates, Inc., Irvine, California as municipal advisor to the School District, and KeyAnalytics, Ladera Ranch, California, as Special Tax Consultant and initial dissemination agent under the Continuing Disclosure Agreement, dated as of February 1, 2024, by and between the Special Tax Consultant and the District (the “Continuing Disclosure Agreement”). Causey Demgen & Moore, P.C., Denver, Colorado, will serve as verification agent for the Prior Bonds.

Stradling Yocca Carlson & Rauth LLP, and Fieldman Rolapp & Associates, Inc. will receive compensation contingent upon issuance of the Bonds. From time to time, Stradling Yocca Carlson & Rauth

LLP represents the Underwriter in connection with financings unrelated to the Authority, the School District and the Districts.

Continuing Disclosure

The Authority will enter into a Continuing Disclosure Agreement with KeyAnalytics 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 Districts by not later than March 1 following the end of its fiscal year (the Authority's fiscal year currently ends on June 30), commencing with the report for the 2023-24 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain listed events (the "Listed Events"). The Annual Report and notices of 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 the 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 Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). See "MISCELLANEOUS — Continuing Disclosure" herein.

FINANCING PLAN

Purpose of Issue, the Refunding Plan and the Financing Plan

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

Financing of School Facilities. Certain proceeds of the Local Obligations will be deposited into the Acquisition and Construction Funds held pursuant to the Local Obligation Indentures.

Refunding of the Prior Bonds. Certain proceeds of the Local Obligations, along with moneys in the existing funds and accounts relating to the Prior Bonds, will be deposited into the Escrow Funds pursuant to the Escrow Agreements. Funds deposited into the Escrow Funds will be held as cash and used by the Escrow Agent to pay the redemption prices of the Prior Bonds on the applicable Redemption Dates, as well as the interest due on the Prior Bonds on such Redemption Dates.

The following tables show additional information regarding the Prior Bonds.

PRIOR BONDS
Community Facilities District No. 2002-1 of the Moreno Valley Unified School District
Series 2013 Special Tax Refunding Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>CUSIP⁽¹⁾</u>	<u>Outstanding</u> <u>Principal</u> <u>Amount</u>	<u>Principal to</u> <u>be Refunded</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption Price</u> <u>(% of Principal Amount)</u>
2024	616874KR3	\$410,000	\$410,000	4/1/2024	100
2025	616874KS1	425,000	425,000	4/1/2024	100
2026	616874KT9	445,000	445,000	4/1/2024	100
2027	616874KU6	465,000	465,000	4/1/2024	100
2028	616874KV4	485,000	485,000	4/1/2024	100
2029	616874KW2	505,000	505,000	4/1/2024	100
2032	616874KX0	1,680,000	1,680,000	4/1/2024	100

PRIOR BONDS
Community Facilities District No. 2003-1 of the Moreno Valley Unified School District
Series 2013 Special Tax Refunding Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>CUSIP⁽¹⁾</u>	<u>Outstanding</u> <u>Principal</u> <u>Amount</u>	<u>Principal to</u> <u>be Refunded</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption Price</u> <u>(% of Principal Amount)</u>
2034	N/A	\$7,425,000	\$5,280,000	3/1/2024	101.0

PRIOR BONDS
Community Facilities District No. 2003-2 of the Moreno Valley Unified School District
Series 2013 Special Tax Refunding Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>CUSIP⁽¹⁾</u>	<u>Outstanding</u> <u>Principal</u> <u>Amount</u>	<u>Principal to</u> <u>be Refunded</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption Price</u> <u>(% of Principal Amount)</u>
2024	616874LJ0	\$165,000	\$165,000	4/1/2024	100
2025	616874LK7	180,000	180,000	4/1/2024	100
2026	616874LL5	195,000	195,000	4/1/2024	100
2027	616874LM3	210,000	210,000	4/1/2024	100
2028	616874LN1	230,000	230,000	4/1/2024	100
2034	616874LP6	1,705,000	1,705,000	4/1/2024	100

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data is provided by CUSIP Global Services (CGS) which is owned by FactSet Research Systems Inc. ("FactSet"). FactSet will manage the CUSIP system on behalf of the American Bankers Association. CUSIP® data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers have been assigned by an independent company not affiliated with the Authority, the School District, the Districts, the Municipal Advisor or the Underwriter and are provided for convenience of reference only. None of the Authority, the School District, the Districts, the Municipal Advisor or the Underwriter takes any responsibility for the accuracy or usage of such numbers, and no representation is made as to their correctness on the applicable Prior Bonds or as included herein.

PRIOR BONDS

**Community Facilities District No. 2004-2 of the Moreno Valley Unified School District
Series 2014 Special Tax Refunding Bonds**

<u>Maturity Date</u> <u>(September 1)</u>	<u>CUSIP⁽¹⁾</u>	<u>Outstanding</u> <u>Principal</u> <u>Amount</u>	<u>Principal to</u> <u>be Refunded</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption Price</u> <u>(% of Principal Amount)</u>
2035	N/A	\$5,225,000	\$3,915,000	3/1/2024	99.5

PRIOR BONDS

**Community Facilities District No. 2004-6 of the Moreno Valley Unified School District
Series 2014 Special Tax Refunding Bonds**

<u>Maturity Date</u> <u>(September 1)</u>	<u>CUSIP⁽¹⁾</u>	<u>Outstanding</u> <u>Principal</u> <u>Amount</u>	<u>Principal to</u> <u>be Refunded</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption Price</u> <u>(% of Principal Amount)</u>
2036	N/A	\$26,220,000	\$19,995,000	3/1/2024	100.25

The sufficiency of the amounts on deposit in the Escrow Funds to refund the Prior Bonds as described above will be verified by Causey Demgen & Moore P.C., as the verification agent (the “Verification Agent”). As a result of the deposit and application of funds so provided in the Escrow Agreements, and assuming the accuracy of the computations of the Underwriter and the Verification Agent, the Prior Bonds will be defeased and the obligation of the Districts to pay the principal of and interest thereon thereof will terminate.

See also “ — Estimated Sources and Uses of Funds” below. See also “MISCELLANEOUS — Verification of Mathematical Accuracy” below.

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Estimated Sources and Uses of Funds

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

	<i>Total</i>
Sources:	
Principal Amount of the Bonds	\$50,620,000.00
Plus Original Issue Premium	6,961,766.65
Plus Prior Funds on Hand ⁽¹⁾	<u>3,908,041.35</u>
Total Sources	<u>\$61,489,808.00</u>
Uses:	
Purchase Fund ⁽²⁾	\$59,515,438.29
Cost of Issuance ⁽³⁾	<u>1,974,369.71</u>
Total Uses	<u>\$61,489,808.00</u>

⁽¹⁾ Represents amounts held in the certain existing funds and accounts for the Prior Bonds that will be deposited into the Purchase Fund. Certain other amounts relating to the Prior Bonds will be transferred to the Special Tax Funds, Administrative Expense Funds and Surplus Funds held pursuant to the Local Obligation Indentures.

⁽²⁾ Proceeds of the Bonds will be used to acquire the Local Obligations. The Fiscal Agent for each of the Local Obligations will transfer (i) to the Acquisition and Construction Funds a portion of the Bond proceeds received from the Authority from the purchase of the Local Obligations and (ii) to the Escrow Agent funds held in existing funds and accounts relating to the Prior Bonds, together with a portion of the Bond proceeds received from the Authority from the purchase of the Local Obligations, to separate Escrow Funds to defease each issuance of Prior Bonds. See the sources and uses of funds for the Local Obligations below.

⁽³⁾ Includes Underwriter's discount. The Fiscal Agent for each of the Local Obligations will transfer to the Trustee for deposit in the Costs of Issuance Fund each District's proportionate share of the costs of issuance of the Bonds and the Local Obligations.

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

	<i>CFD No. 2002-1</i>	<i>CFD No. 2003-1</i>	<i>CFD No. 2003-2</i>	<i>CFD No. 2004-2</i>	<i>CFD No. 2004-6</i>
Sources:					
Principal Amount of the Local Obligations	\$8,279,754.34	\$8,066,814.92	\$4,824,035.70	\$5,485,969.71	\$30,925,191.98
Plus Prior Funds on Hand ⁽¹⁾	<u>656,405.13</u>	<u>711,962.85</u>	<u>393,185.56</u>	<u>246,452.02</u>	<u>1,900,035.79</u>
Total Sources	<u>\$8,936,159.47</u>	<u>\$8,778,777.77</u>	<u>\$5,217,221.26</u>	<u>\$5,732,421.73</u>	<u>\$32,825,227.77</u>
Uses:					
Escrow Fund ⁽²⁾	\$4,535,677.08	\$5,445,792.00	\$2,760,450.53	\$3,971,767.50	\$20,459,883.75
Cost of Issuance ⁽³⁾	196,694.29	800,030.69	113,839.25	129,760.81	734,044.67
Acquisition and Construction Funds	<u>4,203,788.10</u>	<u>2,532,955.08</u>	<u>2,342,931.48</u>	<u>1,630,893.42</u>	<u>11,631,299.35</u>
Total Uses	<u>\$8,936,159.47</u>	<u>\$8,778,777.77</u>	<u>\$5,217,221.26</u>	<u>\$5,732,421.73</u>	<u>\$32,825,227.77</u>

⁽¹⁾ Represents amounts held in the certain existing funds and accounts for the Prior Bonds and deposited in the Escrow Fund and Acquisition and Construction Funds. Certain other amounts relating to the Prior Bonds will be transferred to the Special Tax Funds, Administrative Expense Funds and Surplus Funds held pursuant to the Local Obligation Indentures.

⁽²⁾ On the date of issuance of the Bonds and the Local Obligations, each District will cause to be deposited a portion of the proceeds of its Local Obligations into its respective Escrow Fund and the Fiscal Agent for each of the Local Obligations will transfer to the Escrow Agent funds held in existing funds and accounts relating to the applicable series of Prior Bonds for deposit into the applicable Escrow Fund.

⁽³⁾ On the date of issuance of the Bonds and the Local Obligations, each District will deposit a portion of the proceeds of the Local Obligations into the Cost of Issuance Fund. Amounts in the Cost of Issuance Fund will be used to pay Trustee fees, legal fees, fees for the Municipal Advisor, fees for the Verification Agent, fees for the Special Tax Consultant and Dissemination Agent, premiums for the Policy and the Reserve Policy, printing costs and other related costs. Amounts include Underwriter's discount on the Authority Bonds.

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 Interest Payment Date, commencing September 1, 2024, 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 (as defined below) 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 provided to the Trustee, in writing, at least five 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 The Depository Trust Company, New York, New York (“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 the 15th calendar day of the month preceding an Interest Payment Date, whether or not it is a Business Day (the “Record Date”) 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 August 15, 2024, 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 may be redeemed at the option of the Authority, from any source of available funds, prior to maturity on any Interest Payment Date on and after September 1, 2033, 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, by lot within a maturity, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date.

Prior to consenting to the optional redemption of any Local Obligation which it has purchased, the Authority will deliver to the Trustee a certificate of an Independent Accountant 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 will remain Outstanding under the Indenture 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 District 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>Premium</i>
September 1, 2024 through March 1, 2031	103%
September 1, 2031 and March 1, 2032	102
September 1, 2032 and March 1, 2033	101
September 1, 2033 and any Interest Payment Date thereafter	100

However in lieu or partially in lieu of call and optional redemption or special redemption from proceeds of early redemption of Local Obligations, moneys deposited in the Redemption Account, may be used to purchase Outstanding Bonds in the manner provided in the Indenture. Purchases of Outstanding Bonds may be made by the Authority at public or private sale as and when and at such prices as the Authority may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture for special redemption of Bonds from proceeds of early redemption of Local Obligations. Any accrued interest payable upon the purchase of Bonds may be paid from the amount reserved in the Interest Account of the Revenue Fund for the payment of interest on the next following Interest Payment Date.

Prepayments from prepaid Special Taxes could be made by any of the owners of any of the property within the Districts; and they could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. The resulting redemption of Bonds that were purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such Bonds. See “SPECIAL RISK FACTORS – Potential Early Redemption of Bonds from Prepayments” herein.

Notice of Redemption. The Trustee on behalf, and at the expense, of the Authority will 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 will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. The notice will state the date of the notice, the redemption date, the redemption place and the redemption price and will designate the CUSIP numbers, the 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 will 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 from and after the redemption date.

Such notice may state that such redemption is subject to receipt by the Trustee, on or before the date fixed for redemption, of moneys sufficient to pay the redemption price of the Bonds to be redeemed. Unless funds for the optional or special redemption of any Bonds are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Bond Owners, such notice shall state that such redemption is subject to the deposit of funds by the Authority. Any notice of optional or special 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.

Selection of Bonds of a Maturity for Redemption. Unless otherwise provided in the Indenture, whenever provision is made for the redemption of less than all of the Bonds of a maturity, the Trustee will 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 deems appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 authorized denominations, and such separate authorized denominations will 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 will 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.

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 The Depository Trust Company, New York, New York (“DTC”), and will be available to the Beneficial Owners of the Bonds 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 herein) 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 maintained by the Trustee, 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 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, nor shall 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, nor shall any Bond be subject to exchange during the fifteen days prior to the selection of Bonds for redemption.

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 shall 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 hereinbefore provided.

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

Certain of the Local Obligations acquired with proceeds of the Bonds mature on different dates. Consequently, the source of security for debt service on the Bonds varies depending upon the characteristics of the underlying Districts. The following table presents the debt service schedule for the Bonds, assuming there are no early redemptions of Bonds prior to their respective maturities:

ANNUALIZED DEBT SERVICE SCHEDULE FOR THE BONDS

<i>Year Ending September 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>
2024	\$2,665,000.00	\$1,279,561.11	\$3,944,561.11
2025	1,615,000.00	2,397,750.00	4,012,750.00
2026	1,755,000.00	2,317,000.00	4,072,000.00
2027	1,915,000.00	2,229,250.00	4,144,250.00
2028	2,080,000.00	2,133,500.00	4,213,500.00
2029	2,255,000.00	2,029,500.00	4,284,500.00
2030	2,440,000.00	1,916,750.00	4,356,750.00
2031	2,635,000.00	1,794,750.00	4,429,750.00
2032	2,845,000.00	1,663,000.00	4,508,000.00
2033	3,060,000.00	1,520,750.00	4,580,750.00
2034	3,295,000.00	1,367,750.00	4,662,750.00
2035	3,540,000.00	1,203,000.00	4,743,000.00
2036	3,795,000.00	1,026,000.00	4,821,000.00
2037	4,075,000.00	836,250.00	4,911,250.00
2038	4,360,000.00	632,500.00	4,992,500.00
2039	4,000,000.00	414,500.00	4,414,500.00
2040	<u>4,290,000.00</u>	<u>214,500.00</u>	<u>4,504,500.00</u>
Total	\$50,620,000.00	\$24,976,311.11	\$75,596,311.11

Source: The Underwriter.

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 redemptions of Local Obligations prior to their respective maturities. The following schedule does not include an allowance for delinquencies in the payment of Special Taxes.

ANNUALIZED DEBT SERVICE SCHEDULE FOR THE LOCAL OBLIGATIONS

<i>Bond Year Ending September 1</i>	<i>CFD No. 2002-1 Debt Service</i>	<i>CFD No. 2003-1 Debt Service</i>	<i>CFD No. 2003-2 Debt Service</i>	<i>CFD No. 2004-2 Debt Service</i>	<i>CFD No. 2004-6 Debt Service</i>	<i>Total Revenues⁽¹⁾</i>	<i>Total Debt Service on the Bonds</i>	<i>Debt Service Coverage</i>
2024	\$666,234.17	\$542,319.52	\$315,691.12	\$362,869.64	\$2,060,906.44	\$3,948,020.89	\$3,944,561.11	100.09%
2025	663,405.65	550,641.11	321,227.41	368,472.17	2,110,573.63	4,014,319.97	4,012,750.00	100.04%
2026	663,519.31	563,051.80	327,083.35	375,337.79	2,144,525.03	4,073,517.28	4,072,000.00	100.04%
2027	662,355.95	572,880.60	333,888.03	382,294.82	2,195,274.04	4,146,693.44	4,144,250.00	100.06%
2028	661,822.08	585,669.99	341,390.72	390,142.07	2,235,928.41	4,214,953.27	4,213,500.00	100.03%
2029	662,398.50	596,774.84	347,966.55	397,297.44	2,282,766.99	4,287,204.32	4,284,500.00	100.06%
2030	663,107.15	610,935.89	354,658.90	405,414.66	2,323,833.02	4,357,949.62	4,356,750.00	100.03%
2031	662,966.88	618,560.20	361,769.86	411,876.99	2,375,752.06	4,430,925.99	4,429,750.00	100.03%
2032	662,448.15	635,063.57	369,059.60	422,027.04	2,421,616.90	4,510,215.26	4,508,000.00	100.05%
2033	667,151.10	648,898.65	376,632.50	430,543.68	2,459,197.86	4,582,423.79	4,580,750.00	100.04%
2034	666,918.50	661,962.34	384,937.30	439,189.12	2,513,487.95	4,666,495.21	4,662,750.00	100.08%
2035	667,083.43	667,984.47	391,910.36	451,985.80	2,565,488.38	4,744,452.44	4,743,000.00	100.03%
2036	666,744.27	681,444.78	400,360.28	445,377.60	2,630,744.66	4,824,671.59	4,821,000.00	100.08%
2037	666,850.50	694,889.97	408,035.64	459,500.92	2,683,557.75	4,912,834.78	4,911,250.00	100.03%
2038	666,440.48	708,298.92	416,677.50	464,821.74	2,740,108.02	4,996,346.66	4,992,500.00	100.08%
2039	--	722,656.97	424,463.33	474,729.04	2,795,554.30	4,417,403.64	4,414,500.00	100.07%
2040	--	<u>728,221.90</u>	<u>433,285.76</u>	<u>493,667.40</u>	<u>2,851,692.71</u>	<u>4,506,867.77</u>	<u>4,504,500.00</u>	100.05%
Total	\$9,969,446.12	\$10,790,255.52	\$6,309,038.21	\$7,175,547.92	\$41,391,008.15	\$75,635,295.92	\$75,596,311.11	

⁽¹⁾ Equals the total anticipated debt service on the Local Obligations in each Bond Year ending September 1.
Source: KeyAnalytics.

Debt Service Coverage for the Bonds

Scheduled payments of principal of and interest on the Bonds equal slightly less than 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. Based on the annual debt service for each of the Local Obligations, Maximum Special Taxes levied on property categorized as Developed Property in each District for Fiscal Year 2023-24, 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 such Local Obligations.

In the event a District was to lower the amount of the Special Tax levy and reduce or eliminate the portion of the levy utilized for acquisition and/or construction of eligible facilities, pursuant to Section 53321 of the Act and a resolution adopted by such District, under the Act, Special Taxes levied on residential parcels in any fiscal year may not be increased as a consequence of delinquency or default of other property owners by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. See “SECURITY FOR THE LOCAL OBLIGATIONS — General — 10% Limitation on Increases in the Special Tax Levy as a Result of Delinquencies” herein.

Certain of the Local Obligations mature on different dates and have different debt service profiles. Consequently, the source of security for debt service on the Bonds, and the concentration of the revenues derived from the different Districts, will change over time as the Bonds mature. See “—Estimated Debt Service Schedules: Bonds and Local Obligations” above.

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 pledged therefor in the Indenture. The Bonds are not a debt or liability of the Districts, the School District, the State of California or any political subdivisions thereof other than the Authority to the limited extent described herein. The full faith and credit of the Authority are not pledged to secure the payment of Bonds, nor are any of the political subdivisions of the State 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. The Bonds are secured by a first lien on and pledge of all of the Revenues. So long as any of the Bonds are Outstanding, the Revenues will not be used for any purpose except as is expressly permitted by the Indenture.

Collection by the Trustee. The Trustee 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 is also entitled to and 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 School District and the Districts under the Local Obligations.

Deposit of Revenues. All Revenues derived from the Local Obligations will be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund. Except upon the occurrence of an Event of Default, any Revenues which represent the payment of delinquent principal of or interest on an issue of Local

Obligations will first be immediately deposited to the Reserve Fund to the extent necessary to replenish, to the extent the Reserve Fund deficiency resulted from the delinquency in the payment of scheduled debt service on such Local Obligations, the amount in the Reserve Fund to the Reserve Requirement or to reimburse the Insurer for amounts owed under the Reserve Policy, with any amount in excess of that needed to replenish the Reserve Fund to be deposited to the Revenue Fund for transfer as provided in the Indenture.

Application of Revenues. On each Interest Payment Date, the Trustee shall 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 will 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. Moneys in the Interest Account will 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, are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the Outstanding Bonds, the Trustee will 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 will be payable, the Trustee will 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; provided, however, that no amount will be deposited to effect an optional redemption unless the Trustee has first received a certificate of an Independent Accountant 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 Districts continue to make timely payments on all Local Obligations not then in default. All moneys in the Principal Account will 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.

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 the Insurer under the Reserve Policy, after making deposits required into the Interest Account and the Principal Account, the Trustee will transfer from the Revenue Fund an amount sufficient to increase the balance in the Reserve Fund to the Reserve Requirement by depositing the amount necessary to make the various accounts therein combined, total the Reserve Requirement, provided the value of the moneys deposited therein, as invested, will be valued at market value on such transfer date for purposes of making such determination.

Deficiencies. If on any Interest Payment Date the amount on deposit in the Revenue Fund is inadequate to make the transfers described 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 described above under “— Application of Revenues.” In the event that following such notice the Trustee receives additional payments from the issuer of such Local Obligation to cure such shortfall, the Trustee will deposit such amounts to the Revenue Fund for application in accordance with the Indenture.

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

Surplus Fund. On September 1 of each year, after making the deposits required under the Indenture, 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 will make the transfer to the Surplus Fund so specified.

Reserve Fund

An account for each issue of Local Obligations will be established in the Reserve Fund (each, an “Account”). The Reserve Policy shall be deposited into the Reserve Fund with an amount credited to each Local Obligation’s Account equal to such Local Obligation’s share of the Reserve Requirement. Under the Indenture, the “Reserve Requirement” is defined to mean 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; provided, however, that the Reserve Requirement shall never be greater than the initial Reserve Requirement, and, as of any date of calculation, shall not be greater than the Reserve Requirement calculated for the previous Bond Year. The Reserve Requirement shall initially be \$4,992,500.00, and each Local Obligation’s share shall initially be as follows:

- \$717,877.83 for CFD No. 2002-1
- \$699,415.38 for CFD No. 2003-1
- \$418,257.37 for CFD No. 2003-2
- \$475,648.90 for CFD No. 2004-2
- \$2,681,300.52 for CFD No. 2004-6

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 District as a result of a reduction in the Reserve Requirement resulting from the redemption of the Local Obligations of such District 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 on the transfer dates 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, 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 of the Revenue Fund 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 the other Reserve Account a share of such insufficiency based upon the proportion of the amount in such Reserve Account to the total amount on deposit in the Reserve Fund and transfer such amounts to the Interest Account, the Principal Account of the Revenue Fund 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 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 (including the payment of Policy Costs owed to the Insurer) 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 the Local Obligations Delinquency 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.

Second, after increasing the amount on deposit in each applicable Reserve Account to the applicable Proportionate Share of the Reserve Requirement pursuant to the first 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.

Third, after making all deposits pursuant to the first and second steps, the remaining delinquent Revenues, if any, shall be transferred to the Revenue Fund.

When amounts in an Account of the Reserve Fund 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 an 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.

The Reserve Requirement with respect to the Bonds shall be initially satisfied by the delivery of the Reserve Policy to the Trustee. Under the terms and conditions of the Reserve Policy, the Trustee shall deliver to the Insurer a demand for payment under the Reserve Policy in the required form at least five Business Days before the date on which funds are required for the purposes set forth herein. The Trustee shall comply with all of the terms and provisions in the Indenture and of the Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Fund, within the limits of the coverage amount provided by the Reserve Policy. All amounts drawn by the Trustee under the Reserve Policy will be deposited into the Reserve Fund and applied for the purposes thereof. The Authority and the Community Facilities Districts shall reimburse the Insurer for all draws under Reserve Policy in accordance with the terms of the Indenture.

From amounts deposited to the Reserve Fund, the Authority shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Insurer at the Late Payment Rate.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a lien on and pledge of the Revenues pledged to the Bonds and payable from such Revenues on a parity with debt service due on the Bonds.

Surplus Fund

Any amounts transferred to the Surplus Fund will no longer be considered Revenues and will not be 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, all of the remaining balance, if any, in the Surplus Fund will (i) be transferred by the Trustee to the School District for credit to the special tax fund of the Districts, and each District shall be credited a percentage of the total amount available on each September 1 that is equal to the percentage that its outstanding Local Obligations represent 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 School District be applied to the redemption of Local Obligations pursuant to the terms of the applicable Local Obligation Indenture with each District to be credited a percentage of the total amount available on each September 1 that is equal to the percentage which its 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 Districts based on a Certificate of an Independent Financial Consultant prepared at the direction of an Authorized Representative of the District. In the event all 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 School District or the Districts relating to the Bonds, the Local Obligations, the 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 secured on a parity with the Bonds ("Additional Bonds"), in such principal amount as shall be determined by the Authority, pursuant to a Supplemental Indenture adopted or entered into by the Authority, but only for the purpose of refunding the Bonds or Additional Bonds.

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

(a) The Authority shall be 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. So long as the Policy is in full force and effect and the Insurer is not in default thereunder, the issuance of Additional Bonds to refund a portion of the Bonds Outstanding shall require the prior written consent of the Insurer.

(c) The Supplemental Indenture providing for the issuance of such Additional Bonds must 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 the Annual Debt Service in each Bond Year on the Additional Bonds does not exceed the Annual Debt Service in each Bond Year on the Bonds defeased or redeemed with the proceeds of such Additional Bonds.

(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 under the Indenture 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.

SECURITY FOR THE LOCAL OBLIGATIONS

General

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

No Local Obligation (and no bonds issued under the related Local Obligation Indenture, each a "Local Obligation Parity Bond") is a legal or equitable pledge, charge, lien or encumbrance upon any of the District's property, or upon any of its income, receipts or revenues, except the Net Special Taxes collected in the applicable District and other amounts in the Special Tax Fund. Amounts in an Administrative Expense Fund, Acquisition and Construction Fund and the Surplus Fund are not pledged to the payment of the corresponding Local Obligations.

None of the Special Taxes levied in one District may be used to pay debt service on the Local Obligations of another District. 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 Net Special Taxes for each District, neither the credit nor the taxing power of such District, or the School District is pledged for the payment of the Local Obligations or related interest, and no Owner of the Bonds may compel the exercise of taxing power by a District or the forfeiture of any of its property. The principal of and interest on the Local Obligations and premiums upon the redemption thereof, if any, are not a debt of any District or the School District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction.

10% Limitation on Increases in the Special Tax Levy as a Result of Delinquencies. The Districts expect to levy Special Taxes in the Districts at the Assigned Special Tax to satisfy the Special Tax Requirement (as defined in each Rate and Method described herein), which includes debt service on the Local Obligations, Administrative Expenses, and the costs of the acquisition or construction of public facilities eligible to be financed by such District. Therefore, each District has little or no ability to increase the levy its Special Tax levy in the event of delinquencies. In the event a District was to levy Special Taxes at less than the Minimum Special Tax Requirement, there would be an ability to increase its Special Tax levy. Any such increase, however, would be limited by the applicable Rate and Method and by Section 53321 of the Act, which states that under no circumstances will the Special Tax levied in any fiscal year against any parcel used for private residential purposes (parcels are considered "used for private residential purposes" on the date that an occupancy permit for private residential use is issued) be increased as a consequence of delinquency or default by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. 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 District, such District could not increase the Special Taxes in the fiscal year following such delinquencies by more than 10% on the residential units. See "SPECIAL RISK FACTORS — Special Tax Delinquencies" herein.

Special Taxes; Gross Special Taxes; Net Special Taxes

Under the Local Obligation Indentures, the “Special Taxes” for each District are levied and collected according to the rate and method of apportionment (each, a “Rate and Method”) established for such District. See Appendix A — “INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS” and Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE DISTRICTS” attached hereto.

The “Net Special Taxes” pledged by the Bonds (and any related Local Obligation Parity Bonds) is defined in the Local Obligation Indentures as “Gross Special Taxes” minus amounts set aside to pay Administrative Expenses.

“Gross Special Taxes” is defined as the amount of all Special Taxes received by the Districts, together with the net amounts collected from the redemption of delinquent Special Taxes including the penalties and interest thereon and from the sale of property sold as result of the foreclosure of the lien of the Special Tax resulting from the delinquency in the payment of Special Taxes that are due and payable.

Each District covenants in their respective Local Obligation Indenture that it will receive all Special Taxes in trust for the owners of the related Local Obligations, and will instruct the Treasurer-Tax Collector of the County to deposit all Special Taxes with the Fiscal Agent immediately upon their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by the Local Obligation Indenture.

Except for the portion of any prepayment of Special Taxes to be deposited into the Redemption Account established under the Local Obligation Indenture, the Fiscal Agent will, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Authority as the owner of the related Local Obligations. The Fiscal Agent 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 Issuance Document, in the following order of priority, to:

- (a) The Administrative Expense Fund, the amount of estimated Administrative Expenses for that fiscal year;
- (b) The Interest Account of the Special Tax Fund, the amount necessary to cause the balance on deposit therein to be equal to the interest on the Local Obligations and any Local Obligation Parity Bonds payable on the next succeeding Interest Payment Date;
- (c) The Principal Account of the Special Tax Fund, the amount necessary to cause the balance on deposit therein to be equal to the principal amount of the Local Obligations and any Parity Bonds and/or the Sinking Fund Payment payable on the next succeeding September 1;
- (d) To the Trustee for deposit in the applicable Reserve Account as necessary to increase the amount therein to the Reserve Requirement of the applicable Local Obligations, or to reimburse the Insurer for amounts owed thereto for draws on the Reserve Policy, to the extent any draw on the applicable Reserve Account was a result of a default in the payment of debt service on the applicable series of Local Obligations or investment losses held in such Reserve Account;
- (e) The Redemption Account of the Special Tax Fund; and
- (f) The Surplus Fund.

Local Obligation Parity Bonds; Subordinate Bonded Indebtedness

Each Local Obligation Indenture authorizes the relevant District to issue Local Obligation Parity Bonds secured by Net 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 shall only be refunded if a corresponding amount of Bonds is refunded. The issuance of Local Obligation Parity Bonds which will effect a partial refunding of any Local Obligations or Local Obligation Parity Bonds then Outstanding, or the issuance of additional bonded indebtedness, is subject to additional conditions and restrictions, as further described in Appendix B – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS” herein.

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 COMMUNITY FACILITIES DISTRICTS — The Districts in the Aggregate” herein.

Covenants to Foreclose

Under Section 53356.1 of the Act, if any delinquency occurs in the payment of the Special Tax, the applicable District may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such foreclosure is not mandatory; however, each of the Districts has made certain covenants in the applicable Local Obligations Security Document to commence foreclosure proceedings under certain circumstances.

Each District the covenants for the benefit of the Owners of their Local Obligations (which is the Authority) and any applicable 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 the amount on deposit in the applicable Reserve Account is at less than the Reserve Requirement of the Local Obligations as a result of a delinquency in the payment of scheduled debt service on such Local Obligations or any Local Obligation Parity Bonds, and

(iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as (x) the amount in the Reserve Account for such Local Obligations is at least equal to the applicable share of the Reserve Requirement or (y) any shortfall in the amount on deposit in the applicable Reserve Account below such Reserve Account’s allocable share of the Reserve Requirement is not a result of a delinquency in the payment of scheduled debt service on such Local Obligations Bonds or any Local Obligation Parity Bonds.

Each District may, but is not obligated to, advance funds from any source of legally available funds in order to maintain its respective Reserve Account. Each District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the School District 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 respective Special Tax Fund.

Each District covenants that it will deposit the net proceeds of any foreclosure and any other Delinquency Proceeds as follows: (i) the amount representing past due interest on the Local Obligations shall be deposited to the Interest Account of the Special Tax Fund; and (ii) the amount representing past due principal of the Local Obligations shall be deposited to the Principal Account of the Special Tax Fund.

Debt Service Coverage on Local Obligations

Each District estimates that it could generate Net Special Taxes within the District in excess of 110% of debt service on its respective Local Obligation, plus the Administrative Expenses Requirement, in each future Fiscal Year if it were to levy the Assigned Annual Special Taxes and ultimately collect all such amounts. Even if the Special Tax is levied at the maximum rate in any year, actual collections will depend upon the willingness and ability of the owners of property to pay the Special Tax when due. Numerous factors could affect the timely payment of the Special Tax. See the captions “—General—10% Limitation on Increases in the Special Tax Levy as a Result of Delinquencies” and “SPECIAL RISK FACTORS” herein.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (previously defined as “AGM”) will issue its Municipal Bond Insurance Policy for the Bonds (previously defined as the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and related entities. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings.

On October 20, 2023, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 13, 2023, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Capitalization of AGM.

At September 30, 2023:

- The policyholders' surplus of AGM was approximately \$2,569 million.
- The contingency reserve of AGM was approximately \$908 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,048 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and net deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference. Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (filed by AGL with the SEC on March 1, 2023);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (filed by AGL with the SEC on May 10, 2023);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 (filed by AGL with the SEC on August 9, 2023); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 (filed by AGL with the SEC on November 8, 2023).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed

incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters. AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "BOND INSURANCE."

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THE COMMUNITY FACILITIES DISTRICTS

The Districts in the Aggregate

Set forth under this caption is certain information describing the Districts in the aggregate and separate sections on each of them are set forth in Appendix A hereto. Although the Authority believes the information with respect to the Districts in the aggregate is relevant to an informed decision to purchase the Bonds, investors should be aware that the debt service on one Local Obligation may not be used to make up any shortfall in the debt service on another Local Obligation. Moreover, the parcels in a District are taxed according to such District's Rate and Method, and the Special Taxes levied in such District may only be applied to pay debt service on and replenish draws on the related Reserve Account for the Local Obligations of such District or to replenish draws on other Reserve Accounts, if a shortfall in such Reserve Accounts was caused by shortfalls in payment of debt service for the Local Obligations of such District, and not to pay debt service on or replenish the Reserve Accounts for any other Local Obligations.

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

Value-To-Lien Ratios

The assessed values of all of the taxable property in the Districts (1,784 parcels in total), as established by the County Assessor for Fiscal Year 2023-24, was \$675,656,026. Tables 1 and 2 show the Value-to-Lien category ranges for the parcels within each Community Facilities District subject to Special Taxes in Fiscal Year 2023-24. Assessed values shown are as of January 1, 2023. The assessed values, direct and overlapping debt and total tax burden on individual parcels vary between each Community Facilities District, and also vary among parcels within each Community Facilities District. The value of individual parcels is significant because in the event of a delinquency in the payment of Special Taxes, a Community Facilities District may foreclose only against delinquent parcels of that Community Facilities District

TABLE 1
MORENO VALLEY UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY
THE DISTRICTS IN THE AGGREGATE
ASSESSED VALUE-TO-LIEN RATIOS

<i>CFD No.</i>	<i>Number of Parcels</i>	<i>Fiscal Year 2023-24 Special Tax</i>	<i>Fiscal Year 2023-24 Assessed Value⁽¹⁾</i>	<i>The Local Obligations</i>	<i>Overlapping General Obligation Debt⁽²⁾</i>	<i>Total Debt</i>	<i>Value-to- Lien Burden Ratio⁽³⁾</i>
2002-1	557	\$756,779.00	\$179,290,480.00	\$8,279,754.34	\$2,755,724.42	\$11,035,478.76	16.25:1
2003-1	228	\$683,881.20	\$88,397,421.00	\$8,066,814.92	\$1,358,683.03	\$9,425,497.95	9.38:1
2003-2	133	\$385,320.80	\$53,112,921.00	\$4,824,035.70	\$816,354.41	\$5,640,390.11	9.42:1
2004-2	144	\$495,017.38	\$68,286,765.00	\$5,485,969.71	\$1,069,563.98	\$6,555,533.69	10.42:1
2004-6	<u>722</u>	<u>\$2,432,682.82</u>	<u>\$286,568,439.00</u>	<u>\$30,925,191.98</u>	<u>\$4,495,984.99</u>	<u>\$35,421,176.97</u>	<u>8.09:1</u>
Total	1,784	\$4,753,681.20	\$675,656,026.00	\$57,581,766.65	\$10,496,310.82	\$68,078,077.47	9.92:1

⁽¹⁾ Assessed value as of January 1, 2023, as provided by the County of Riverside Assessor's Office.

⁽²⁾ Represents overlapping General Obligation debt outstanding as of August 31, 2023 as shown in the overlapping debt tables in Appendix A — "INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS" attached hereto.

⁽³⁾ Average value-to-lien per Lot, actual value-to-lien may vary by Lot.

Source: KeyAnalytics.

TABLE 2
MORENO VALLEY UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY
THE DISTRICTS IN THE AGGREGATE
COMBINED ASSESSED VALUE-TO-LIEN STRATIFICATION OF DEVELOPED PROPERTY

<i>Value-to-Lien Category</i>	<i>No. of Parcels</i>	<i>FY 2023-24 Special Tax Levy Total</i>	<i>% Share of Fiscal Year 2023-24 Special Tax Levy</i>	<i>Fiscal Year 2023-24 Taxable Assessed Value⁽¹⁾</i>	<i>Allocable Share of Local Obligations⁽²⁾</i>	<i>Overlapping General Obligation Debt⁽³⁾</i>	<i>Total Debt</i>	<i>Value-to-Lien Ratio</i>
25.00 and Above	3	\$3,300.00	0.07%	\$1,478,210.00	\$36,104.58	\$22,720.33	\$58,824.91	25.13:1
20.00 to 24.99	61	\$82,092.00	1.73%	\$30,634,461.00	\$898,150.71	\$470,856.75	\$1,369,007.45	22.38:1
15.00 to 19.99	262	\$354,044.44	7.45%	\$89,946,980.00	\$3,879,243.00	\$1,383,018.68	\$5,262,261.68	17.09:1
10.00 to 14.99	585	\$1,419,962.76	29.87%	\$244,778,450.00	\$16,800,270.38	\$3,798,907.51	\$20,599,177.89	11.88:1
5.00 to 9.99	841	\$2,771,609.46	58.30%	\$301,209,554.00	\$34,416,712.07	\$4,700,951.83	\$39,117,663.90	7.7:1
3.00 to 4.99	29	\$113,111.04	2.38%	\$7,318,893.00	\$1,437,910.69	\$115,343.15	\$1,553,253.83	4.71:1
2.99 and Below	<u>3</u>	<u>\$9,561.50</u>	<u>0.20%</u>	<u>\$289,478.00</u>	<u>\$113,375.23</u>	<u>\$4,512.58</u>	<u>\$117,887.80</u>	<u>2.46:1</u>
Total	1,784	\$4,753,681.20	100.00%	\$675,656,026.00	\$57,581,766.65	\$10,496,310.82	\$68,078,077.47	9.92:1

(1) Assessed value as of January 1, 2023, as provided by the County of Riverside Assessor's Office.

(2) Allocated based on proportionate share of the actual Fiscal Year 2023-24 Special Tax levy for each respective CFD.

(3) Represents overlapping General Obligation debt outstanding as of August 31, 2023 as shown in overlapping debt tables in Appendix A — “INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS” attached hereto.

Source: KeyAnalytics

Delinquencies

Table 4 is a summary of Special Tax levies, collections and delinquency rates in the Districts for Fiscal Year 2022-23 as of June 30, 2023. For the Special Tax levies, collections and delinquency rates for the five most recent fiscal years in each of the Districts see Appendix A — “INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS” attached hereto.

TABLE 3
MORENO VALLEY UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY
THE DISTRICTS IN THE AGGREGATE
FISCAL YEAR 2022-23
AS OF JUNE 30, 2023⁽¹⁾

<i>Fiscal Year</i>	<i>Subject Fiscal Year</i>					<i>Current Delinquency⁽²⁾</i>		
	<i>Parcels Levied</i>	<i>Total Special Tax Levied</i>	<i>Parcels Delinquent</i>	<i>Amount of Delinquency June 30</i>	<i>% Delinquent June 30⁽¹⁾</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>% Delinquency</i>
2018/2019	1,784	\$4,376,882.40	15	\$25,782.97	0.59%	0	\$0.00	0.00%
2019/2020	1,784	\$4,449,294.00	17	\$23,260.57	0.52%	1	\$1,323.36	0.03%
2020/2021	1,784	\$4,523,146.34	9	\$16,644.91	0.37%	2	\$4,217.82	0.09%
2021/2022	1,784	\$4,598,472.84	18	\$26,053.93	0.57%	7	\$11,741.06	0.26%
2022/2023	1,784	\$4,675,310.82	14	\$27,724.00	0.59%	14	\$27,724.00	0.59%

(1) Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

(2) The source for the current amount delinquent is the County of Riverside as of June 30, 2023.

Source: KeyAnalytics.

For additional information concerning each of the Districts, see Appendix A — “INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS” attached hereto.

Concentration of Ownership within the Community Facilities Districts

Based on the most recent ownership information obtained from the Riverside County Tax Assessor, no taxpayer was attributed ownership in more than one taxable Assessor’s Parcel in any of the Community Facilities Districts. As a general matter, any such information is based on ownership information provided by the Riverside County Tax Assessor, and neither the Authority nor the Community Facilities Districts can make any representation as to whether individual persons, corporations or other organizations are liable for Special Tax payments in connection with multiple properties held in various names that in the aggregate may be larger than what is suggested by the information regarding each Community Facilities District contained in Appendix A.

SPECIAL RISK FACTORS

The purchase of the Bonds involves certain investment risks which are discussed throughout this Official Statement. Each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the Bonds in general. The following risk factors are not presented in an order reflective of their relative importance to purchasers of the Bonds.

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 Districts, 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 Districts, 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 (including smoke damage), droughts, floods, windstorms and outbreaks of disease), which may result in uninsured losses, and (iv) increased delinquencies due to rising mortgage costs or other factors.

COVID-19 (Coronavirus) Pandemic

The spread of strains of coronavirus that cause a disease commonly referred to as COVID-19 (“COVID-19”) has had significant negative impacts throughout the world. The World Health Organization declared the COVID-19 outbreak to be a pandemic in 2020, and states of emergency were previously declared by the WHO, the State and the United States. The purpose behind these declarations was to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for the then-expected wider spread of the virus. During that time, based on guidance and directives from the State and public health agencies, the County and other public agencies within the County have undergone varying degrees of closure and limited reopening of public buildings and businesses. All COVID-19 states of emergency have since been lifted.

To date there have been millions of confirmed cases in the United States, and over one million deaths related to COVID-19. Although vaccines and vaccine boosters are currently widely available, no representation can be made as to whether the number of cases will continue to grow. The COVID-19 outbreak

resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and significant increases in inflation as these restrictions and closures have been lifted. Stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

The COVID-19 pandemic is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain. To date, the impact of the COVID-19 pandemic does not appear to be having a materially adverse impact on the residential real estate market in Southern California; however, the ultimate impact of COVID-19 on the Districts, including but not limited to homebuyers' willingness and ability to pay Special Taxes when due, the value of property within the Districts, the sales of homes within the Districts and the real estate market in general is unknown.

Likewise, the School District's financial results could be harmed by a national or localized outbreak of a highly contagious or epidemic disease, such as the COVID-19 virus. School districts in California are funded based on the Local Control Funding Formula, which allocates a base grant per unit of average daily attendance with additional supplemental grants based on certain factors. The outbreak of a highly contagious disease at one of the School District's facilities may result in a temporary shutdown of one or more school sites, which would reduce the average daily attendance and could impact the funding a school district receives unless the State legislature or California Department of Education takes action to exclude such days from the calculations for funding purposes. Furthermore, any impact on the State's tax and other revenue receipts as a result of a highly contagious or epidemic disease may in turn impact other educational funding that the School District receives from the State. In addition, the School District may incur increased operational costs to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. Neither the School District nor the Districts can predict any costs associated with the potential outbreak of an infectious disease. The ultimate long-term impact of COVID-19 on the School District's operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, State and national economies or the assessed valuation of property within the School District or the Districts, or adversely impact enrollment or average daily attendance within the School District or materially adversely impact the financial condition or operations of the School District.

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 amounts in 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 Districts following delinquency. A District's legal obligation 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 Districts to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the 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 Districts to make full or timely payments of debt service on the Local Obligations, which may, in turn, result in a draw on the Reserve Policy and the inability of the Authority to make full or timely payment on the Bonds.

No Obligation of the School District

The Local Obligations and the interest thereon, and in turn, the Bonds, are not payable from the general funds of the School District. Except with respect to the Special Taxes, neither the credit nor the taxing power of the Districts or the School District 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 Districts or the School District or force the forfeiture of any property of the School District or the Districts. The principal of, premium, if any, and interest on the Bonds are not a debt of the School District or the Districts or a legal or equitable pledge, charge, lien or encumbrance upon any of the property of the School District or the Districts or upon any of the income, receipts or revenues of the School District or the Districts, except the Revenues and other amounts pledged under the Indenture.

No Cross-Collateralization Between Districts

The Local Obligations are not cross-collateralized. In other words, the Special Taxes from one District cannot be used to cover any shortfall in the payment of debt service on the Local Obligations of another District.

Potential Early Redemption of Bonds from Prepayments

Property owners within the Districts are permitted to prepay their Special Taxes at any time. 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 Districts is an important factor in evaluating the investment quality of the Bonds. In the event that a property owner defaults in the payment of Special Tax installment, a District’s only remedy is to judicially foreclose on that property. Prospective purchasers of the Bonds should not assume that the property within the Districts 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 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 land in the Districts which is the security for the Local Obligations, which secure the Bonds. As discussed herein, many factors could adversely affect property values within the Districts.

Natural Disasters; Climate Change

The land within the Districts, like all California communities, may be subject to unpredictable seismic activity, fires, floods, or other natural disasters. Southern California is a seismically active area. Seismic

activity represents a potential risk for damage to buildings, roads, and property within the Districts. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within the Districts is not located in an Alquist Priolo Earthquake Study Zone though it is located in close proximity to the Claremont Fault. The Districts are not located in a flood plain area.

None of the Districts lie within, or are immediately adjacent to, very high fire hazard severity zones within a State Responsibility Area. In recent years, wildfires have caused extensive damage throughout the State. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in the Districts. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in the Districts 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.

As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the control of the Districts, the School District or the Authority. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the Districts, the School District and the Authority are unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts

Hazardous Substances

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

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

None of the Authority, the Districts or the School District has knowledge of any hazardous substances being located on the property within the Districts; however, such entities have not conducted any investigation with respect to hazardous substances within the Districts.

Endangered Species

During the 1990s, there was an increase in activity at the State and federal level related to the possible listing of certain plant and animal species found in the Southern California area as endangered species. An increase in the number of endangered species would curtail development in a number of areas. At present, the property within the Districts is not known to be inhabited by any plant or animal species which is on the endangered species list or which either the California Fish and Game Commission or the United States Fish and Wildlife Service has proposed for addition to the endangered species list. Notwithstanding this fact, new species are proposed to be added to the State and federal protected lists on a regular basis. Any action by the State or federal governments to protect species located on or adjacent to the property within the District could negatively impact the value of the land in the Districts and the potential revenues available at a foreclosure sale for delinquent Special Taxes. See “— Property Values.”

Parity Taxes and Special Assessments

Property within the Districts is subject to taxes and other charges levied by several other public agencies. See the discussion of direct and overlapping indebtedness under the heading Appendix A — “INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS” attached hereto. Neither the Authority, the Districts nor the School District 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 Districts.

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 Districts or the School District 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 Districts. In addition, the landowners within the Districts may, without the consent or knowledge of the Authority, the Districts or the School District, 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 Districts 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 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 School District has caused a notices of the Special Tax that may be levied against the taxable parcels in each District 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 Districts or lending of money thereon.

The 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 special tax under the Act 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 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 each District on the *ad valorem* property tax bills sent by the County to owners of such properties. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See the delinquency tables in Appendix A — “INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS” attached hereto for the delinquency history of each District over the last 10 Fiscal Years.

See “SECURITY FOR THE LOCAL OBLIGATIONS — Covenants to Foreclose” herein, for a discussion of the provisions which apply, and procedures which each District is obligated to follow under the Local Obligation Indentures, 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 District’s ability to foreclose on the lien of the Special Taxes in certain circumstances.

Each District has the authority and the obligation, subject to the 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 District in the event other owners such District are delinquent. Pursuant to each Rate and Method, under no circumstances may the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by owner of any other parcel or parcels within the District by more than 10% in any fiscal year. Thus, a District 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 Policy, and if delinquencies continue and in the aggregate exceed the Reserve Policy limits (or funds otherwise on deposit in the Reserve Fund), 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 Districts 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.

The Rate and Method governing the levy of the Special Taxes within each District expressly exempts up to a specified number of acres of property owned by public entities, homeowner associations, churches and other specified owners. If for any reason property within a District 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 District. 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 Act provides that, if any property within a District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within a District 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 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.

Pursuant to each Rate and Method, under no circumstances may the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by owner of any other parcel or parcels within a District by more than 10% in any fiscal year. Thus, a District 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. See “SECURITY FOR THE LOCAL OBLIGATIONS — Special Taxes; Gross Special Taxes; Net Special Taxes” herein.

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

The long-term credit rating on the Bonds insured by the Policy 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 such Bonds. See “MISCELLANEOUS—Ratings” herein.

None of the Authority, the Districts, the School District 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 Districts, the School District or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the Bonds insured by the Policy, potential investors should carefully consider the ability of the Authority to pay principal and interest on such Bonds, assuming that the Policy is not available to pay principal and interest on such Bonds, and the claims-paying ability of the Insurer through final maturity of such 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 attached hereto.

Risks Associated with the Reserve Policy

Concurrently with issuance of the Bonds, the Authority acquire a Reserve Policy for the Bonds. In the event that such Reserve Policy is acquired, and the Insurer is unable to make payment of principal or interest on Bonds in connection with a draw on the Reserve Fund, the Bonds will be payable solely as otherwise described herein. In the event that the Insurer becomes obligated to make payments on the Bonds as a result of a draw upon the Reserve Policy, no assurance can be given that such event would not adversely affect the market price of the Bonds or the marketability (liquidity) of the Bonds.

None of the Authority, the School Districts, the Districts nor the Underwriter will make an independent investigation of the claims paying ability of the Insurer, and no assurance or representation regarding the financial strength or projected financial strength thereof is being made by the Authority 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, and the claims-paying ability of the Insurer in the event a Reserve Policy is acquired, through final maturity of the Bonds.

FDIC/Federal Government Interests in Properties

The ability of the Districts to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to parcels in which the FDIC, or other federal government entities such as Fannie Mae, Freddie Mac, the Drug Enforcement Agency, the Internal Revenue Service or other federal agency, has or obtains an interest.

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

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

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

In the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have upheld such restrictions based on the supremacy clause of the United States Constitution — “this Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, anything in the Constitution or Laws of any State to the contrary notwithstanding.” In the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the Districts wish to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest. For a discussion of risks associated with taxable parcels within the Districts becoming owned by the federal government, federal government entities or federal government sponsored entities, see “— Insufficiency of Special Taxes.”

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

Bankruptcy and Foreclosure

In the event of a delinquency in the payment of the Special Taxes, a District, under certain circumstances, is required to commence enforcement proceedings as described under the heading “SECURITY FOR THE LOCAL OBLIGATIONS — Covenants to Foreclose” herein. However, prosecution of such proceedings could be delayed due to crowded local court calendars, dilatory legal tactics, or bankruptcy. It is also possible that a District will be unable to realize proceeds in an amount sufficient to pay the applicable delinquency. Moreover, the ability of the 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, 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. In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. 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 Indentures by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public corporations such as the Districts.

Cybersecurity

The School District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The School District maintains insurance coverage for cyber security losses should a successful breach ever occur.

No assurance can be given that the School District's efforts to manage cyber threats and attacks will, in all cases, be successful or that any such attack will not materially impact the operations or finances of the Authority, the School District or the Districts. The School District is also reliant on other entities and service providers, such as the County Treasurer for the levy and collection of Special Taxes securing payment of the Local Obligations, the Fiscal Agent in its role as paying agent or the Dissemination Agent in connection with compliance by the School District and the Authority with their respective continuing disclosure undertakings. No assurance can be given that the School District or the Authority may not be affected by cyber threats and attacks against other entities or service providers in a manner which may affect the Bond Owners, e.g., systems related to the timeliness of payments to Bond Owners or compliance with disclosure filings pursuant to the Continuing Disclosure Agreement.

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 the Indenture — *Events of Default; Remedies*" attached hereto.

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 School District or the Districts in violation of covenants in the Indenture or the Local Obligation Indentures, 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.

Current or 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. 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.

A change in the tax status of the interest on the Bonds would likely 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” herein.

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 the Bonds can be sold for any particular price. Although the Authority has committed to provide certain financial information and operating data on an annual basis, there can be no assurance that such information will be available to Beneficial Owners of the Bonds on a timely basis. The failure to provide the required annual information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating, or 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 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 Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On 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.

It may be possible, however, for voters, or the Board of Trustees of the School District, acting as the legislative body of each District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Local Obligations, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Local Obligations. Nevertheless, to the maximum extent that the law permits it to do so, each District will covenant in each Local Obligation Issuance Document executed by it that it will not initiate proceedings to reduce the maximum Special Tax rates in a District unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the Rate and Method of Apportionment then in effect in the District) in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least 110% of the sum of the estimated Administrative Expenses and gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Local Obligations and Local Obligation Parity Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Local Obligations or any Local Obligation Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the independent financial consultants shall compute the Administrative Expenses for the current Fiscal Year and escalate that amount by two percent (2%) in each subsequent Fiscal Year.

Each District will also covenant that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the minimum or the maximum Special Tax below the levels specified in the preceding paragraph or to limit the power of the District to levy the Special Taxes in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay the Minimum Special Tax Requirement, it will commence and pursue legal action in order to preserve its ability to prevent such reduction or limitation on such power. However, no assurance can be given as to the enforceability of the foregoing covenants.

The California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997) (the “San Diego Decision”). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego (“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.

The facts of the San Diego Decision show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The elections held in each of the Districts had less than 12 registered voters within each District at the time of the elections to authorize the Special Tax. In the San Diego Decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court's holding does not apply to the Special Tax elections in the Districts. Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. Voters within the Districts approved the Special Tax and the issuance of bonds years ago, and bonds issued on behalf of the Districts secured by the Special Taxes have been issued years ago. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, Bond Counsel is of the opinion that no successful challenge to the Special Tax being levied in accordance with each Rate and Method may now be brought.

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" herein.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the Internal Revenue Service. 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 similar bonds or securities).

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 School District, or the Districts to increase revenues or to increase appropriations.

LEGAL MATTERS

Tax Matters

In the opinion of 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 is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be

taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

The 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 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 and the Districts and others and is subject to the condition that the Authority and the Districts comply with all requirements of the Internal Revenue Code of 1986, as amended (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 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 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 Stradling Yocca Carlson & Rauth LLP.

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 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" attached hereto for a form of the opinion to be provided by Bond Counsel on the date of issuance of the Bonds.

Litigation

No Litigation Relating to the Bonds. 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. Each of the Districts will also certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity the Local Obligations and that no action, suit or proceeding is known by such 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 such District taken with respect to the Local Obligations.

School District Ongoing Litigation. On October 10, 2023, a jury rendered a verdict against the School District in a lawsuit alleging that the School District was negligent in failing to supervise a former teacher who engaged in inappropriate conduct with two students. On December 18, 2023, the Superior Court of California entered a judgment (the "Judgment") against the District in the amount of \$121.5 million. The School District believes that, based on the amount of insurance coverage in place at the time the negligent conduct occurred, the majority of the Judgment would need to be paid from the School District's unrestricted general fund revenues. On January 9, 2024, the School District's Board of Trustees adopted a resolution making a determination that, pursuant to Government Code Section 970.6, the payment of the Judgment would result in an undue and severe financing hardship unless the School District is allowed to pay the full amount of the Judgment in equal installments over a ten-year period. The School District is considering other options to address the Judgment, including an appeal of the amount of damages awarded and negotiating a lower amount

with the plaintiffs. The School District has also received an additional claim alleging inappropriate conduct involving the same former teacher that was the subject of the Judgment. The School District is currently investigating the veracity of these claims, and can make no representation regarding any future liability associated with this claim, or whether any potential liability could materially impact the finances or operations of the School District. Notwithstanding any potential liability associated with this claim, or the liability imposed by the Judgment, the Bonds are special obligations of the Authority payable solely from and secured solely by the Revenues pledged in the Indenture. The Bonds are not a debt or liability of the School District.

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, San Francisco, 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 is expected to assign the rating of "AA" to the Bonds, based on the delivery of the Policy by the Insurer at the time of issuance of the Bonds. See "BOND INSURANCE" herein. The Bonds have also been assigned an underlying rating of "A+" by S&P.

There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the rating 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 reflects 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 School District, the Authority or the 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 rating changes with respect to the Bonds after the initial issuance of the Bonds.

None of the School District, the Authority, the 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 "BOND INSURANCE" herein for further information relating to the Insurer.

Municipal Advisor

The School District has retained Fieldman Rolapp & Associates, Inc., Irvine, California, as municipal advisor (the "Municipal Advisor") for the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

Verification of Mathematical Accuracy

Causey Demgen & Moore, P.C., Denver, Colorado (the "Verification Agent"), independent accountants, 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, interest and redemption premium requirements of the Prior Bonds.

The report of the Verification Agent 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 Piper Sandler & Co. (the "Underwriter") at a purchase price of \$56,973,314.25 (being the principal amount of the Bonds, less an Underwriter's discount of \$608,452.40, plus an original issue premium of \$6,961,766.65).

The purchase contract 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.

Underwriter Disclosure. *The Underwriter has provided the following information for inclusion in this Official Statement. None of the Authority, the School District or the Districts make any representation regarding the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation thereof.*

The Underwriter has entered into a distribution agreement with Charles Schwab & Co., Inc. ("CS & Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to that agreement, CS & Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS & Co. sells.

Continuing Disclosure

Current Undertaking. The Authority will execute a continuing disclosure agreement by and between the Authority and KeyAnalytics, 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 Districts (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”). 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” attached hereto. 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 March 1 after the end of the Authority’s fiscal year, which is currently June 30. The first Annual Report will be due March 1, 2025.

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.

Prior Undertakings of the Authority. Within the past five years, the Authority has not failed to file in a timely manner annual reports and notices of listed events required by its prior undertakings entered into pursuant to the Rule.

Prior Undertakings of the School District and Related Entities. Within the past five years, the School District and its related entities have not failed to file in a timely manner annual reports and notices of listed events required by their respective prior undertakings entered into pursuant to the Rule.

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.

MORENO VALLEY UNIFIED SCHOOL
DISTRICT FINANCING AUTHORITY

By: _____ /s/ Dr. Robert Verdi
Executive Director

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APPENDIX A
INFORMATION REGARDING THE COMMUNITY FACILITIES DISTRICTS

COMMUNITY FACILITIES DISTRICT NO. 2002-1

Location and Description. CFD 2002-1 was formed by the School District on February 26, 2002 to finance various public improvements needed to develop property located within CFD No. 2002-1. CFD No. 2002-1 is located in the City of Moreno Valley, California, south of Highway 60, east of Day Street in the vicinity of the intersection of Eucalyptus Avenue and Arbor Park Lane. CFD 2002-1 is completely built out and includes 557 single-family detached units.

Assigned Annual Special Taxes. The following table sets forth the current Assigned Annual Special Taxes that were levied on the property within CFD No. 2002-1 in Fiscal Year 2023-24. The Special Taxes in CFD No. 2002-1 may not be levied after the 2037-38 fiscal year. The final maturity of the CFD No. 2002-1 Bonds is September 1, 2038.

TABLE 1
COMMUNITY FACILITIES DISTRICT NO. 2002-1
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSIGNED SPECIAL TAXES

<i>Land Use Classification</i>	<i>Number of Taxable Units/Aces</i>	<i>Fiscal Year 2023-24 Assigned Annual Tax per Unit/Acre</i>	<i>Actual Special Tax Levy Fiscal Year 2023-24 per Unit/Acre</i>	<i>Fiscal Year 2023-24 Levy Total</i>	<i>Fiscal Year 2023- 24 Percentage Levy Total</i>
2,801 Sq. Ft. or Greater	70	\$1,690.00	\$1,690.00	\$118,300.00	15.63%
2,601 Sq. Ft. to 2,800 Sq. Ft.	63	\$1,647.00	\$1,647.00	\$103,761.00	13.71%
2,301 Sq. Ft. to 2,600 Sq. Ft.	39	\$1,456.00	\$1,456.00	\$56,784.00	7.50%
2,101 Sq. Ft. to 2,300 Sq. Ft.	40	\$1,421.00	\$1,421.00	\$56,840.00	7.51%
1,851 Sq. Ft. to 2,100 Sq. Ft.	93	\$1,334.00	\$1,334.00	\$124,062.00	16.39%
1,651 Sq. Ft. to 1,850 Sq. Ft.	116	\$1,221.00	\$1,221.00	\$141,636.00	18.72%
1,501 Sq. Ft. to 1,650 Sq. Ft.	84	\$1,169.00	\$1,169.00	\$98,196.00	12.98%
1,501 Sq. Ft. or Less	52	\$1,100.00	\$1,100.00	\$57,200.00	7.56%
Non-Residential Property	0	\$11,998.00	\$0.00	\$0.00	0.00%
Total	557			\$756,779.00	100.00%

Source: KeyAnalytics.

For the complete text of the CFD No. 2002-1 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE DISTRICTS” attached hereto.

Estimated Direct and Overlapping Indebtedness. The ability of an owner of land within CFD No. 2002-1 to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. These other taxes and assessments securing the repayment consist of the direct and overlapping debt in CFD No. 2002-1 is set forth in Table 2 below (the “CFD No. 2002-1 Debt Report”). The CFD No. 2002-1 Debt Report sets forth those entities which have issued debt and includes entities which only levy or assess fees, charges, *ad valorem* taxes or special taxes. The CFD No. 2002-1 Debt Report does not include the principal amount of the CFD No. 2002-1 Bonds. The CFD No. 2002-1 Debt Report has been derived from data assembled and reported to CFD No. 2002-1 by California Tax Data as of August 31, 2023. None of the Authority, the District, the School District nor the Underwriter has independently verified the information in the CFD No. 2002-1 Debt Report and do not guarantee its completeness or accuracy.

TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 2002-1
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT

I. Assessed Value

2023-2024 Secured Roll Assessed Value	\$179,290,480
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II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic 1% Levy	PROP13	950,369	\$3,812,026,309.28	0.04645%	557	\$1,770,809.31
City of Moreno Valley LMD No. 2014-02	LMD	10,418	\$2,393,032.50	4.10866%	557	\$98,321.64
City of Moreno Valley Solid Waste Management	TRASH	4,905	\$2,426,771.80	0.67279%	37	\$16,327.18
County of Riverside Service Area No. 152 (Moreno Valley Stormwater)	CSA	47,082	\$708,057.94	0.64034%	557	\$4,533.98
CSCDA California First Program (County of Riverside) (1)	1915	1,014	\$2,585,870.88	0.16248%	1	\$4,201.54
Eastern Municipal Water District Combined Standby Charge	STANDBY	254,571	\$5,873,805.86	0.23707%	557	\$13,925.00
Metropolitan Water District of Southern California Debt Service	GOB	264,835	\$3,926,570.31	0.15784%	557	\$6,197.82
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	263,001	\$2,822,235.90	0.13697%	557	\$3,865.58
Moreno Valley Community Services District Zone A	CSD	49,547	\$5,170,550.00	0.94260%	557	\$48,737.50
Moreno Valley Community Services District Zone B	CSD	39,964	\$999,707.78	1.89770%	557	\$18,971.42
Moreno Valley Community Services District Zone C	CSD	48,327	\$434,943.00	1.15256%	557	\$5,013.00
Moreno Valley Community Services District Zone E-1A - Renaissance Park	CSD	557	\$60,189.42	100.00000%	557	\$60,189.42
Moreno Valley Unified School District CFD No. 2002-1	CFD	560	\$756,779.00	100.00000%	557	\$756,779.00
Moreno Valley Unified School District Debt Service	GOB	43,869	\$20,404,237.23	0.85198%	557	\$173,840.63
PACE Funding PACE Financing Program (County of Riverside) (1)	1915	858	\$2,422,042.34	0.22015%	1	\$5,332.20
Riverside Community College District Debt Service	GOB	270,083	\$21,393,271.01	0.12168%	557	\$26,031.02
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	411,742	\$2,806,373.50	0.05468%	557	\$1,534.60
WRCOG Hero Financing Program (County of Riverside) (1)	1915	4,677	\$12,412,827.28	0.08224%	4	\$10,208.52
2023-2024 TOTAL PROPERTY TAX LIABILITY						\$3,024,819.36
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2023-2024 ASSESSED VALUATION						1.69%

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Moreno Valley Unified School District CFD No. 2002-1	CFD	\$8,850,000	\$4,415,000	100.00000%	557	\$4,415,000

TOTAL LAND SECURED BOND INDEBTEDNESS (2)**\$4,415,000****TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (2)****\$4,415,000****IV. General Obligation Bond Indebtedness**

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	\$25,495,000	0.06808%	557	\$17,358
Moreno Valley Unified School District GOB 2004	GOB	\$49,999,946	\$1,963,707	0.84048%	557	\$16,504
Moreno Valley Unified School District GOB 2014	GOB	\$314,000,000	\$283,360,000	0.84048%	557	\$2,381,570
Riverside Community College District GOB 2004	GOB	\$313,998,424	\$282,851,456	0.12031%	557	\$340,292
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (2)						\$2,755,724
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (2)						\$2,755,724

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT**\$7,170,724.42****VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT****25.00:1**

(1) Does not include PACE program liens due to the variable nature of each lien.

(2) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.

Source: California Tax Data.

The table below sets forth the estimated total effective tax rates for a typical single family home under the Rate and Method for CFD No. 2002-1, based upon Fiscal Year 2023-24 tax rates and the average assessed value for a parcel of Developed Property within CFD No. 2002-1. The table below sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt.

**TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 2002-1
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
FISCAL YEAR 2023-24 SAMPLE TAX BILL**

Assessed Valuation and Property Taxes

Assessed Value ⁽¹⁾	\$301,137.00
Homeowners Exemption	\$7.00
Net Assessed Value	\$301,130.00

***Percent of Total
Assessed
Valuation***

<i>Ad Valorem Property Taxes</i>	1.11637%	
Riverside County General Purpose	1.00000%	\$3,011.36
Moreno Valley Unified School District	0.09817%	\$295.63
Riverside City Community College District	0.01470%	\$44.27
Metropolitan Water District	0.00350%	\$10.54

Assessments, Special Taxes, and Parcel Charges

EMWD Infrastructure Availability Charge	\$25.00
Flood Control Stormwater/Cleanwater	\$2.92
Moreno Valley LMD 2014-02 Zone 01A Landscape	\$108.06
CFS 152-Moreno Valley Stormwater	\$8.14
MWD Standby East	\$6.94
Moreno Valley CS Zone C	\$9.00
CFD 2002-1 Moreno Valley USD	\$1,421.00
Moreno Valley LMD No. 2014-01 Lighting	\$34.06
Moreno Valley CS Zone A	\$87.50
Moreno Valley LMD 2014-02 Landscape	\$176.52
Moreno Valley WRCOG Residential 2	\$1,021.62
 Subtotal	 \$2,900.76

Total Property Taxes	\$6,262.56
Total Effective Tax Rate	2.08%

⁽¹⁾ Fiscal Year 2023/24 assessed valuation for a Single Family Detached unit containing 2,282 building square feet, selected to represent the median effective tax rate for a Single Family Detached Unit within the Community Facilities District.

Source: KeyAnalytics.

Value-to-Lien Ratios. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2002-1 (557 parcels in total), as established by the County Assessor for Fiscal Year 2023-24, which total is \$179,290,480.00. As described above, CFD No. 2002-1 is included within the boundaries of numerous 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 assessed value-to-lien ratio of Developed Property within CFD 2002-1, taking into account the CFD 2002-1 Bonds and overlapping land-secured bonded indebtedness, as further described in Table 2 above, is 16.25-to-1. The following table summarizes the assessed value-to-lien ratios of the taxable parcels within CFD No. 2002-1.

TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 2002-1
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSESSED VALUE-TO-LIEN STRATIFICATION

<i>Value-to-Lien Category</i>	<i>No. of Parcels</i>	<i>FY 2023-24 Special Tax Levy Total</i>	<i>% Share of Fiscal Year 2023-24 Special Tax Levy</i>	<i>Fiscal Year 2023-24 Taxable Assessed Value⁽¹⁾</i>	<i>CFD No. 2002-1 Bonds ⁽²⁾</i>	<i>Overlapping General Obligation Debt ⁽³⁾</i>	<i>Total Debt</i>	<i>Value-to-Lien Ratio</i>
25.00 and Above	3	\$3,300.00	0.44%	\$1,478,210.00	\$36,104.58	\$22,720.33	\$58,824.91	25.130:1
20.00 to 24.99	61	\$82,092.00	10.85%	\$30,634,461.00	\$898,150.71	\$470,856.75	\$1,369,007.45	22.380:1
15.00 to 19.99	260	\$347,592.00	45.93%	\$88,422,543.00	\$3,802,928.43	\$1,359,069.16	\$5,161,997.58	17.13:1
10.00 to 14.99	232	\$322,105.00	42.56%	\$58,537,969.00	\$3,524,080.70	\$899,738.30	\$4,423,819.00	13.23:1
5.00 to 9.99	1	\$1,690.00	0.22%	\$217,297.00	\$18,489.92	\$3,339.89	\$21,829.81	9.95:1
3.00 to 4.99	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
2.99 and Below	0	\$0.00	0.00%	\$0.00	0	\$0.00	\$0.00	N/A
Total	557	\$756,779.00	100.00%	\$179,290,480.00	\$8,279,754.34	\$2,755,724.42	\$11,035,478.76	16.25:1

⁽¹⁾ Assessed value as of January 1, 2023, as provided by the County of Riverside Assessor's Office.

⁽²⁾ Allocated based on proportionate share of the actual Fiscal Year 2023-24 Special Tax levy.

⁽³⁾ Represents overlapping General Obligation debt outstanding as of August 31, 2023 as shown in table 2.

Source: KeyAnalytics.

Historical Net Assessed Valuation. The following table represents the historical assessed valuation of the taxable property in CFD No. 2002-1 as shown on the County Assessor's roll for Fiscal Years 2018-19 through 2023-24.

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 2002-1
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSESSED VALUATION HISTORY
FISCAL YEARS 2018-19 THROUGH 2023-24

<i>Year</i>	<i>Value Date (Jan. 1)</i>	<i>Assessed Value of Parcels Taxed as Developed⁽¹⁾</i>	<i>Percentage Change in Assessed Value</i>
2018-19	2018	\$147,968,570.00	N/A
2019-20	2019	\$153,359,526.00	3.64%
2020-21	2020	\$158,408,169.00	3.29%
2021-22	2021	\$162,862,782.00	2.81%
2022-23	2022	\$171,754,141.00	5.46%
2023-24	2023	\$179,290,480.00	4.39%

⁽¹⁾ Source: Riverside County Assessor Closed Roll Data as of July of each Fiscal Year, Assessed Values as of January 1.
Source: KeyAnalytics.

Delinquencies. The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 2002-1 for Fiscal Year 2018-19 through Fiscal Year 2022-23 as of the fiscal year end and as of June 30, 2023.

TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 2002-1
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2018-19 THROUGH 2022-23

<i>Fiscal Year</i>	<i>Subject Fiscal Year</i>					<i>Current Delinquency⁽²⁾</i>		
	<i>Parcels Levied</i>	<i>Total Special Tax Levied</i>	<i>Parcels Delinquent</i>	<i>Amount of Delinquency June 30</i>	<i>% Delinquent June 30⁽¹⁾</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>% Delinquency</i>
2018/2019	557	\$756,779.00	5	\$3,474.50	0.46%	0	\$0.00	0.00%
2019/2020	557	\$756,779.00	11	\$9,590.51	1.27%	0	\$0.00	0.00%
2020/2021	557	\$756,779.00	4	\$6,440.00	0.85%	0	\$0.00	0.00%
2021/2022	557	\$756,779.00	6	\$3,800.72	0.50%	2	\$928.22	0.12%
2022/2023	557	\$756,779.00	5	\$5,008.50	0.66%	5	\$5,008.50	0.66%

⁽¹⁾ Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

⁽²⁾ The source for the current amount delinquent is the County of Riverside as of June 30, 2023.
Source: KeyAnalytics.

COMMUNITY FACILITIES DISTRICT NO. 2003-1

Location and Description. CFD No. 2003-1 was formed by the School District on October 21, 2003 to finance various public improvements needed to develop property located within CFD No. 2003-1. CFD No. 2003-1 is located in the City of Moreno Valley, California, in Riverside County, south of Highway 60, north of Fir Avenue, west of Morrison Street and east of Lasselle Street. Encompassing 57.03 gross acres, CFD 2003-1 is completely built-out and includes 228 single-family detached units.

Assigned Annual Special Taxes. The following table sets forth the current Assigned Annual Special Taxes that were levied on the property within CFD No. 2003-1 in Fiscal Year 2023-24 based on the development status within CFD No. 2003-1. The Special Taxes in CFD No. 2003-1 may not be levied after the 2039-40 fiscal year. The final maturity of the CFD No. 2003-1 Bonds is September 1, 2040.

**TABLE 7
COMMUNITY FACILITIES DISTRICT NO. 2003-1
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSIGNED SPECIAL TAXES**

<i>Land Use Classification</i>	<i>Number of Taxable Units/Aces</i>	<i>Fiscal Year 2023-24 Assigned Annual Tax per Unit/Acre ⁽¹⁾</i>	<i>Actual Special Tax Levy Fiscal Year 2023-24 per Unit/Acre</i>	<i>Fiscal Year 2023- 24 Levy Total</i>	<i>Fiscal Year 2023-24 Percentage Levy Total</i>
Greater than 3,001 Sq. Ft.	54	\$2,491.93	\$2,491.92	\$175,807.80	25.71%
2,801 Sq. Ft. to 3,000 Sq. Ft.	51	\$2,686.59	\$2,686.58	\$160,357.26	23.45%
2,601 Sq. Ft. to 2,800 Sq. Ft.	28	\$2,908.00	\$2,907.98	\$86,083.76	12.59%
2,401 Sq. Ft. to 2,600 Sq. Ft.	18	\$2,991.21	\$2,991.20	\$53,841.60	7.87%
2,101 Sq. Ft. to 2,400 Sq. Ft.	20	\$3,074.43	\$3,074.42	\$58,159.60	8.50%
1,900 Sq. Ft. to 2,100 Sq. Ft.	39	\$3,144.26	\$3,144.26	\$104,776.62	15.32%
1,899 Sq. Ft. or Less	18	\$3,255.71	\$3,255.70	\$44,854.56	6.56%
Non-Residential Property	0	\$17,699.12	\$17,699.10	\$0.00	0.00%
Total	228			\$683,881.20	100.00%

⁽¹⁾ Assigned Annual Special Tax escalates 2% annually.
Source: KeyAnalytics.

For the complete text of the CFD No. 2003-1 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE DISTRICTS” attached hereto.

Estimated Direct and Overlapping Indebtedness. The ability of an owner of land within CFD No. 2003-1 to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. These other taxes and assessments securing the repayment consist of the direct and overlapping debt in CFD No. 2003-1 is set forth in Table 8 below (the “CFD No. 2003-1 Debt Report”). The CFD No. 2003-1 Debt Report sets forth those entities which have issued debt and includes entities which only levy or assess fees, charges, *ad valorem* taxes or special taxes. The CFD No. 2003-1 Debt Report does not include the principal amount of the CFD No. 2003-1 Bonds. The CFD No. 2003-1 Debt Report has been derived from data assembled and reported to CFD No. 2003-1 by California Tax Data as of August 31, 2023. None of the Authority, the District, the School District nor the Underwriter has independently verified the information in the CFD No. 2003-1 Debt Report and do not guarantee its completeness or accuracy.

**TABLE 8
COMMUNITY FACILITIES DISTRICT NO. 2003-1
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT**

I. Assessed Value

2023-2024 Secured Roll Assessed Value	\$88,397,421
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II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic 1% Levy	PROP13	950,369	\$3,812,026,309.28	0.02284%	228	\$870,613.68
City of Moreno Valley Solid Waste Management	TRASH	4,905	\$2,426,771.80	0.43340%	23	\$10,517.68
County of Riverside Service Area No. 152 (Moreno Valley Stormwater)	CSA	47,082	\$708,057.94	0.26211%	228	\$1,855.92
Eastern Municipal Water District Combined Standby Charge	STANDBY	254,571	\$5,873,805.86	0.05333%	228	\$3,132.72
Metropolitan Water District of Southern California Debt Service	GOB	264,835	\$3,926,570.31	0.07760%	228	\$3,047.07
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	263,001	\$2,822,235.90	0.05607%	228	\$1,582.32
Moreno Valley Community Services District Zone A	CSD	49,547	\$5,170,550.00	0.38584%	228	\$19,950.00
Moreno Valley Community Services District Zone B	CSD	39,964	\$999,707.78	0.77679%	228	\$7,765.68
Moreno Valley Community Services District Zone C	CSD	48,327	\$434,943.00	0.47179%	228	\$2,052.00
Moreno Valley Unified School District CFD No. 2003-1	CFD	228	\$683,881.20	100.00000%	228	\$683,881.20
Moreno Valley Unified School District Debt Service	GOB	43,869	\$20,404,237.23	0.41888%	228	\$85,468.28
PACE Funding PACE Financing Program (County of Riverside) (1)	1915	858	\$2,422,042.34	0.30826%	3	\$7,466.28
Riverside Community College District Debt Service	GOB	270,083	\$21,393,271.01	0.05982%	228	\$12,798.11
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	411,742	\$2,806,373.50	0.03025%	228	\$848.86
WRCOG Hero Financing Program (County of Riverside) (1)	1915	4,677	\$12,412,827.28	0.04931%	2	\$6,121.08
2023-2024 TOTAL PROPERTY TAX LIABILITY						\$1,717,100.88
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2023-2024 ASSESSED VALUATION						1.94%

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Moreno Valley Unified School District CFD No. 2003-1	CFD	\$7,375,000	\$5,280,000	100.00000%	228	\$5,280,000
TOTAL LAND SECURED BOND INDEBTEDNESS (2)						\$5,280,000
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (2)						\$5,280,000

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	\$25,495,000	0.03357%	228	\$8,558
Moreno Valley Unified School District GOB 2004	GOB	\$49,999,946	\$1,963,707	0.41439%	228	\$8,137
Moreno Valley Unified School District GOB 2014	GOB	\$314,000,000	\$283,360,000	0.41439%	228	\$1,174,210
Riverside Community College District GOB 2004	GOB	\$313,998,424	\$282,851,456	0.05932%	228	\$167,778
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (2)						\$1,358,683
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (2)						\$1,358,683
TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT						\$6,638,683.03
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT						13.32:1

(1) Does not include PACE program liens due to the variable nature of each lien.

(2) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.

Source: California Tax Data

The table below sets forth the estimated total effective tax rates for a typical single family home under the Rate and Method for CFD No. 2003-1, based upon Fiscal Year 2023-24 tax rates and the average assessed value for a parcel of Developed Property within CFD No. 2003-1. The table below sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt.

**TABLE 9
COMMUNITY FACILITIES DISTRICT NO. 2003-1
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
FISCAL YEAR 2023-24 SAMPLE TAX BILL**

Assessed Valuation and Property Taxes

Assessed Value ⁽¹⁾		\$385,185.00
Homeowners Exemption		\$7,000.00
Net Assessed Value		\$378,185.00

***Percent of Total
Assessed
Valuation***

Ad Valorem Property Taxes

	1.11637%	
Riverside County General Purpose	1.00000%	\$3,851.84
Moreno Valley Unified School District	0.09817%	\$378.14
Riverside City Community College District	0.01470%	\$56.62
Metropolitan Water District	0.00350%	\$13.48

Assessments, Special Taxes, and Parcel Charges

Flood Control Stormwater/Cleanwater	\$3.74
CFS 152-Moreno Valley Stormwater	\$8.14
Moreno Valley CS Zone A	\$87.50
EMWD Infrastructure Availability Charge	\$13.74
Moreno Valley LMD No. 2014-01 Lighting	\$34.06
CFD 2003-1 Moreno Valley USD	\$3,144.26
Moreno Valley CS Zone C	\$9.00
MWD Standby East	\$6.94

Subtotal	\$3,307.38
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Total Property Taxes	\$7,607.46
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Total Effective Tax Rate	2.01157%
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⁽¹⁾ Fiscal Year 2023/24 assessed valuation for a Single Family Detached unit containing 2,825 building square feet, selected to represent the median effective tax rate for a Single Family Detached Unit within the Community Facilities District.

Source: KeyAnalytics.

Value-to-Lien Ratios. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2003-1 (228 parcels in total), as established by the County Assessor for Fiscal Year 2023-24, which total is \$88,397,421.00. As described above, CFD No. 2003-1 is included within the boundaries of numerous 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 assessed value-to-lien ratio of Developed Property within CFD 2003-1, taking account the CFD 2003-1 Bonds and overlapping land-secured bonded indebtedness, as further described in Table 8 above, is 9.38-to-1. The following table summarizes the assessed value-to-lien ratios of the taxable parcels within CFD No. 2003-1.

TABLE 10
COMMUNITY FACILITIES DISTRICT NO. 2003-1
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSESSED VALUE-TO-LIEN STRATIFICATION

<i>Value-to-Lien Category</i>	<i>No. of Parcels</i>	<i>FY 2023-24 Special Tax Levy Total</i>	<i>% Share of Fiscal Year 2023-24 Special Tax Levy</i>	<i>Fiscal Year 2023-24 Taxable Assessed Value⁽¹⁾</i>	<i>CFD No. 2003-1 Bonds⁽²⁾</i>	<i>Overlapping General Obligation Debt⁽³⁾</i>	<i>Total Debt</i>	<i>Value-to-Lien Ratio</i>
25.00 and Above	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
20.00 to 24.99	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
15.00 to 19.99	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
10.00 to 14.99	94	\$278,201.08	40.68%	\$44,827,514.00	\$3,281,559.17	\$689,006.33	\$3,970,565.50	11.29:1
5.00 to 9.99	133	\$402,993.54	58.93%	\$43,473,006.00	\$4,753,565.83	\$668,187.31	\$5,421,753.14	8.02:1
3.00 to 4.99	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
2.99 and Below	1	\$2,686.58	0.39%	\$96,901.00	\$31,689.92	\$1,489.38	\$33,179.31	N/A
Total	228	\$683,881.20	100.00%	\$88,397,421.00	\$8,066,814.92	\$1,358,683.03	\$9,425,497.95	9.38:1

⁽¹⁾ Assessed value as of January 1, 2023, as provided by the County of Riverside Assessor's Office.

⁽²⁾ Allocated based on proportionate share of the actual Fiscal Year 2023-24 Special Tax levy.

⁽³⁾ Represents overlapping General Obligation debt outstanding as of August 31, 2023 as shown in Table 8.

Source: KeyAnalytics.

Historical Net Assessed Valuation. The following table represents the historical assessed valuation of the taxable property in CFD No. 2003-1 as shown on the County Assessor's roll for Fiscal Years 2018-19 through 2023-24.

TABLE 11
COMMUNITY FACILITIES DISTRICT NO. 2003-1
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSESSED VALUATION HISTORY
FISCAL YEARS 2018-19 THROUGH 2023-24

<i>Year</i>	<i>Value Date (Jan. 1)</i>	<i>Assessed Value of Parcels Taxed as Developed⁽¹⁾</i>	<i>Percentage Change in Assessed Value</i>
2018-19	2018	\$70,598,032.00	N/A
2019-20	2019	\$73,490,431.00	4.10%
2020-21	2020	\$76,118,871.00	3.58%
2021-22	2021	\$80,437,734.00	5.67%
2022-23	2022	\$84,763,199.00	5.38%
2023-24	2023	\$88,397,421.00	4.29%

⁽²⁾ Source: Riverside County Assessor Closed Roll Data as of July of each Fiscal Year, Assessed Values as of January 1.
Source: KeyAnalytics.

Delinquencies. The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 2003-1 for Fiscal Year 2018-19 through Fiscal Year 2022-23 as of the fiscal year end and as of June 30, 2023.

TABLE 12
COMMUNITY FACILITIES DISTRICT NO. 2003-1
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2018-19 THROUGH 2022-23

<i>Fiscal Year</i>	<i>Subject Fiscal Year</i>					<i>Current Delinquency⁽²⁾</i>		
	<i>Parcels Levied</i>	<i>Total Special Tax Levied</i>	<i>Parcels Delinquent</i>	<i>Amount of Delinquency June 30</i>	<i>% Delinquent June 30⁽¹⁾</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>% Delinquency</i>
2018/2019	228	\$619,413.86	1	\$1,216.66	0.20%	0	\$0.00	0.00%
2019/2020	228	\$631,799.78	1	\$2,912.35	0.46%	0	\$0.00	0.00%
2020/2021	228	\$644,436.04	1	\$2,818.68	0.44%	1	\$2,818.68	0.44%
2021/2022	228	\$657,325.34	1	\$2,875.04	0.44%	1	\$2,875.04	0.44%
2022/2023	228	\$670,471.42	2	\$4,358.04	0.65%	2	\$4,358.04	0.65%

⁽¹⁾ Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

⁽²⁾ The source for the current amount delinquent is the County of Riverside as of June 30, 2023.
Source: KeyAnalytics.

COMMUNITY FACILITIES DISTRICT NO. 2003-2

Location and Description. CFD No. 2003-2 was formed by the School District on December 16, 2003 to finance various public improvements needed to develop property located within CFD No. 2003-2. CFD No. 2003-2 is located in the City of Moreno Valley, California, in Riverside County, south of Highway 60, south of Dracaea Avenue, North of Cottonwood Avenue and west of Nason Street. Encompassing 36.72 gross acres, CFD 2003-2 is completely built-out and includes 133 single-family detached units.

Assigned Annual Special Taxes. The following table sets forth the current Assigned Annual Special Taxes that were levied on the property within CFD No. 2003-2 in Fiscal Year 2023-24 based on the development status within CFD No. 2003-2. The Special Taxes in CFD No. 2003-2 may not be levied after the 2039-40 fiscal year. The final maturity of the CFD No. 2003-2 Bonds is September 1, 2040.

TABLE 13
COMMUNITY FACILITIES DISTRICT NO. 2003-2
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSIGNED SPECIAL TAXES

<i>Land Use Classification</i>	<i>Number of Taxable Units/Aces</i>	<i>Fiscal Year 2023-24 Assigned Annual Tax per Unit/Acre ⁽¹⁾</i>	<i>Actual Special Tax Levy Fiscal Year 2023-24 per Unit/Acre</i>	<i>Fiscal Year 2023-24 Levy Total</i>	<i>Fiscal Year 2023-24 Percentage Levy Total</i>
3,000 Sq. Ft. or Greater	47	\$3,062.54	\$3,062.52	\$143,938.44	37.36%
2,800 Sq. Ft. to 2,999 Sq. Ft.	43	\$2,864.91	\$2,864.90	\$123,190.70	31.97%
2,600 Sq. Ft. to 2,799 Sq. Ft.	22	\$2,827.76	\$2,827.74	\$62,210.28	16.15%
2,599 Sq. Ft. or Less	21	\$2,665.79	\$2,665.78	\$55,981.38	14.53%
Non-Residential Property	0	\$16,761.49	\$16,761.48	\$0.00	0.00%
Total	133			\$385,320.80	100.00%

⁽¹⁾ Assigned Annual Special Tax escalates 2% annually.
Source: KeyAnalytics.

For the complete text of the CFD No. 2003-2 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE DISTRICTS” attached hereto.

Estimated Direct and Overlapping Indebtedness. The ability of an owner of land within CFD No. 2003-2 to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. These other taxes and assessments securing the repayment consist of the direct and overlapping debt in CFD No. 2003-2 is set forth in the table below (the “CFD No. 2003-2 Debt Report”). The CFD No. 2003-2 Debt Report sets forth those entities which have issued debt and includes entities which only levy or assess fees, charges, *ad valorem* taxes or special taxes. The CFD No. 2003-2 Debt Report does not include the principal amount of the CFD No. 2003-2 Bonds. The CFD No. 2003-2 Debt Report has been derived from data assembled and reported to CFD No. 2003-2 by California Tax Data as of August 31, 2023. None of the Authority, the District, the School District nor the Underwriter has independently verified the information in the CFD No. 2003-2 Debt Report and do not guarantee its completeness or accuracy.

**TABLE 14
COMMUNITY FACILITIES DISTRICT NO. 2003-2
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT**

I. Assessed Value

2023-2024 Secured Roll Assessed Value	\$53,363,421
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II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic 1% Levy	PROP13	950,369	\$3,812,026,309.28	0.01383%	134	\$527,121.79
City of Moreno Valley Solid Waste Management	TRASH	4,905	\$2,426,771.80	0.31165%	16	\$7,562.96
County of Riverside Service Area No. 152 (Moreno Valley Stormwater)	CSA	47,082	\$708,057.94	0.15405%	134	\$1,090.76
Eastern Municipal Water District Combined Standby Charge	STANDBY	254,571	\$5,873,805.86	0.03135%	134	\$1,841.16
Metropolitan Water District of Southern California Debt Service	GOB	264,835	\$3,926,570.31	0.04698%	134	\$1,844.89
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	263,001	\$2,822,235.90	0.03295%	134	\$929.96
Moreno Valley Community Services District Zone A	CSD	49,547	\$5,170,550.00	0.22677%	134	\$11,725.00
Moreno Valley Community Services District Zone B	CSD	39,964	\$999,707.78	0.45654%	134	\$4,564.04
Moreno Valley Community Services District Zone C	CSD	48,327	\$434,943.00	0.27728%	134	\$1,206.00
Moreno Valley Community Services District Zone D	CSD	11,436	\$1,216,130.80	2.94878%	134	\$35,861.08
Moreno Valley Unified School District CFD No. 2003-2	CFD	135	\$385,320.80	100.00000%	133	\$385,320.80
Moreno Valley Unified School District Debt Service	GOB	43,869	\$20,404,237.23	0.25361%	134	\$51,747.62
Riverside Community College District Debt Service	GOB	270,083	\$21,393,271.01	0.03622%	134	\$7,748.66
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	411,742	\$2,806,373.50	0.01786%	134	\$501.12
WRCOG Hero Financing Program (County of Riverside) (1)	1915	4,677	\$12,412,827.28	0.02484%	1	\$3,083.34
2023-2024 TOTAL PROPERTY TAX LIABILITY						\$1,042,149.18
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2023-2024 ASSESSED VALUATION						1.95%

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Moreno Valley Unified School District CFD No. 2003-2	CFD	\$3,715,000	\$2,750,000	100.00000%	133	\$2,750,000
TOTAL LAND SECURED BOND INDEBTEDNESS (2)						\$2,750,000
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (2)						\$2,750,000

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	\$25,495,000	0.02026%	134	\$5,166
Moreno Valley Unified School District GOB 2004	GOB	\$49,999,946	\$1,963,707	0.25016%	134	\$4,912
Moreno Valley Unified School District GOB 2014	GOB	\$314,000,000	\$283,360,000	0.25016%	134	\$708,843
Riverside Community College District GOB 2004	GOB	\$313,998,424	\$282,851,456	0.03581%	134	\$101,283
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (2)						\$820,205
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (2)						\$820,205
TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT						\$3,570,204.63
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT						14.95:1

(1) Does not include PACE program liens due to the variable nature of each lien.

(2) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.

Source: California Tax Data

The table below sets forth the estimated total effective tax rates for a typical single family home under the Rate and Method for CFD No. 2003-2, based upon Fiscal Year 2023-24 tax rates and the average assessed value for a parcel of Developed Property within CFD No. 2003-2. The table below sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt.

TABLE 15
COMMUNITY FACILITIES DISTRICT NO. 2003-2
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
FISCAL YEAR 2023-24 SAMPLE TAX BILL

Assessed Valuation and Property Taxes

Assessed Value ⁽¹⁾	\$400,385.00
Homeowners Exemption	\$0.00
Net Assessed Value	\$400,385.00

***Percent of Total
Assessed
Valuation***

Ad Valorem Property Taxes

	1.11637%	
Riverside County General Purpose	1.00000%	\$4,003.84
Moreno Valley Unified School District	0.09817%	\$393.06
Riverside City Community College District	0.01470%	\$58.86
Metropolitan Water District	0.00350%	\$14.01

Assessments, Special Taxes, and Parcel Charges

Moreno Valley LMD No. 2014-01 Lighting	\$34.06
Municipal Water District Standby East	\$6.94
Moreno Valley Stormwater	\$8.14
Moreno Valley CS Zone A	\$87.50
Moreno Valley CS Zone C	\$9.00
Moreno Valley CS Zone D	\$267.62
Flood Control Stormwater/Cleanwater	\$3.76
CFD 2003-1 Moreno Valley USD	\$2,665.78
EMWD Infrastructure Availability Charge	\$13.74
 Subtotal	 \$3,096.54

Total Property Taxes	\$7,566.31
Total Effective Tax Rate	1.89%

⁽¹⁾ Fiscal Year 2023/24 assessed valuation for a Single Family Detached unit containing 2,432 building square feet, selected to represent the median effective tax rate for a Single Family Detached Unit within the Community Facilities District.

Source: KeyAnalytics.

Value-to-Lien Ratios. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2003-2 (133 parcels in total), as established by the County Assessor for Fiscal Year 2023-24, which total is \$53,112,921.00. As described above, CFD No. 2003-2 is included within the boundaries of numerous 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 assessed value-to-lien ratio of Developed Property within CFD 2003-2, taking account the CFD 2003-2 Bonds and overlapping land-secured bonded indebtedness, as further described in Table 14 above, is 9.42 to 1. The following table summarizes the assessed value-to-lien ratios of the taxable parcels within CFD No. 2003-2.

TABLE 16
COMMUNITY FACILITIES DISTRICT NO. 2003-2
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSESSED VALUE-TO-LIEN STRATIFICATION

<i>Value-to-Lien Category</i>	<i>No. of Parcels⁽¹⁾</i>	<i>FY 2023-24 Special Tax Levy Total</i>	<i>% Share of Fiscal Year 2023-24 Special Tax Levy</i>	<i>Fiscal Year 2023-24 Taxable Assessed Value⁽²⁾</i>	<i>CFD No. 2003-2 Bonds⁽³⁾</i>	<i>Overlapping General Obligation Debt⁽⁴⁾</i>	<i>Total Debt</i>	<i>Value-to-Lien Ratio</i>
25.00 and Above	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
20.00 to 24.99	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
15.00 to 19.99	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
10.00 to 14.99	42	\$121,199.24	31.45%	\$20,914,592.00	\$1,517,357.64	\$321,460.75	\$1,838,818.39	11.37:1
5.00 to 9.99	91	\$264,121.56	68.55%	\$32,198,329.00	\$3,306,678.06	\$494,893.66	\$3,801,571.72	8.47:1
3.00 to 4.99	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
2.99 and Below	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
Total	133	\$385,320.80	100.00%	\$53,112,921.00	\$4,824,035.70	\$816,354.41	\$5,640,390.11	9.42:1

⁽¹⁾ Information provided excludes one (1) parcel that has prepaid their portion of the Special Tax.

⁽²⁾ Assessed value as of January 1, 2023, as provided by the County of Riverside Assessor's Office.

⁽³⁾ Allocated based on proportionate share of the actual Fiscal Year 2023-24 Special Tax levy.

⁽⁴⁾ Represents overlapping General Obligation debt outstanding as of August 31, 2023 as shown in Table 14.

Source: KeyAnalytics.

Historical Net Assessed Valuation. The following table represents the historical assessed valuation of the taxable property in CFD No. 2003-2 as shown on the County Assessor's roll for Fiscal Years 2018-19 through 2023-24.

TABLE 17
COMMUNITY FACILITIES DISTRICT NO. 2003-2
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSESSED VALUATION HISTORY
FISCAL YEARS 2018-19 THROUGH 2023-24

<i>Year</i>	<i>Value Date (Jan. 1)</i>	<i>Assessed Value of Parcels Taxed as Developed⁽¹⁾</i>	<i>Percentage Change in Assessed Value</i>
2018-19	2018	\$44,062,351.00	N/A
2019-20	2019	\$45,691,183.00	3.70%
2020-21	2020	\$47,454,895.00	3.86%
2021-22	2021	\$48,940,389.00	3.13%
2022-23	2022	\$51,212,638.00	4.64%
2023-24	2023	\$53,112,921.00	3.71%

⁽³⁾ Source: Riverside County Assessor Closed Roll Data as of July of each Fiscal Year, Assessed Values as of January 1. Information provided excludes one (1) parcel that has prepaid their portion of the Special Tax in Fiscal Year 2015/2016.
Source: KeyAnalytics.

Delinquencies. The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 2003-2 for Fiscal Year 2018-19 through Fiscal Year 2022-23 as of the fiscal year end and as of June 30, 2023.

TABLE 18
COMMUNITY FACILITIES DISTRICT NO. 2003-2
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2018-19 THROUGH 2022-23

<i>Fiscal Year</i>	<i>Subject Fiscal Year</i>					<i>Current Delinquency⁽²⁾</i>		
	<i>Parcels Levied</i>	<i>Total Special Tax Levied</i>	<i>Parcels Delinquent</i>	<i>Amount of Delinquency June 30</i>	<i>% Delinquent June 30⁽¹⁾</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>% Delinquency</i>
2018/2019	133	\$348,996.84	1	\$2,561.18	0.73%	0	\$0.00	0.00%
2019/2020	133	\$355,976.82	2	\$2,738.01	0.77%	1	\$1,323.36	0.37%
2020/2021	133	\$363,096.24	0	\$0.00	0.00%	0	\$0.00	0.00%
2021/2022	133	\$370,357.86	2	\$2,657.95	0.72%	0	\$0.00	0.00%
2022/2023	133	\$377,765.62	1	\$1,501.24	0.40%	1	\$1,501.24	0.40%

⁽¹⁾ Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

⁽²⁾ The source for the current amount delinquent is the County of Riverside as of June 30, 2023.

Source: KeyAnalytics.

COMMUNITY FACILITIES DISTRICT NO. 2004-2

Location and Description. CFD No. 2004 -2 was formed by the School District on April 27, 2004 to finance various public improvements needed to develop property located within CFD No. 2004-2. CFD No. 2004-2 is located in the City of Moreno Valley, California, in Riverside County, north of Cottonwood Avenue, west of Moreno Valley Beach Drive and east of Quincy Street. Encompassing 50.82 gross acres, CFD 2004-2 is completely built-out and includes 144 single-family detached units.

Assigned Annual Special Taxes. The following table sets forth the current Assigned Annual Special Taxes that were levied on the property within CFD No. 2004-2 in Fiscal Year 2023-24 based on the development status within CFD No. 2004-4. The Special Taxes in CFD No. 2004-2 may not be levied after the 2039-40 fiscal year. The final maturity of the CFD No. 2004-2 Bonds is September 1, 2040.

TABLE 19
COMMUNITY FACILITIES DISTRICT NO. 2004-2
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSIGNED SPECIAL TAXES

<i>Land Use Classification</i>	<i>Number of Taxable Units/Aces</i>	<i>Fiscal Year 2023-24 Assigned Annual Tax per Unit/Acre⁽¹⁾</i>	<i>Actual Special Tax Levy Fiscal Year 2023-24 per Unit/Acre</i>	<i>Fiscal Year 2023-24 Levy Total</i>	<i>Fiscal Year 2023-24 Percentage Levy Total</i>
3,001 Sq. Ft. or Greater	94	\$3,503.86	\$3,503.86	\$329,362.84	66.54%
2,701 Sq. Ft. to 3,000 Sq. Ft.	29	\$3,368.64	\$3,368.64	\$97,690.56	19.73%
2,700 Sq. Ft. or Less	21	\$3,236.39	\$3,236.38	\$67,963.98	13.73%
Non-Residential Property	0	\$15,066.02	\$15,066.02	\$0.00	0.00%
Total	144			\$495,017.38	100.00%

⁽¹⁾ Assigned Annual Special Tax escalates 2% annually.
Source: KeyAnalytics.

For the complete text of the CFD No. 2004-2 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE DISTRICTS” attached hereto.

Estimated Direct and Overlapping Indebtedness. The ability of an owner of land within CFD No. 2004-2 to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. These other taxes and assessments securing the repayment consist of the direct and overlapping debt in CFD No. 2004-2 is set forth in the table below (the “CFD No. 2004-2 Debt Report”). The CFD No. 2004-2 Debt Report sets forth those entities which have issued debt and includes entities which only levy or assess fees, charges, *ad valorem* taxes or special taxes. The CFD No. 2004-2 Debt Report does not include the principal amount of the CFD No. 2004-2 Bonds. The CFD No. 2004-2 Debt Report has been derived from data assembled and reported to CFD No. 2004-2 by California Tax Data as of August 31, 2023. None of the Authority, the District, the School District nor the Underwriter has independently verified the information in the CFD No. 2004-2 Debt Report and do not guarantee its completeness or accuracy.

TABLE 20
COMMUNITY FACILITIES DISTRICT NO. 2004-2
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT

I. Assessed Value

2023-2024 Secured Roll Assessed Value	\$68,286,765
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II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic 1% Levy	PROP13	950,369	\$3,812,026,309.28	0.01776%	144	\$677,196.13
City of Moreno Valley CFD No. 1	CFDPAYG	5,912	\$1,866,535.84	1.38959%	144	\$25,937.28
City of Moreno Valley Federally Mandated NPDES	WATER	6,716	\$959,231.60	0.77372%	144	\$7,421.76
City of Moreno Valley Solid Waste Management	TRASH	4,905	\$2,426,771.80	0.31112%	12	\$7,550.14
County of Riverside Service Area No. 152 (Moreno Valley Stormwater)	CSA	47,082	\$708,057.94	0.16555%	144	\$1,172.16
CSCDA California First Program (County of Riverside) (1)	1915	1,014	\$2,585,870.88	0.42745%	2	\$11,053.20
Eastern Municipal Water District Combined Standby Charge	STANDBY	254,571	\$5,873,805.86	0.06078%	144	\$3,570.00
Eastern Municipal Water District ID No. U-22 Debt Service	GOB	9,666	\$267,854.79	1.51695%	144	\$4,063.21
Metropolitan Water District of Southern California Debt Service	GOB	264,835	\$3,926,570.31	0.06036%	144	\$2,370.22
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	263,001	\$2,822,235.90	0.03541%	144	\$999.36
Moreno Valley Community Services District Zone A	CSD	49,547	\$5,170,550.00	0.24369%	144	\$12,600.00
Moreno Valley Community Services District Zone B	CSD	39,964	\$999,707.78	0.49061%	144	\$4,904.64
Moreno Valley Community Services District Zone C	CSD	48,327	\$434,943.00	0.29797%	144	\$1,296.00
Moreno Valley Community Services District Zone D	CSD	11,436	\$1,216,130.80	1.63238%	144	\$19,851.84
Moreno Valley Unified School District CFD No. 2004-2	CFD	144	\$495,017.38	100.00000%	144	\$495,017.38
Moreno Valley Unified School District Debt Service	GOB	43,869	\$20,404,237.23	0.32582%	144	\$66,480.42
PACE Funding PACE Financing Program (County of Riverside) (1)	1915	858	\$2,422,042.34	0.07408%	1	\$1,794.20
Riverside Community College District Debt Service	GOB	270,083	\$21,393,271.01	0.04653%	144	\$9,954.84
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	411,742	\$2,806,373.50	0.01937%	144	\$543.60
WRCOG Hero Financing Program (County of Riverside) (1)	1915	4,677	\$12,412,827.28	0.02464%	1	\$3,058.44
2023-2024 TOTAL PROPERTY TAX LIABILITY						\$1,356,834.82
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2023-2024 ASSESSED VALUATION						1.99%

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Moreno Valley Unified School District CFD No. 2004-2	CFD	\$5,580,000	\$3,915,000	100.00000%	144	\$3,915,000
TOTAL LAND SECURED BOND INDEBTEDNESS (2)						\$3,915,000
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (2)						\$3,915,000

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Eastern Municipal Water District ID No. U-22 Debt Service	GOB	\$3,200,000	\$1,804,000	1.47429%	144	\$26,596
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	\$25,495,000	0.00000%	144	\$0
Moreno Valley Unified School District GOB 2004	GOB	\$49,999,946	\$1,963,707	0.32011%	144	\$6,286
Moreno Valley Unified School District GOB 2014	GOB	\$314,000,000	\$283,360,000	0.32011%	144	\$907,074
Riverside Community College District GOB 2004	GOB	\$313,998,424	\$282,851,456	0.04582%	144	\$129,608
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (2)						\$1,069,564
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (2)						\$1,069,564

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT					\$4,984,563.98
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT					13.70:1

(1) Does not include PACE program liens due to the variable nature of each lien.

(2) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.

Source: California Tax Data

The table below sets forth the estimated total effective tax rates for a typical single family home under the Rate and Method for CFD No. 2004-2, based upon Fiscal Year 2023-24 tax rates and the average assessed value for a parcel of Developed Property within CFD No. 2004-2. The table below sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt.

TABLE 21
COMMUNITY FACILITIES DISTRICT NO. 2004-2
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
FISCAL YEAR 2023-24 SAMPLE TAX BILL

Assessed Valuation and Property Taxes

Assessed Value ⁽¹⁾	\$449,290.00
Homeowners Exemption	\$0.00
Net Assessed Value	\$449,290.00

***Percent of Total
Assessed
Valuation***

Ad Valorem Property Taxes

	1.12237%	
Riverside County General Purpose	1.00000%	\$4,492.90
Moreno Valley Unified School District	0.09817%	\$441.07
Riverside City Community College District	0.01470%	\$66.05
Metropolitan Water District	0.00350%	\$15.73
Eastern Municipal Water District Improvement	0.00600%	\$26.96

Assessments, Special Taxes, and Parcel Charges

Moreno Valley CS Zone C	\$9.00
Moreno Valley CS Zone D	\$137.86
Moreno Valley Fed Mandated NPDES	\$51.54
Municipal Water District Standby East	\$6.94
CFD No. 2004-2 Moreno Valley USD	\$3,503.86
Moreno Valley CS Zone A	\$87.50
CFD 1 Neighbor Park Mnt Moreno Valley	\$180.12
Moreno Valley LMD No. 2014-01	\$34.06
EMWD Infrastructure Availability Charge	\$25.00
Flood Control Stormwater/Cleanwater	\$3.76
CSA 152 - Moreno Valley Stormwater	\$8.14

Subtotal	\$4,047.78
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Total Property Taxes	\$9,090.48
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Total Effective Tax Rate	2.02%
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⁽¹⁾ Fiscal Year 2023/24 assessed valuation for a Single Family Detached unit containing 3,572 building square feet, selected to represent the median effective tax rate for a Single Family Detached Unit within the Community Facilities District.

Source: KeyAnalytics.

Value-to-Lien Ratios. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2004-2 (144 parcels in total), as established by the County Assessor for Fiscal Year 2023-24, which total is \$68,286,765. As described above, CFD No. 2004-2 is included within the boundaries of numerous 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 assessed value-to-lien ratio of Developed Property within CFD 2004-2, taking account the CFD 2004-2 Bonds and overlapping land-secured bonded indebtedness, as further described in Table 20 above, is 10.42 to 1. The following table summarizes the assessed value-to-lien ratios of the taxable parcels within CFD No. 2004-2.

TABLE 22
COMMUNITY FACILITIES DISTRICT NO. 2004-2
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSESSED VALUE-TO-LIEN STRATIFICATION

<i>Value-to-Lien Category</i>	<i>No. of Parcels</i>	<i>FY 2023-24 Special Tax Levy Total</i>	<i>% Share of Fiscal Year 2023-24 Special Tax Levy</i>	<i>Fiscal Year 2023-24 Taxable Assessed Value ⁽¹⁾</i>	<i>CFD No. 2004-2 Bonds ⁽²⁾</i>	<i>Overlapping General Obligation Debt ⁽³⁾</i>	<i>Total Debt</i>	<i>Value-to-Lien Ratio</i>
25.00 and Above	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
20.00 to 24.99	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
15.00 to 19.99	1	\$3,503.86	0.71%	\$775,317.00	\$38,831.10	\$12,143.66	\$50,974.76	15.21:1
10.00 to 14.99	72	\$246,493.06	49.79%	\$41,655,173.00	\$2,731,729.26	\$652,437.88	\$3,384,167.14	12.31:1
5.00 to 9.99	70	\$241,516.60	48.79%	\$25,734,900.00	\$2,676,578.25	\$403,081.36	\$3,079,659.61	8.36:1
3.00 to 4.99	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
2.99 and Below	1	\$3,503.86	0.71%	\$121,375.00	\$38,831.10	\$1,901.08	\$40,732.18	2.98:1
Total	144	\$495,017.38	100.00%	\$68,286,765.00	\$5,485,969.71	\$1,069,563.98	\$6,555,533.69	10.42:1

⁽¹⁾ Assessed value as of January 1, 2023, as provided by the County of Riverside Assessor's Office.

⁽²⁾ Allocated based on proportionate share of the actual Fiscal Year 2023-24 Special Tax levy.

⁽³⁾ Represents overlapping General Obligation debt outstanding as of August 31, 2023 as shown in Table 20.

Source: KeyAnalytics.

Historical Net Assessed Valuation. The following table represents the historical assessed valuation of the taxable property in CFD No. 2004-2 as shown on the County Assessor's roll for Fiscal Years 2018-19 through 2023-24.

TABLE 23
COMMUNITY FACILITIES DISTRICT NO. 2004-2
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSESSED VALUATION HISTORY
FISCAL YEARS 2018-19 THROUGH 2023-24

<i>Year</i>	<i>Value Date (Jan. 1)</i>	<i>Assessed Value of Parcels Taxed as Developed⁽¹⁾</i>	<i>Percentage Change in Assessed Value</i>
2018-19	2018	\$52,999,925.00	N/A
2019-20	2019	\$55,115,515.00	3.99%
2020-21	2020	\$56,413,420.00	2.35%
2021-22	2021	\$60,378,165.00	7.03%
2022-23	2022	\$65,082,407.00	7.79%
2023-24	2023	\$68,286,765.00	4.92%

⁽⁴⁾ Source: Riverside County Assessor Closed Roll Data as of July of each Fiscal Year, Assessed Values as of January 1.
Source: KeyAnalytics.

Delinquencies. The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 2004-2 for Fiscal Year 2018-19 through Fiscal Year 2022-23 as of the fiscal year end and as of June 30, 2023.

TABLE 24
COMMUNITY FACILITIES DISTRICT NO. 2004-2
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2018-19 THROUGH 2022-23

<i>Fiscal Year</i>	<i>Subject Fiscal Year</i>					<i>Current Delinquency⁽²⁾</i>		
	<i>Parcels Levied</i>	<i>Total Special Tax Levied</i>	<i>Parcels Delinquent</i>	<i>Amount of Delinquency June 30</i>	<i>% Delinquent June 30⁽¹⁾</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>% Delinquency</i>
2018/2019	144	\$448,335.26	3	\$7,933.90	1.77%	0	\$0.00	0.00%
2019/2020	144	\$457,319.10	1	\$1,494.96	0.33%	0	\$0.00	0.00%
2020/2021	144	\$466,465.42	0	\$0.00	0.00%	0	\$0.00	0.00%
2021/2022	144	\$475,795.10	0	\$0.00	0.00%	0	\$0.00	0.00%
2022/2023	144	\$485,311.18	1	\$3,435.16	0.71%	1	\$3,435.16	0.71%

⁽¹⁾ Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

⁽²⁾ The source for the current amount delinquent is the County of Riverside as of June 30, 2023.

Source: KeyAnalytics.

COMMUNITY FACILITIES DISTRICT NO. 2004-6

Location and Description. CFD No. 2004-6 was formed by the School District on November 16, 2004 to finance various public improvements needed to develop property located within CFD No. 2004-6. CFD No. 2004-6 is located in the City of Moreno Valley, California, in Riverside County, south of Cottonwood Avenue, north of Allesandro Boulevard, west of Moreno Valley Beach Drive and east of Nasson Street. CFD 2004-6 is comprised of 6 separate tracts located in three, non-contiguous areas, and is divided into four separate tax zones. Encompassing 254.94 gross acres, CFD 2004-6 is completely built-out and includes 722 single-family detached units.

Assigned Annual Special Taxes. The table on the following page sets forth the current Assigned Annual Special Taxes that were levied on the property within CFD No. 2004-6 in Fiscal Year 2023-24 based on the development status within CFD No. 2004-6. The Special Taxes in CFD No. 2004-6 may not be levied after the 2044-45 fiscal year. The final maturity of the CFD No. 2004-6 Bonds is September 1, 2040.

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TABLE 25
COMMUNITY FACILITIES DISTRICT NO. 2004-6
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT – ASSIGNED SPECIAL TAXES

<i>Zone</i>	<i>Land Use Classification</i>	<i>Number of Taxable Units/Aces</i>	<i>Fiscal Year 2023-24 Assigned Annual Tax per Unit/Acre ^[1]</i>	<i>Actual Special Tax Levy Fiscal Year 2023-24 per Unit/Acre</i>	<i>Fiscal Year 2023-24 Levy Total</i>	<i>Fiscal Year 2023-24 Percentage Levy Total</i>
1	2,600 Sq. Ft. or Less	44	\$3,371.06	\$3,371.06	\$148,326.64	6.10%
	2,601 Sq. Ft. to 2,900 Sq. Ft.	67	\$3,735.26	\$3,735.26	\$250,262.42	10.29%
	2,901 Sq. Ft. to 3,200 Sq. Ft.	55	\$3,901.34	\$3,901.34	\$214,573.70	8.82%
	3,201 Sq. Ft. to 3,500 Sq. Ft.	42	\$4,042.65	\$4,042.64	\$169,790.88	6.98%
	Greater than 3,501 Sq. Ft.	54	\$4,310.70	\$4,310.70	\$232,777.80	9.57%
	Non-Residential Property	0	\$23,026.36	\$23,026.34	\$0.00	0.00%
Zone 1 Subtotal		262			\$1,015,731.44	41.75%
2	2,350 Sq. Ft. or Less	12	\$2,537.77	\$2,537.76	\$30,453.12	1.25%
	2,351 Sq. Ft. to 2,500 Sq. Ft.	21	\$2,689.27	\$2,689.26	\$56,474.46	2.32%
	2,501 Sq. Ft. to 2,650 Sq. Ft.	31	\$2,731.52	\$2,731.52	\$84,677.12	3.48%
	2,651 Sq. Ft. to 2,800 Sq. Ft.	22	\$2,807.28	\$2,807.26	\$61,759.72	2.54%
	2,801 Sq. Ft. to 2,950 Sq. Ft.	38	\$2,948.59	\$2,948.58	\$112,046.04	4.61%
	2,951 Sq. Ft. to 3,100 Sq. Ft.	43	\$3,002.49	\$3,002.48	\$129,106.64	5.31%
	3,101 Sq. Ft. or Greater	44	\$3,142.34	\$3,142.34	\$138,262.96	5.68%
Zone 2 Subtotal		211			\$612,780.06	25.19%
3	2,350 Sq. Ft. or Less	10	\$2,695.10	\$2,695.10	\$26,951.00	1.11%
	2,351 Sq. Ft. to 2,500 Sq. Ft.	14	\$2,853.89	\$2,853.88	\$39,954.32	1.64%
	2,501 Sq. Ft. to 2,650 Sq. Ft.	22	\$2,899.05	\$2,899.04	\$63,778.88	2.62%
	2,651 Sq. Ft. to 2,800 Sq. Ft.	17	\$2,977.72	\$2,977.72	\$50,621.24	2.08%
	2,801 Sq. Ft. to 2,950 Sq. Ft.	21	\$3,124.86	\$3,124.84	\$65,621.64	2.70%
	2,951 Sq. Ft. to 3,100 Sq. Ft.	28	\$3,181.68	\$3,181.66	\$89,086.48	3.66%
	3,101 Sq. Ft. to 3,400 Sq. Ft.	28	\$3,328.81	\$3,328.80	\$93,206.40	3.83%
	3,401 Sq. Ft. to 3,700 Sq. Ft.	0	\$3,373.97	\$3,373.96	\$0.00	0.00%
	3,701 Sq. Ft. or Greater	0	\$3,827.04	\$3,827.04	\$0.00	0.00%
	Non-Residential Property	0	\$20,248.22	\$20,248.20	\$0.00	0.00%
Zone 3 Subtotal		140			\$429,219.96	17.64%
4	2,600 Sq. Ft. or Less	8	\$2,887.40	\$2,887.38	\$23,099.04	0.95%
	2,601 Sq. Ft. to 2,900 Sq. Ft.	17	\$3,203.53	\$3,203.52	\$54,459.84	2.24%
	2,901 Sq. Ft. to 3,200 Sq. Ft.	32	\$3,350.67	\$3,350.66	\$107,221.12	4.41%
	3,201 Sq. Ft. to 3,500 Sq. Ft.	12	\$3,474.49	\$3,474.48	\$41,693.76	1.71%
	3,501 Sq. Ft. or Greater	40	\$3,711.95	\$3,711.94	\$148,477.60	6.10%
	Non-Residential Property	0	\$22,684.01	\$22,684.00	\$0.00	0.00%
Zone 4 Subtotal		109			\$374,951.36	15.41%
Total		722			\$2,432,682.82	100.00%

(notes follow on the next page)

(continued from the prior page)

(1) Assigned Annual Special Tax escalates 2% annually.

Source: KeyAnalytics.

For the complete text of the CFD No. 2004-6 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE DISTRICTS” attached hereto.

Estimated Direct and Overlapping Indebtedness. The ability of an owner of land within CFD No. 2004-6 to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. These other taxes and assessments securing the repayment consist of the direct and overlapping debt in CFD No. 2004-6 is set forth in the table below (the “CFD No. 2004-6 Debt Report”). The CFD No. 2004-6 Debt Report sets forth those entities which have issued debt and includes entities which only levy or assess fees, charges, *ad valorem* taxes or special taxes. The CFD No. 2004-6 Debt Report does not include the principal amount of the CFD No. 2004-6 Bonds. The CFD No. 2004-6 Debt Report has been derived from data assembled and reported to CFD No. 2004-6 by California Tax Data as of August 31, 2023. None of the Authority, the District, the School District nor the Underwriter has independently verified the information in the CFD No. 2004-6 Debt Report and do not guarantee its completeness or accuracy.

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TABLE 26
COMMUNITY FACILITIES DISTRICT NO. 2004-6
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT

I. Assessed Value

2023-2024 Secured Roll Assessed Value	\$286,568,447
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II. Secured Property Taxes

Description on Tax Bill	Type	Total Parcels	Total Levy	% Applicable	Parcels	Levy
Basic 1% Levy	PROP13	950,369	\$3,812,026,309.28	0.07395%	724	\$2,818,855.90
City of Moreno Valley CFD No. 1	CFDPAYG	5,912	\$1,866,535.84	6.96727%	722	\$130,046.64
City of Moreno Valley Federally Mandated NPDES	WATER	6,716	\$959,231.60	12.55002%	722	\$120,383.72
City of Moreno Valley LMD No. 2014-02	LMD	10,418	\$2,393,032.50	4.24600%	613	\$101,608.06
City of Moreno Valley Solid Waste Management	TRASH	4,905	\$2,426,771.80	1.39728%	74	\$33,908.76
City of Moreno Valley Weed Abatement	ABATEMENT	55	\$69,241.54	0.98063%	1	\$679.00
County of Riverside Service Area No. 152 (Moreno Valley Stormwater)	CSA	47,082	\$708,057.94	0.83003%	722	\$5,877.08
CSCDA California First Program (County of Riverside) (1)	1915	1,014	\$2,585,870.88	0.26009%	2	\$6,725.52
CSCDA California First Program (County of Riverside) (1)	1915	316	\$1,865,456.72	0.14764%	1	\$2,754.16
Eastern Municipal Water District CFD No. 2005-40	CFD	436	\$189,153.90	35.23845%	211	\$66,654.90
Eastern Municipal Water District Combined Standby Charge	STANDBY	254,571	\$5,873,805.86	0.30815%	724	\$18,100.00
Eastern Municipal Water District ID No. U-22 Debt Service	GOB	9,666	\$267,854.79	5.16204%	582	\$13,826.76
Golden State Finance Authority CFD No. 2014-1 (1)	CFD	429	\$1,558,356.36	0.27218%	2	\$4,241.48
Metropolitan Water District of Southern California Debt Service	GOB	264,835	\$3,926,570.31	0.25126%	722	\$9,866.09
Metropolitan Water District of Southern California Standby Charge (East)	STANDBY	263,001	\$2,822,235.90	0.17631%	717	\$4,975.98
Moreno Valley Community Services District Zone A	CSD	49,547	\$5,170,550.00	1.22521%	724	\$63,350.00
Moreno Valley Community Services District Zone B	CSD	39,964	\$999,707.78	1.89452%	722	\$18,939.66
Moreno Valley Community Services District Zone C	CSD	48,327	\$434,943.00	1.49813%	724	\$6,516.00
Moreno Valley Community Services District Zone D	CSD	11,436	\$1,216,130.80	0.97444%	109	\$11,850.48
Moreno Valley Unified School District CFD No. 2004-6, Zone 1	CFD	731	\$1,015,731.44	100.00000%	262	\$1,015,731.44
Moreno Valley Unified School District CFD No. 2004-6, Zone 2	CFD	731	\$612,780.06	100.00000%	211	\$612,780.06
Moreno Valley Unified School District CFD No. 2004-6, Zone 3	CFD	731	\$429,219.96	100.00000%	140	\$429,219.96
Moreno Valley Unified School District CFD No. 2004-6, Zone 4	CFD	731	\$374,951.36	100.00000%	109	\$374,951.36
Moreno Valley Unified School District Debt Service	GOB	43,869	\$20,404,237.23	1.35623%	722	\$276,727.47
PACE Funding PACE Financing Program (County of Riverside) (1)	1915	858	\$2,422,042.34	0.27210%	2	\$6,590.38

Riverside Community College District Debt Service	GOB	270,083	\$21,393,271.01	0.19369%	722	\$41,437.28
Riverside County Flood Control and Water Conservation District NPDES (Santa Ana River)	FLOOD	411,742	\$2,806,373.50	0.09470%	722	\$2,657.50
WRCOG Hero Financing Program (County of Riverside) (1)	1915	4,677	\$12,412,827.28	0.41409%	14	\$51,399.68
2023-2024 TOTAL PROPERTY TAX LIABILITY						\$6,250,655.32
TOTAL PROPERTY TAX LIABILITY AS A PERCENTAGE OF 2023-2024 ASSESSED VALUATION						2.18%

III. Land Secured Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Eastern Municipal Water District CFD No. 2005-40	CFD	\$3,500,000	\$1,631,000	35.23845%	211	\$574,739
Moreno Valley Unified School District CFD No. 2004-6	CFD	\$27,935,000	\$19,995,000	100.00000%	722	\$19,995,000
TOTAL LAND SECURED BOND INDEBTEDNESS (2)						\$574,739
TOTAL OUTSTANDING LAND SECURED BOND INDEBTEDNESS (2)						\$574,739

IV. General Obligation Bond Indebtedness

Outstanding Direct and Overlapping Bonded Debt	Type	Issued	Outstanding	% Applicable	Parcels	Amount
Eastern Municipal Water District ID No. U-22 Debt Service	GOB	\$3,200,000	\$1,804,000	5.06544%	582	\$91,381
Metropolitan Water District of Southern California GOB 1966	GOB	\$850,000,000	\$25,495,000	0.10882%	722	\$27,744
Moreno Valley Unified School District GOB 2004	GOB	\$49,999,946	\$1,963,707	1.34337%	722	\$26,380
Moreno Valley Unified School District GOB 2014	GOB	\$314,000,000	\$283,360,000	1.34337%	722	\$3,806,576
Riverside Community College District GOB 2004	GOB	\$313,998,424	\$282,851,456	0.19229%	722	\$543,905
TOTAL GENERAL OBLIGATION BOND INDEBTEDNESS (2)						\$4,495,985
TOTAL OUTSTANDING GENERAL OBLIGATION BOND INDEBTEDNESS (2)						\$4,495,985

TOTAL OF ALL OUTSTANDING AND OVERLAPPING BONDED DEBT						\$5,070,724.11
VALUE TO ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT						56.51:1

(1) Does not include PACE program liens due to the variable nature of each lien.

(2) Additional bonded indebtedness or available bond authorization may exist but are not shown because a tax was not levied for the referenced fiscal year.

Source: California Tax Data

The table below sets forth the estimated total effective tax rates for a typical single family home under the Rate and Method for CFD No. 2004-6, based upon Fiscal Year 2023-24 tax rates and the average assessed value for a parcel of Developed Property within CFD No. 2004-6. The table below sets forth those entities with fees, charges, *ad valorem* taxes and special taxes regardless of whether those entities have issued debt.

TABLE 27
COMMUNITY FACILITIES DISTRICT NO. 2004-6
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
FISCAL YEAR 2023-24 SAMPLE TAX BILL

Assessed Valuation and Property Taxes

Assessed Value ⁽¹⁾	\$375,924.00
Homeowners Exemption	\$0.00
Net Assessed Value	\$375,924.00

***Percent of Total
Assessed
Valuation***

Ad Valorem Property Taxes

	1.12237%	
Riverside County General Purpose	1.00000%	\$3,759.24
Moreno Valley Unified School District	0.09817%	\$369.04
Riverside City Community College District	0.01470%	\$55.26
Metropolitan Water District	0.00350%	\$13.16
Eastern Municipal Water District Improvement	0.00600%	\$22.56

Assessments, Special Taxes, and Parcel Charges

Flood Control Stormwater/Clean water	\$3.60
CSA 152 - Moreno Valley Stormwater	\$8.14
EMWD Infrastructure Availability Charge	\$25.00
CFD No. 2004-6 Moreno Valley USD	\$3,735.26
Moreno Valley CS Zone A	\$87.50
Moreno Valley CS Zone C	\$9.00
Moreno Valley LMD 2014-02 Landscape	\$78.16
Moreno Valley Fed Mandated NPDES	\$187.22
Municipal Water District Standby East	\$6.94
CFD 1 Neighbor Park Mnt Moreno Valley	\$180.12
Moreno Valley LMD No. 2014-01 Lighting	\$23.00

Subtotal	\$4,343.94
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Total Property Taxes	\$8,563.20
Total Effective Tax Rate	2.28%

⁽¹⁾ Fiscal Year 2023/24 assessed valuation for a Single Family Detached unit containing 3,302 building square feet, selected to represent the median effective tax rate for a Single Family Detached Unit within the Community Facilities District.

Source: KeyAnalytics.

Value-to-Lien Ratios. The Authority has obtained the assessed values of all of the taxable property in CFD No. 2004-6 (722 parcels in total), as established by the County Assessor for Fiscal Year 2023-24, which total is \$286,568,439.00. As described above, CFD No. 2004-6 is included within the boundaries of numerous 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 assessed value-to-lien ratio of Developed Property within CFD 2004-6, taking account the CFD 2004-6 Bonds and overlapping land-secured bonded indebtedness, as further described in Table 26 above, is 8.09 to 1. The following table summarizes the assessed value-to-lien ratios of the taxable parcels within CFD No. 2004-6.

TABLE 28
COMMUNITY FACILITIES DISTRICT NO. 2004-6
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSESSED VALUE-TO-LIEN STRATIFICATION

<i>Value-to-Lien Category</i>	<i>No. of Parcels</i>	<i>FY 2023-24 Special Tax Levy Total</i>	<i>% Share of Fiscal Year 2023-24 Special Tax Levy</i>	<i>Fiscal Year 2023-24 Taxable Assessed Value ⁽¹⁾</i>	<i>CFD No. 2004-6 Bonds ^{(2)*}</i>	<i>Overlapping General Obligation Debt ⁽³⁾</i>	<i>Total Debt*</i>	<i>Value-to-Lien Ratio*</i>
25.00 and Above	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
20.00 to 24.99	0	\$0.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	N/A
15.00 to 19.99	1	\$2,948.58	0.12%	\$749,120.00	\$37,483.47	\$11,805.86	\$49,289.34	15.2:1
10.00 to 14.99	145	\$451,964.38	18.58%	\$78,843,202.00	\$5,745,543.61	\$1,236,264.25	\$6,981,807.86	11.29:1
5.00 to 9.99	546	\$1,861,287.76	76.51%	\$199,586,022.00	\$23,661,400.01	\$3,131,449.61	\$26,792,849.62	7.45:1
3.00 to 4.99	29	\$113,111.04	4.65%	\$7,318,893.00	\$1,437,910.69	\$115,343.15	\$1,553,253.83	4.71:1
2.99 and Below	1	\$3,371.06	0.14%	\$71,202.00	\$42,854.20	\$1,122.12	\$43,976.32	1.62:1
Total	722	\$2,432,682.82	100.00%	\$286,568,439.00	\$30,925,191.98	\$4,495,984.99	\$35,421,176.97	8.09:1

⁽¹⁾ Assessed value as of January 1, 2023, as provided by the County of Riverside Assessor's Office.

⁽²⁾ Allocated based on proportionate share of the actual Fiscal Year 2023-24 Special Tax levy.

⁽³⁾ Represents overlapping General Obligation debt outstanding as of August 31, 2023 as shown in Table 26.

Source: KeyAnalytics.

Historical Net Assessed Valuation. The following table represents the historical assessed valuation of the taxable property in CFD No. 2004-6 as shown on the County Assessor's roll for Fiscal Years 2018-19 through 2023-24.

TABLE 29
COMMUNITY FACILITIES DISTRICT NO. 2004-6
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
ASSESSED VALUATION HISTORY
FISCAL YEARS 2018-19 THROUGH 2023-24

<i>Year</i>	<i>Value Date (Jan. 1)</i>	<i>Assessed Value of Parcels Taxed as Developed⁽¹⁾</i>	<i>Percentage Change in Assessed Value</i>
2018-19	2018	\$226,691,643.00	N/A
2019-20	2019	\$235,303,388.00	3.80%
2020-21	2020	\$242,947,640.00	3.25%
2021-22	2021	\$254,970,777.00	4.95%
2022-23	2022	\$272,500,560.00	6.88%
2023-24	2023	\$286,568,447.00	5.16%

⁽⁵⁾ Source: Riverside County Assessor Closed Roll Data as of July of each Fiscal Year, Assessed Values as of January 1.
Source: KeyAnalytics.

Delinquencies. The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 2004-6 for Fiscal Year 2018-19 through Fiscal Year 2022-23 as of the fiscal year end and as of June 30, 2023.

TABLE 30
COMMUNITY FACILITIES DISTRICT NO. 2004-6
OF THE MORENO VALLEY UNIFIED SCHOOL DISTRICT
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2018-19 THROUGH 2022-23

<i>Fiscal Year</i>	<i>Subject Fiscal Year</i>					<i>Current Delinquency ^[2]</i>		
	<i>Parcels Levied</i>	<i>Total Special Tax Levied</i>	<i>Parcels Delinquent</i>	<i>Amount of Delinquency June 30</i>	<i>% Delinquent June 30⁽¹⁾</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>% Delinquency</i>
2018-19	722	\$2,203,357.44	1	\$10,596.73	0.48%	0	\$0.00	0.00%
2019-20	722	\$2,247,419.30	0	\$6,524.74	0.29%	0	\$0.00	0.00%
2020-21	722	\$2,292,369.64	0	\$7,386.23	0.32%	1	\$1,399.14	0.06%
2021-22	722	\$2,338,215.54	1	\$16,720.22	0.72%	4	\$7,937.80	0.34%
2022-23	722	\$2,384,983.60	3	\$13,421.06	0.56%	5	\$13,421.06	0.56%

⁽¹⁾ Amount delinquent as of June 30th in the Fiscal Year in which the Special Taxes were levied.

⁽²⁾ The source for the current amount delinquent is the County of Riverside as of June 30, 2023.

Source: KeyAnalytics.

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APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the Indenture governing the terms of the Bonds and the Local Obligation Indentures which are being separately executed by each of the Community Facilities Districts, each governing the terms of the Local Obligations. This summary includes only the provisions of the documents not already summarized in the Official Statement and does not purport to be complete and is qualified in its entirety by reference to said documents.

SUMMARY OF THE AUTHORITY INDENTURE

DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

Definitions. Unless the context otherwise requires, the terms defined below shall for all purposes of the Indenture and of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other documents in the Indenture mentioned have the meanings in the Indenture specified.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as it may be amended after the date of the Indenture from time to time.

“Additional Bonds” means additional bonds issued pursuant to the Indenture and secured on a parity with the Bonds.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year.

“Authority” means the Moreno Valley Unified School District Financing Authority, a joint powers authority organized and existing under the Joint Exercise of Powers Agreement, dated as of February 13, 2018, by and between the School District and Community Facilities District No. 2004-5, as duly amended and supplemented from time to time, and under and by virtue of the laws of the State.

“Authority Administrative Expenses” means the fees and expenses of the Trustee, including legal fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and the out of pocket expenses incurred by the Trustee, the School District and the Authority in carrying out their duties hereunder including payment of amounts payable to the United States pursuant to the Indenture.

“Authorized Officer” means the Chair of the Board, Executive Director, Treasurer or Secretary of the Authority or any other Person authorized by the Authority to perform an act or sign a document on behalf of the Authority for purposes of the Indenture.

“Beneficial Owners” means the actual purchasers of the Bonds whose ownership interests are recorded on the books of the DTC Participants.

“Bond Counsel” means any attorney at law or firm of attorneys selected by the Authority, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as it may be amended from time to time after the date of the Indenture.

“Bond Register” means the registration books for the Bonds maintained by the Trustee in accordance with the Indenture.

“Bonds” means the Authority’s Special Tax Revenue Bonds Series 2024A authorized by and at any time Outstanding pursuant to the Bond Law and the Indenture.

“Bond Year” means each twelve month period extending from September 2 in one calendar year to September 1 of the succeeding calendar year, except in the case of the initial Bond Year which shall be the period from the Closing Date of the Bonds to September 1, 2024, both dates inclusive.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which the New York Stock Exchange or banks in New York, New York or Los Angeles, California, or where the Trust Office is located, are not required or authorized to remain closed.

“Certificate of the Authority” means a certificate in writing signed by an Authorized Officer of the Authority, or by any other officer of the Authority duly authorized in writing by the Board for that purpose.

“CFD Act” means the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 (commencing with Section 53311), Article 1 of Division 2 of Title 5 of the Government Code of that State of California, as amended from time to time.

“Closing Date” means the date on which the Bonds were executed and delivered to the Original Purchaser thereof.

“Code” means the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations proposed or in effect with respect thereto.

“Community Facilities District” or “CFD” means any one of the Community Facilities Districts.

“Community Facilities Districts” OF “CFDs” means, collectively, CFD No. 2002-1, CFD No. 2003-1, CFD No. 2003-2, CFD No. 2004-2 and CFD No. 2004-6.

“Community Facilities District No. 2002-1” or “CFD No. 2002-1” means Community Facilities District No. 2002-1 of the Moreno Valley Unified School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2003-1” or “CFD No. 2003-1” means Community Facilities District No. 2003-1 of the Moreno Valley Unified School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2003-2” or “CFD No. 2003-2” means Community Facilities District No. 2003-2 of the Moreno Valley Unified School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2004-2” or “CFD No. 2004-2” means Community Facilities District No. 2004-2 of the Moreno Valley Unified School District, a community facilities district formed pursuant to the CFD Act.

“Community Facilities District No. 2004-6” or “CFD No. 2004-6” means Community Facilities District No. 2004-6 of the Moreno Valley Unified School District, a community facilities district formed pursuant to the CFD Act.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Bonds, the Local Obligations, and the acquisition of the Local Obligations by the Authority, including the acceptance and initial annual fees and expenses (including legal fees and expenses) of the Trustee, legal fees and expenses, costs of printing the Bonds and the preliminary and final Official Statements, fees of financial consultants, the Underwriter’s discount, and other fees and expenses set forth in a Request of the Authority.

“Costs of Issuance Fund” means the fund by that name established in the Indenture.

“Dated Date” means the date on which the Bonds are issued and authenticated by the Trustee.

“Defeasance Securities” means non-callable, non-prepayable obligations of the type set forth in clause 1 of the definition of Permitted Investments.

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

“DTC Participants” means securities brokers and dealers, banks, trust companies, clearing corporations and other organizations maintaining accounts with DTC.

“Event of Default” means any of the events described in the Indenture.

“Fiscal Agents” means the Fiscal Agents under the Local Obligation Issuance Documents.

“Fiscal Year” means any twelve month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve month period selected and designated by the Authority as its official fiscal year period.

“Indenture” means the Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions of the Indenture.

“Independent Accountant” means any accountant or firm of such accountants appointed and paid by the Authority, and who, or each of whom –

- (a) is in fact independent and not under domination of the Authority or the School District;
- (b) does not have any substantial interest, direct or indirect, in the Authority or the School District; and
- (c) is not an officer or employee of the Authority or the School District, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the School District.

“Independent Financial Consultant” means any financial consultant or firm of such consultants appointed and paid by the Authority, and who, or each of whom –

- (a) is in fact independent and not under domination of the Authority or the School District;
- (b) does not have any substantial interest, direct or indirect, in the Authority or the School District; and
- (c) is not an officer or employee of the Authority or the School District, but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the School District.

“Information Services” means such services providing information with respect to called bonds in accordance with then current guidelines of the Securities and Exchange Commission, such as the Authority may select in its sole discretion currently the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, maintained on the Internet at <http://emma.msrb.org/>.

“Insurance Policy” means the municipal bond insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the Bonds when due.

“Insurer” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto.

“Interest Account” means the account by that name established and held by the Trustee pursuant to the Indenture.

“Interest Payment Date” means March 1 and September 1 in each year, beginning September 1, 2024, and continuing thereafter so long as any Bonds remain Outstanding.

“Late Payment Rate” means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) the then-applicable highest rate of interest on the Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify. If the interest provisions of subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created in the Indenture, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party to the Indenture, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Issuer and the Obligors had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created in the Indenture exceed the limits imposed or provided by the law applicable to the transaction for the use or detention of money or for forbearance in seeking its collection.

“Local Obligations” means collectively, the following:

(a) Community Facilities District No. 2002-1 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds;

(b) Community Facilities District No. 2003-1 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds;

(c) Community Facilities District No. 2003-2 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds;

(d) Community Facilities District No. 2004-2 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds; and

(e) Community Facilities District No. 2004-6 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds;.

“Local Obligations Delinquency Revenues” means Revenues received by the Trustee from the Fiscal Agent for a Series of the Local Obligations representing the payment of delinquent debt service on such Local Obligations.

“Local Obligation Issuance Documents” means the fiscal agent agreements or bond indentures, as applicable, executed in connection with the issuance of the Local Obligations.

“Maximum Annual Debt Service” means, as of the date of any calculation, the largest Annual Debt Service during the current or any future Bond Year.

“Moody’s” means Moody’s Investor’s Service, Inc., its successors and assigns.

“Original Purchaser” means Piper Sandler & Co., and, with respect to the Bonds of any other Series, the entity or entities that purchase such Bonds from the Authority on the date of issuance thereof.

“Outstanding” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore executed and issued by the Authority and authenticated and delivered by the Trustee under the Indenture except –

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation pursuant to the Indenture;

(b) Bonds paid or deemed to have been paid within the meaning of the Indenture or Bonds called for redemption for which funds have been provided as described in the Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to the Indenture or any Supplemental Indenture.

“Owner” or “Bond Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Bond Register.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (the Trustee is entitled to rely upon investment direction from the Authority as a certification that such investment is a Permitted Investment):

1. (A) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”); (B) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (C) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or (D) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)

Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

Senior Debt obligations

- Farm Credit Banks (formerly: Federal Land Banks, Federal

Intermediate Credit Banks and Banks for Cooperatives)

Consolidated system-wide bonds and notes

- Federal Home Loan Banks (FHL Banks)

Consolidated debt obligations

- Federal National Mortgage Association (FNMA)

Senior debt obligations

Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

- Financing Corporation (FICO)

Debt obligations

- Resolution Funding Corporation (REFCORP)

Debt obligations

4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated "A-1" or better by S&P.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Trustee and any affiliate) which have capital and surplus of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days rated "A-1+" by S&P and "Prime-1" by Moody's).

7. Money market funds rated "AAm" or "AAm-G" by S&P, or better (including those of the Trustee or its affiliates).

8. "State Obligations," which means:

(A) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(B) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by S&P and "Prime-1" by Moody's.

(C) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by S&P and "Aa" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(A) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(B) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(C) the principal of and interest on the United States Treasury Obligations has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(D) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by a trustee in trust for owners of the municipal obligations;

(E) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(F) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee.

10. Repurchase agreements:

(A) With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by S&P and Moody's, provided that:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

(b) The Trustee or a third party acting solely as agent therefor or for the Authority (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(c) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the Authority or the Trustee, upon receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Authority or Trustee.

(B) Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's, respectively.

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

(A) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds and Parity Bonds;

(B) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Authority and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(C) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks *pari passu* with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

(D) the Authority and the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Authority and the Trustee) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Authority and the Trustee;

(E) the investment agreement shall provide that if during its term.

(1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Authority, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment; and

(2) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Authority or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Authority or Trustee; and

(F) The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

(G) the investment agreement must provide that if during its term

(1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Authority or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate, and

(2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Authority or Trustee, as appropriate.

12. The State of California Local Agency Investment Fund; provided that the Trustee may restrict investments in such Fund to the extent necessary to keep moneys available for the purposes of the Indenture.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Proportionate Share" means, 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.

"Purchase Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Rebate Fund" means the fund by that name established pursuant to the Indenture.

“Rebate Regulations” means the Treasury Regulations issued under Section 148(f) of the Code.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day.

“Redemption Fund” means the fund by that name established with respect to any Local Obligation.

“Request of the Authority” means a written request executed by an Authorized Officer.

“Request of the School District” means a written request executed by the Superintendent, Assistant Superintendent of Business, or any other officer of the School District duly authorized by the Governing Board of the School District to sign documents on its behalf with respect to the matters referred to therein.

“Representation Letter” means the representation letter dated as of the Closing Date between the Authority and DTC.

“Reserve Credit Facility” means (i) the Reserve Policy, or (ii) a policy of insurance, a surety bond, a letter of credit or other comparable credit facility, permitting draws thereunder in accordance with the Indenture to the final date of maturity of the Bonds, so long as (a) the provider of any such policy of insurance, surety bond, letter of credit or other comparable credit facility is rated in at the time of delivery to the Trustee not less than the rating on the Bonds from Standard & Poor’s or another rating agency requested by the Authority to rate the Bonds, and (b) so long as the Insurance Policy remains in effect, the Insurer has consented to the delivery of such Reserve Credit Facility.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Reserve Policy” means the municipal bond debt service reserve insurance policy relating to the Bonds issued by the Insurer.

“Reserve Requirement” means 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. As applied to individual accounts of the Reserve Fund, the Reserve Requirement shall initially be allocated as set forth in the Indenture.

“Responsible Officer” means, when used with respect to the Trustee, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any senior associate, any associate or any other officer of the Trustee within the Trust Office (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Trust Office because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of the Indenture.

“Revenue Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Revenues” means: (a) all amounts received from the Local Obligations; (b) any proceeds of the Bonds originally deposited with the Trustee (excluding the Purchase Fund) and all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder with respect to the Bonds (other than 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 hereunder with respect to the Bonds (other than investment income on moneys held in the Rebate Fund and the Surplus Fund).

“S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or any successor thereto.

“School District” means the Moreno Valley Unified School District, a public school district organized and operating pursuant to the provisions of the Education Code and related State law.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, NY 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“Security Documents” means the Indenture, the Local Obligation Issuance Documents and/or any additional or supplemental document executed in connection with the Bonds.

“Series of Local Obligations” means each of the Local Obligations issued pursuant to the Local Obligation Issuance Documents.

“Special Taxes” means the taxes authorized to be levied by the CFDs on parcels within the CFDs, which have been pledged to repay the Local Obligations pursuant to the CFD Act.

“State” means the State of California.

“Supplemental Indenture” means any indenture, agreement or other instrument duly executed after the date of the Indenture by the Authority in accordance with the provisions of the Indenture.

“Surplus Fund” means the fund by that name established pursuant to the Indenture.

“Tax Certificate” means the certificate by that name to be executed by the Authority on the Closing Date to establish certain facts and expectations and which contains certain covenants relevant to compliance with the Code.

“Trust Office” means the office of the Trustee at which at any particular time its corporate trust business with respect to the Indenture shall be administered, which office at the date of the Indenture is located in Los Angeles, California, or such other place as designated by the Trustee except that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, with a corporate trust office in Los Angeles, California, and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Indenture.

“Underwriter” means, Piper Sandler & Co., the initial purchaser of the Bonds.

“Yield” has the meaning given to such term in the Code.

DEPOSIT AND APPLICATION OF PROCEEDS

Issuance of Bonds. Upon the execution and delivery of the Indenture, the Authority shall execute and deliver the Bonds in the principal amounts set forth in the Indenture to the Trustee for authentication and delivery to the Original Purchaser thereof upon the Request of the Authority.

Revenue Fund. The Trustee shall establish and maintain a separate fund to be known as the “Revenue Fund” and the following separate accounts in the Indenture: Interest Account and Principal Account. Except as otherwise provided in the Indenture, the Trustee shall deposit all Revenues received after the Closing Date to the Revenue Fund and shall apply amounts in the Revenue Fund as described in the Indenture.

Costs of Issuance Fund. The Trustee shall establish and maintain a fund known as the “Costs of Issuance Fund” into which shall be deposited the amounts set forth in the Indenture. The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt by the Trustee of a Request of the Authority. Each such Request of the Authority shall be sufficient evidence to the Trustee of the facts stated in the Indenture and the Trustee shall have no duty to confirm the accuracy of such facts. On the date which is one hundred twenty (120)

days following the Closing Date, or upon the earlier receipt by the Trustee of a Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Revenue Fund. Upon such transfer, the Costs of Issuance Fund shall be closed and the Trustee shall no longer be obligated to make payments for Costs of Issuance. The Authority may at any time file a Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts, and upon receipt of such request by the Trustee, the Trustee shall comply with such request.

Purchase Fund. The Trustee shall establish and maintain a separate fund to be known as the “Purchase Fund” into which shall be deposited a portion of the proceeds of sale of the Bonds pursuant to the Indenture. The Trustee shall use the proceeds of the Bonds to purchase Local Obligations on the Closing Date; provided, however, that such Local Obligations may be purchased only if the Trustee has received a certificate of the Original Purchaser of the Bonds or an Independent Financial Consultant stating that the Revenues to be available to the Trustee, assuming timely payment of the Local Obligations, will be sufficient to permit the timely payment of the principal of and interest on all Outstanding Bonds.

Reserve Fund. The Trustee shall establish and maintain a separate fund to be known as the “Reserve Fund” and within such fund, accounts to be known as the “CFD No. 2002-1 Reserve Account,” “CFD No. 2003-1 Reserve Account,” “CFD No. 2003-2 Reserve Account,” “CFD No. 2004-2 Reserve Account,” and the “CFD No. 2004-6 Reserve Account,” respectively, which shall be administered as provided (such accounts referred to in the Indenture as the “Reserve Accounts”).

Rebate Fund. The Trustee shall establish and maintain a separate fund, when needed, to be known as the “Rebate Fund” and a separate Rebate Account in the Indenture for the Bonds. The Rebate Fund shall be administered as described in the Indenture.

Surplus Fund. The Trustee shall establish and maintain a separate fund, when needed, to be known as the “Surplus Fund” which shall be administered as described in the Indenture.

Administrative Expense Fund. The Trustee shall establish and maintain a separate fund to be held by the Trustee and known as the “Administrative Expense Fund” into which shall be deposited the amounts specified in the Indenture. The moneys in the Administrative Expense Fund shall be used to pay Authority Administrative Expenses or shall be transferred to the Surplus Fund, in either case, upon receipt of a Requisition of the Authority.

Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the Authority or the School District with respect to the application of the proceeds of the Bonds, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

REVENUES; FLOW OF FUNDS

Revenue Fund. Amounts in the Revenue Fund will be applied as set forth in the Official Statement under the caption “SECURITY FOR THE BONDS—Revenues and Flow of Funds.”

Local Obligations Delinquency Revenues. The Trustee shall disburse or transfer all Revenues representing Local Obligations Delinquency Revenues in the following order of priority:

First, to make payments required pursuant to the Indenture upon the occurrence of an Event of Default as described in the Indenture,

Second, to the Reserve Fund to replenish the amount on deposit therein to the Reserve Requirement as set forth in the Indenture, or to reimburse the Insurer for amounts owed under the Reserve Policy, and

Third, to make the deposits to the Interest Account and Principal Account as described in in the Official Statement under the caption “SECURITY FOR THE BONDS—Revenues and Flow of Funds.”

If on any Interest Payment Date or date for redemption the amount on deposit in the Revenue Fund is inadequate to make the transfers described above as a result of a payment default on an issue of Local Obligations, the Trustee shall immediately notify the issuer of such Local Obligations of the amount needed to make the required deposits described above. In the event that following such notice the Trustee receives additional payments 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.

On each Interest Payment Date after making the transfers 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.

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 pursuant to the Indenture, the Trustee shall 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 so specified.

Reserve Fund. Amounts in the Reserve Fund will be applied as set forth in the Official Statement under the caption “SECURITY FOR THE BONDS—Reserve Funds” and as further described below.

The Reserve Requirement with respect to the Bonds shall be satisfied by the delivery of the Reserve Policy to the Trustee and the deposit of moneys set forth in the Indenture. The Trustee shall deposit the Reserve Policy and such amounts to the Reserve Fund. Under the terms and conditions of the Reserve Policy, the Trustee shall deliver to the Insurer a demand for payment under the Reserve Policy in the required form at least five Business Days before the date on which funds are required for the purposes set forth in the Indenture. The Trustee shall comply with all of the terms and provisions in the Indenture and of the Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Fund, within the limits of the coverage amount provided by the Reserve Policy. All amounts drawn by the Trustee under the Reserve Policy will be deposited into the Reserve Fund and applied for the purposes thereof. The Authority and the Community Facilities Districts shall reimburse the Insurer for all draws under Reserve Policy in accordance with the terms of the Indenture.

From amounts deposited to the Reserve Fund, the Authority shall repay any draws under the Reserve Insurance Policy and pay all related reasonable expenses incurred by the Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Insurer at the Late Payment Rate.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the “Policy Costs”) shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation to pay Policy Costs shall be secured by a lien on and pledge of the Revenues pledged to the Bonds and payable from such Revenues on a parity with debt service due on the Bonds.

All cash and investments in the Reserve Fund established for the Bonds shall be transferred to the Revenue Fund for payment of the debt service on the Bonds before any drawing may be made on the Reserve Policy or any other Reserve Fund Credit Instrument in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all Reserve Fund Credit Instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement

pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

Notwithstanding anything to the contrary in the Indenture, draws under the Reserve Policy may only be used to make payments on the Bonds (and for the avoidance of doubt, not any other obligations of the Authority, whether issued on parity with the Bonds, or otherwise).

If the Authority shall fail to pay any Policy Costs in accordance with the requirements described above, the Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture and under the Local Obligation Issuance Documents, other than: (i) acceleration of the maturity of the Bonds; or (ii) remedies which would adversely affect Owners of the Bonds. The Indenture and the Local Obligation Issuance Documents shall not be discharged until all Policy Costs owing to the Insurer shall have been paid in full. The Authority's obligation to pay such amounts shall expressly survive payment in full of the Bonds. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of the Indenture described above and provide notice to the Insurer in accordance with the terms of the Reserve Policy at least three (3) Business Days prior to each date upon which interest or principal (or sinking fund payment) is due on the Bonds. The Reserve Policy shall expire on the earlier of the date the Bonds are no longer Outstanding or the final maturity of the Bonds.

Surplus Fund. Amounts in the Surplus Fund will be applied as set forth in the Official Statement under the caption "SECURITY FOR THE BONDS—Surplus Fund."

Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments. The Trustee shall be entitled to conclusively rely on any such Request of the Authority as to the suitability and legality of the directed investments and shall be fully protected in relying thereon. In the absence of any such Request of the Authority the Trustee shall hold such moneys uninvested. Permitted Investments purchased as an investment of moneys in any fund or account established pursuant to the Indenture shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture shall be deposited in the fund or account from which such investment was made; provided, however, that all interest or gain derived from the investment of amounts in the accounts of the Reserve Fund shall, to the extent the balance in any account thereof exceeds, on August 15 of each year, the Proportionate Share of the Reserve Requirement applicable to such Local Obligation, be withdrawn by the Trustee on such August 15, commencing August 15, 2024, and deposited to the special tax fund of the corresponding Community Facilities District to be applied to the payment of debt service on the applicable Local Obligations on the next Interest Payment Date.

For purposes of acquiring any investments under the Indenture, the Trustee may commingle moneys held by it in any of the funds and accounts held by it under the Indenture. The Trustee and its affiliates may act as advisor, sponsor, principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee and its affiliates may make any and all investments permitted in the Indenture through its own investment department. The Trustee shall incur no liability for losses arising from any investments made pursuant to the Indenture. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategory.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur at no additional cost, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee will furnish the Authority periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee under the

Indenture or brokers selected by the Authority. Upon the Authority's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request.

Valuation and Disposition of Investments. For the purpose of determining the amount in any fund or account, the value of Permitted Investments credited to such fund or account shall be valued at the original cost thereof (excluding any brokerage commissions and excluding any accrued interest) provided that the investment of any funds held in the Reserve Fund, shall be valued by the Trustee every August 15th at fair market value and marked to market at least quarterly by the Authority. In determining market value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

COVENANTS OF THE AUTHORITY

Punctual Payment. The Authority shall punctually pay or cause to be paid the principal and interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Revenues, and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall have been so extended. Nothing in the Indenture shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues, and other assets pledged or assigned under the Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any other lawful purpose, including other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into the Indenture and to pledge and assign the Revenues, the Local Obligations and other assets purported to be pledged and assigned, respectively, under the Indenture. The Bonds and the provisions of the Indenture are and will be the legal, valid and binding limited, special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of the Indenture and to the extent permitted by law, defend, preserve and protect said pledge and assignment of the Revenues, the Local Obligations and other assets and all the rights of the Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards in which complete and accurate entries shall be made of transactions made by it relating to the proceeds of Bonds, the Revenues, the Local Obligations and all funds and accounts established pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority and the School District upon reasonable prior notice during regular business hours and under reasonable circumstances, in each case as agreed to by the Trustee.

Not later than 45 days following each Interest Payment Date, the Trustee shall prepare and file with the Authority a report setting forth: (i) amounts withdrawn from and deposited into each fund and account maintained by the Trustee under the Indenture; (ii) the balance on deposit in each fund and account as of the date for which such report is prepared; and (iii) a brief description of all obligations held as investments in each fund and account. Copies of such reports may be mailed to any Owner upon the Owner's written request to the Trustee at the expense of such Owner at a cost not to exceed the Trustee's actual costs of duplication and mailing.

Conditions to Issuance of Additional Bonds. Except as set forth in the Indenture, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of Revenues in whole or in part.

The Authority may issue Additional Bonds in such principal amount as shall be determined by the Authority, pursuant to a Supplemental Indenture adopted or entered into by the Authority. Such Additional Bonds may be issued subject to the following conditions precedent:

(a) The Authority shall be in compliance with all covenants set forth in the Indenture and all Supplemental Indentures;

(b) The proceeds of such Additional Bonds shall be applied to accomplish a refunding of all or a portion of the Bonds or any Additional Bonds Outstanding. So long as the Insurance Policy is in full force and effect and the Insurer is not in default thereunder, the issuance of Additional Bonds to refund a portion of the Bonds Outstanding shall require the prior written consent of the Insurer.

(c) The Supplemental Indenture providing for the issuance of such Additional Bonds shall provide that interest thereon shall be payable on September 1 and March 1, and principal thereof shall 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 the Annual Debt Service in each Bond Year on the Additional Bonds does not exceed the Annual Debt Service in each Bond Year on the Bonds defeased or redeemed with the proceeds of such Additional Bonds.

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

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

(g) The Authority shall deliver to the Trustee a Certificate of the Authority certifying that the conditions precedent to the issuance of such Additional Bonds set forth in the Indenture 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.

Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Bonds will not be adversely affected for federal income tax purposes, the Authority covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Authority will not take or omit to take any action or make any use of the proceeds of the Bonds or of any other moneys or property which would cause the Bonds to be “private activity bonds” within the meaning of Section 141 of the Code.

(b) Arbitrage. The Authority will make no use of the proceeds of the Bonds or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The Authority will make no use of the proceeds of the Bonds or take or omit to take any action that would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(e) Miscellaneous. The Authority will take no action inconsistent with its expectations stated in any Tax Certificate executed with respect to the Bonds and will comply with the covenants and requirements stated in the Indenture and incorporated by reference in the Indenture.

The covenants set forth in the Indenture shall not be applicable to, and nothing contained in the Indenture shall be deemed to prevent the Authority from issuing Bonds the interest on which has been determined by the Board to be subject to federal income taxation.

Local Obligations. Subject to the provisions of the Indenture, the Authority and the Trustee, shall use reasonable efforts to collect all amounts due from the Community Facilities Districts pursuant to the Local Obligations and shall enforce, and take all steps, actions and proceedings which the Authority and Trustee determine to be reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations and covenants of the School District and the Community Facilities Districts thereunder. The Authority shall instruct the Community Facilities Districts to authenticate and deliver to the Trustee the Local Obligations registered in the name of the Trustee.

The Authority, the Trustee and a Community Facilities District may at any time consent to, amend or modify any of the Local Obligation Issuance Documents of such Community Facilities District pursuant to the terms thereof, (a) with the prior consent of the Insurer (so long as the Insurance Policy is in full force and effect and, if the Insurance Policy is not in full force and effect, with the prior written consent of the Owners of a majority in aggregate principal amount of the Bonds Outstanding), or (b) without the consent of any of the Insurer or Owners if such amendment or modification is for any one or more of the following purposes; provided, however, that any such amendment or modification which adversely affects the rights and interest of the Insurer shall require the prior written consent of the Insurer:

(a) to add to the covenants and agreements of the Community Facilities Districts contained in such Local Obligation Issuance Documents, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power in the Indenture reserved to or conferred upon the Community Facilities District; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in such Local Obligation Issuance Documents, or in any other respect whatsoever as the Community Facilities District may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds in the opinion of Bond Counsel filed with the Trustee; or

(c) to amend any provision thereof to the extent necessary to comply with the Code, but only if and to the extent such amendment will not, in and of itself, adversely affect the exclusion from gross income of the interest on any of the Bonds under the Code, in the opinion of Bond Counsel filed with the Trustee.

Prior to executing any such amendment or modification to a Local Obligation Issuance Documents, the Trustee shall be entitled to receive and rely upon an opinion of Bond Counsel to the effect that such amendment or modification is authorized or permitted under the Indenture and complies with the terms thereof.

Except as otherwise set forth in the Indenture, to the extent that the Trustee is the holder of a Local Obligation under a Local Obligation Issuance Document in its capacity as Trustee under the Indenture, the Trustee shall not be required to take any action under the Local Obligation Issuance Documents as a Local Obligation holder, including, without limitation, exercising voting or consent rights, without receiving the written direction of the Insurer or the Owners of a majority in aggregate principal amount of the Bonds, as applicable.

Sale of Local Obligations. Notwithstanding anything in the Indenture to the contrary, though subject to the prior written consent of the Insurer, the Authority may cause the Trustee to sell, from time to time, all or a portion of a Series of Local Obligations, provided that the Authority shall deliver to the Trustee:

(a) a certificate of an Independent Accountant certifying that, following the sale of such Local Obligations and the Revenues to be paid to the Authority (assuming the timely payment of amounts due thereon with

respect to any Local Obligations not then in default), together with interest and principal due on any Defeasance Securities pledged to the repayment of the Bonds and the Revenues then on deposit in the funds and accounts established under the Indenture (valuing any Permitted Investments held under the Indenture at the then fair market value thereof), will be sufficient to pay the principal of and interest on the Bonds when due;

(b) an opinion of Bond Counsel that such sale of Local Obligations is authorized under the provisions of the Indenture and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Upon compliance with the foregoing conditions by the Authority, the Trustee shall sell such Local Obligations in accordance with the Request of the Authority and disburse the proceeds of the sale of such Local Obligations to the Authority or upon the receipt of a Request of the Authority shall deposit such proceeds in the Revenue Fund, in each case such proceeds to be used to discharge all of the Authority's obligations on the portion of the Bonds represented by such Local Obligations in the event of a defeasance as set forth in the Indenture.

THE TRUSTEE

Appointment of Trustee. U.S. Bank Trust Company, National Association, with a corporate trust office presently located in Los Angeles, California, a national banking association organized and existing under and by virtue of the laws of the United States of America, is appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee under the Indenture and to allocate, use and apply the same as provided in the Indenture. The Authority agrees that it will maintain a Trustee which is (a) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (b) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (c) otherwise approved by the Insurer in writing, so long as any Bonds are Outstanding. If such bank, association or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then the combined capital and surplus shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption prior to maturity, to make regularly scheduled interest payments, and to cancel any Bond upon payment thereof.

Acceptance of Trusts. The Trustee accepts the trusts imposed upon it by the Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default under the Indenture has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by the Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers of the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents, or receivers, but shall not be responsible for the acts of any agents, attorneys or receivers appointed by it with due care. The Trustee may consult with and act upon the advice of counsel (which may be counsel to the Authority) concerning all matters of trust and its duty under the Indenture and shall be wholly protected in reliance upon the advice or opinion of such counsel in respect of any action taken or omitted by it in good faith and in accordance with the Indenture.

(c) The Trustee shall not be responsible for any recital in the Indenture, or in the Tax Certificate or the Bonds, or for any of the supplements thereto or instruments of further assurance, or for the validity, effectiveness or the sufficiency of the security for the Bonds issued under the Indenture or intended to be secured by the Indenture and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority under the Indenture or under the Tax Certificate. The Trustee shall have no responsibility, opinion, or liability with respect to any information, statement, or recital in any offering

memorandum, official statement, or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(d) Except as provided in the Indenture, the Trustee shall not be accountable for the use of any proceeds of sale of the Bonds delivered under the Indenture. The Trustee may become the Owner of Bonds secured by the Indenture with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(e) The Trustee shall be protected and shall incur no liability in acting, or refraining from acting in good faith and without negligence, in reliance upon any notice, request, consent, certificate, order, affidavit, letter, telegram, facsimile or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith and without negligence pursuant to the Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at such person's request unless the ownership of such Bond by such person shall be reflected on the Bond Register.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the Authority as sufficient evidence of the facts in the Indenture contained and prior to the occurrence of an Event of Default under the Indenture of which the Trustee has been given notice or is deemed to have notice, as provided in the Indenture, shall also be at liberty to accept a Certificate of the Authority to the effect that any particular dealing, transaction or action is necessary or expedient, and shall be fully protected in relying thereon, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty and notwithstanding any other provision of the Indenture, the Trustee shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default under the Indenture except where a Responsible Officer has actual knowledge of such Event of Default and except for the failure by the Authority to make any of the payments to the Trustee required to be made by the Authority pursuant to the Indenture, including payments on the Local Obligations, or failure by the Authority to file with the Trustee any document required by the Indenture to be so filed on a date certain subsequent to the issuance of the Bonds, unless a Responsible Officer shall be specifically notified in writing of such default by the Authority or by the Owners of at least twenty five percent (25%) in aggregate principal amount of the Outstanding Bonds and all notices or other instruments required by the Indenture to be delivered to the Trustee must, in order to be effective, be delivered to a Responsible Officer at the Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default under the Indenture except as aforesaid. Delivery of a notice to the officer and address for the Trustee set forth in the Indenture, as updated by the Trustee from time to time, shall be deemed notice to a Responsible Officer.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right fully to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the performance of its duties under the Indenture.

(k) Notwithstanding anything elsewhere in the Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of the Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable by the Trustee in its sole discretion for the purpose of establishing the right of the Authority to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action referred to in the Indenture, the Trustee may require that an indemnity bond satisfactory to it be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(m) All moneys received by the Trustee shall, until used or applied or invested as in the Indenture provided, be held in trust for the purposes for which they were received but need not be segregated from other funds.

(n) Whether or not expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of the Indenture.

(o) The Trustee shall not be considered in breach of or in default in its obligations under the Indenture or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of supplies or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(p) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Indenture); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority, whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Notwithstanding the effective date of the Indenture or anything to the contrary in the Indenture, the Trustee shall have no liability or responsibility for any act or event relating to the Indenture which occurs prior to the date the Trustee formally executes the Indenture and commences acting as Trustee thereunder.

(q) The Trustee shall not be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct.

Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement by the Authority for reasonable fees for its services rendered under the Indenture and all advances (including any interest on advances), counsel fees and expenses (including fees and expenses of outside counsel and the allocated costs of internal attorneys) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default under the Indenture, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held in Funds and accounts under the Indenture for the foregoing fees, charges and expenses incurred by it respectively. The Trustee's right to payment of its fees and expenses shall survive the discharge and payment or defeasance of the Bonds and termination of the Indenture, and the resignation or removal of the Trustee. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Notice to Bond Owners of Default. If an Event of Default under the Indenture occurs with respect to any Bonds of which the Trustee has been given, or is deemed to have notice, as provided in the Indenture, then the Trustee shall promptly give written notice thereof by first class mail to the Owner of each such Bond unless such Event of Default shall have been cured before the giving of such notice.

Intervention by Trustee. In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds, the Trustee may intervene on behalf of such Bond Owners, and subject to the Indenture, shall do so if requested in writing by the Owners of at least twenty five percent (25%) in aggregate principal amount of such Bonds then Outstanding.

Removal of Trustee. With the consent of the Insurer (so long as the Insurance Policy is in full force and effect and the Insurer is not in default thereunder), the Owners of a majority in aggregate principal amount of the Outstanding Bonds may and the Authority may, so long as no Event of Default then exists, upon 30 days' prior written notice to the Trustee and the Insurer, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee and the Insurer. Upon any such removal, the Authority shall appoint a successor or successors thereto; provided that any such successor shall be a bank, association or trust company meeting the requirements set forth in the Indenture.

Resignation by Trustee. The Trustee and any successor Trustee may at any time give prior written notice of its intention to resign as Trustee under the Indenture, such notice to be given to the Insurer, the Authority, the Community Facilities Districts and the School District by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be sent to the Bond Owners at their respective addresses set forth on the Bond Register.

Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to the Indenture, the Authority shall promptly appoint a successor Trustee. In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within thirty (30) days following the delivery to the Trustee of the instrument described in the Indenture or within thirty (30) days following the receipt of notice by the Insurer, the Authority, the Community Facilities Districts and the School District pursuant to the Indenture, the Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of the Indenture. Any such successor Trustee appointed by such court shall become the successor Trustee under the Indenture notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such thirty day period.

Indemnification; Limited Liability of Trustee. The Authority further covenants and agrees to indemnify and save the Trustee and its officers, officials, directors, agents and employees, harmless from and against any loss, cost, claim, suit, judgment, damages, expense, including legal fees and expenses, and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties under the Indenture, and any transactions or documents in connection therewith including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or intentional misconduct of the Trustee, its officers, directors, agents or employees. No provision in the Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability under the Indenture unless indemnity reasonably satisfactory to it against such liability or risk is provided to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of a majority (or any lesser amount that may direct the Trustee in accordance with the provisions of the Indenture) of the Owners of the principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under the Indenture. The rights of the Trustee and the obligations of the Authority under the Indenture shall survive termination of the Indenture, discharge of the Bonds and resignation or removal of the Trustee.

MODIFICATION AND AMENDMENT OF THE INDENTURE

Amendment of the Indenture. The Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Insurer (so long as the Insurance Policy is in full force and effect) and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or redemption premiums at the time and place and at the rate and in the currency provided in the Indenture of any Bond without the express written consent of the Insurer and Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without written consent of the Trustee, modify any of the rights or obligations of the Trustee.

The Indenture and the rights and obligations of the Insurer, the Authority and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption, without consent of the Insurer and any Bond Owners (except as otherwise provided in the Indenture), to the extent permitted by law but only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers in the Indenture reserved to or conferred upon the Authority so long as such addition, limitation or surrender of such rights or powers shall not materially adversely affect the Owners of the Bonds, as evidenced by the approval of Bond Counsel delivered pursuant to the Indenture; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not materially adversely affect the interests of the Owners of the Bonds, as evidenced by the approval of Bond Counsel delivered pursuant to the Indenture; or

(c) to amend any provision of the Indenture relating to the Code as may be necessary or appropriate to assure compliance with the Code and the exclusion from gross income of interest on the Bonds, including, but not limited to, amending the procedures set forth in the Indenture with respect to the calculation of Rebutable Arbitrage; or

(d) to amend or clarify any provision of the Indenture to provide for the issuance of any Additional Bonds (which may be issued for refunding purposes only) on a parity with the Bonds for all purposes of the Indenture, including, but not limited to, for the purpose of exercising all rights and remedies under the Indenture; or

(e) to amend the provisions of the Indenture.

The Trustee shall be furnished, at the expense of the Authority, an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the Trustee is authorized or permitted under the Indenture and complies with the provisions of the Indenture and the Trustee may conclusively rely upon such opinion and shall be fully protected in relying thereon.

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Events of Default. The following events shall be Events of Default under the Indenture.

(a) Default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as in the Indenture expressed, by proceedings for redemption, by declaration or otherwise.

(b) Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such default shall have continued for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding, provided that such default (other than a default arising from nonpayment of the Trustee's fees and expenses, which must be cured within such 30 day period) shall not constitute an Event of Default under the Indenture if the Authority shall, with the prior written consent of the Insurer (so long as the Insurance Policy is in full force and effect and the Insurer is not in default thereunder), commence to cure such default within said 30 day period and thereafter diligently and in good faith shall cure such default within 60 days after the delivery of such written default notice; or

(d) The filing by the Authority, the School District or any Community Facilities District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, the School District or any Community Facilities District, as applicable, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

Remedies; Rights of Bond Owners. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds, and to enforce any rights of the Trustee under or with respect to the Indenture. Subject to the Indenture, in the event of an Event of Default arising out of a nonpayment of Trustee's fees and expenses, the Trustee may sue the Authority to seek recovery of its fees and expenses, provided, however, that such recovery may be made only from the funds of the Authority and not from Revenues.

If an Event of Default shall have occurred and be continuing and if requested to do so by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds, and, in each case, if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture and, as applicable, under the Local Obligations, as shall be deemed most expedient in the interests of the Bond Owners.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners under the Indenture or now or existing after the date of the Indenture at law or in equity.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence in the Indenture; such right or power may be exercised from time to time as often as may be deemed expedient.

In no event shall the principal of the Bonds be accelerated.

Nothing in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Application of Revenues and Other Funds After Event of Default. All amounts received by the Trustee with respect to the Bonds pursuant to any right given or action taken by the Trustee under the provisions of the Indenture relating to the Bonds and any other amounts held by the Trustee under the Indenture (except for the Rebate Fund) shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid –

First, to the payment of the costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of the Indenture under the heading “Events of Default,” including reasonable compensation to its agents, attorneys and counsel (including outside counsel and the allocated costs of internal attorneys), and to the payment of all other outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority.

- (a) first to the payment of all installments of interest on the Bonds then due and unpaid,
- (b) second, to the payment of all installments of principal of the Bonds then due and unpaid, and
- (c) third, to the payment of interest on overdue installments of principal and interest on Bonds.

Third, to the payment of any amounts due and owing to the Insurer.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it may, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds issued under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other such litigation and provided further that the Trustee shall have the right to decline to comply with such written request unless indemnification satisfactory to it has been provided. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is appointed (and the successive respective Owners of the Bonds issued under the Indenture, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney in fact.

Appointment of Receivers. Upon the occurrence of an Event of Default under the Indenture, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged under the Indenture, pending such proceedings, with such powers as the court making such appointment shall confer.

Non Waiver. Nothing in the Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as in the Indenture provided, out of the Revenues and other moneys in the Indenture pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence in the Indenture; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

Rights and Remedies of Bond Owners. No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers in the Indenture before granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner in the Indenture provided, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner in the Indenture provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as in the Indenture provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of the Indenture above or any other provision of the Indenture.

Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under the Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners shall be restored to their former positions and rights under the Indenture, respectively, with regard to the property subject to the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Rights of the Insurer. The exercise of all rights and remedies under the Indenture are subject to the rights of the Insurer as provided in the Indenture.

MISCELLANEOUS

Limited Liability of Authority. Notwithstanding anything in the Indenture contained, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues or for the payment

of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants in the Indenture contained (except to the extent any such covenants are expressly payable under the Indenture from the Revenues). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in the Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in the Indenture provided.

Discharge of Indenture. The Authority may pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

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

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and available for such purpose, is fully sufficient to pay such Bonds, including all principal, interest and redemption premiums; or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Defeasance Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to the Indenture and available for such purpose, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Any Outstanding Bond or Bonds shall be deemed to have been paid and discharged under (c) above if (i) in the case of Bonds to be redeemed prior to the maturity thereof, notice of such redemption shall have been provided pursuant to the Indenture or provision satisfactory to the Trustee shall have been made for the provision of such notice, (ii) a verification report of an Independent Accountant shall be delivered to the Trustee, and (iii) an opinion of Bond Counsel shall be delivered to the Trustee to the effect that the requirements of the Indenture have been satisfied with respect to such discharge of Bonds. Upon a discharge of one or more Bonds as described above, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues, and other funds provided for in the Indenture with respect to such Bonds, as applicable, and all other pecuniary obligations of the Authority under the Indenture with respect to such Bonds, shall cease and terminate, except only the obligation of the Authority to comply with the covenants contained in the Indenture, to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose, to pay all expenses and costs of the Trustee and to comply with the covenants contained in the Indenture. Any funds thereafter held by the Trustee, which are not required for said purposes, shall be paid over to the Authority or upon a Request of the Authority to the School District or the Community Facilities Districts, as applicable.

Notwithstanding anything in the Indenture to the contrary, so long as the Insurance Policy is in full force and effect and the Insurer is not in default thereunder, the investments in the defeasance escrow relating to Bonds shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by the Insurer. At least 3 Business Days prior to any defeasance with respect to the Bonds, the Issuer shall deliver to the Insurer draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Bonds, a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be

addressed to the Insurer and shall be in form and substance satisfactory to the Insurer. In addition, the escrow agreement shall provide that: (i) any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Bonds is excludable) from gross income of the holders of the Bonds of the interest on the Bonds for federal income tax purposes and the prior written consent of the Insurer, which consent will not be unreasonably withheld; (ii) the Authority will not exercise any prior optional redemption of Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (1) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (2) as a condition to any such redemption there shall be provided to the Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption; and (iii) the Authority shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Insurer.

Defeasance shall be accomplished only with an irrevocable deposit in escrow of Defeasance Securities. Further substitutions of securities in the escrow are not permitted. The deposit in the escrow must be sufficient, without reinvestment, to pay all principal and interest as schedule on the Bonds to and including the date of redemption.

Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with corporate trust industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Unclaimed Moneys. Anything in the Indenture to the contrary notwithstanding and subject to the escheat laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for 2 years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for 2 years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall be repaid (without liability or interest) by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make such payment to the Authority, the Trustee shall, at the expense of Authority, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Bond Register, a notice that said moneys remain unclaimed and that, after a date in said notice, which date shall not be less than 30 days after the date of mailing such notice, the balance of such moneys then unclaimed will be returned to the Authority.

Payment Due on Other than a Business Day. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture, is not a Business Day, such payment, with no interest accruing for the period after such nominal date, may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in the Indenture.

MUNICIPAL BOND INSURANCE POLICY AND RESERVE POLICY

Consent of the Insurer. The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Fund. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the Bonds.

Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Indenture which permits the purchase of Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Insured Bond so purchased is not cancelled upon purchase.

The Insurer shall be deemed to be the sole Owner of the Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Insured Bond, each Owner of the Bonds appoints the Insurer as its agent and attorney-in-fact with respect to the Bonds and agrees that the Insurer may at any time during the continuation of any proceeding by or against the Issuer or the CFDs under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Owner of the Bonds delegates and assigns to the Insurer, to the fullest extent permitted by law, the rights of each Owner of the Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Owner of the Bonds for the Insurer's benefit, and agrees to cooperate with the Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Owners shall expressly include mandamus.

Control By the Insurer Upon Default. Unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Purchase Fund shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Bonds.

Exercise of Rights by the Insurer. The rights granted to the Insurer under the Security Documents to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Bonds and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the holders of the Bonds or any other person is required in addition to the consent of the Insurer.

The Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Insurer has received a claim upon the Insurance Policy.

No contract shall be entered into or any action taken by which the rights of the Insurer or security for or source of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

Insurer as Third Party Beneficiary. Notwithstanding anything in the Indenture to the contrary, the Insurer is recognized as and shall be deemed to be a third party beneficiary of the Indenture and may enforce the provisions of the Indenture as if it were a party to the Indenture.

Claims Upon Insurance Policy and Payments by and to the Insurer. If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there

continues to be a deficiency in the amount available to pay the principal of and interest on the Bonds due on such Payment Date, the Trustee shall make a claim under the Insurance Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Bonds and the amount required to pay principal of the Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Insurance Policy.

The Trustee shall designate any portion of payment of principal on Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Bonds registered to the then current Owner of the Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Bond to the Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Bond or the subrogation rights of the Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Bond. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the Bonds referred to as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Insurance Policy in trust on behalf of Owners of the Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Bonds in the same manner as principal and interest payments are to be made with respect to the Bonds under the sections of the Indenture regarding payment of Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the Issuer agrees to pay, or cause the CFDs to pay, to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts").

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. The Trustee shall notify the Insurer of any funds remaining in the Policy Payments Account after the Trustee has made the payments for which a claim was made to the Owners of the Bonds and shall, at the written direction of the Insurer, promptly remit such funds remaining to the Insurer.

Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid for purposes of the Indenture and the Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

Subrogation. The Insurer shall, to the extent it makes any payment of principal of or interest on the Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Authority to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

Additional Payments. The Authority shall pay or reimburse, or cause the Community Facilities Districts to pay or reimburse, the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise

afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation, proceeding (including any Insolvency Proceeding) or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document. Amounts payable by the Issuer hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Insurer until the date the Insurer is paid in full. The obligation to reimburse the Insurer shall survive discharge or termination of the Related Documents.

After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Authority or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Reserve Fund to the Reserve Requirement.

The Insurer shall be entitled to pay principal or interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Insurance Policy) and any amounts due on the Bonds as a result of acceleration of the maturity thereof, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

Information to be Provided to the Insurer. The Insurer shall be provided with the following information by the Authority or the Trustee, as the case may be:

1. To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, annual audited financial statements within the filing deadline specified in the Authority's continuing disclosure agreement, covenant or undertaking with respect to the Bonds (together with a certification of the Authority that it is not aware of any default or Event of Default under the Indenture or the Local Obligations), and, upon request, the Authority's or the District's annual budget within thirty (30) days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time;
2. Notice of any draw upon the Reserve Fund within two (2) Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Reserve Requirement and (ii) withdrawals in connection with a refunding of Bonds;
3. Notice of any default or Event of Default under the Indenture known to the Trustee or the Authority within five (5) Business Days after knowledge thereof;
4. Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof;
5. Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
6. Notice of the commencement of any Insolvency Proceeding;
7. Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds;
8. A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents;
9. All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents; and

10. To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA system, all information required to be furnished pursuant to a continuing disclosure agreement, covenant or undertaking with respect to the Bonds.

The Insurer shall have the right to receive such additional information as it may reasonably request.

Miscellaneous. (i) The Authority will permit the Insurer to discuss the affairs, finances and accounts of the Authority or any information the Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Authority and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Authority on any Business Day upon reasonable prior notice.

(ii) The Trustee shall notify the Insurer of any known failure of the Authority to provide notices, certificates and other information under the Related Documents that are required to be delivered to the Owners of the Bonds.

(iii) Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Reserve Fund is fully funded at the Reserve Requirement (including the proposed issue) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.

(iv) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Owners, the effect of any such amendment, consent, waiver, action or inaction shall be considered as if there were no Insurance Policy.

(v) No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

(vi) Neither the Authority nor any Community Facility District shall enter into any interest rate exchange agreement or any other interest rate maintenance agreement secured by and payable from the Revenues without the prior written consent of the Insurer.

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SUMMARY OF THE LOCAL OBLIGATION INDENTURES

DEFINITIONS

Definitions. Unless the context otherwise requires, the following terms shall have the following meanings:

“Account” means any account created pursuant to the Indenture.

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

“Accretion Rate” means the rate which, when applied to the Denominational Amount of any Capital Appreciation Bond and compounded semiannually on each March 1 and September 1 commencing on the first March 1 and September 1 following the issuance of such Bond, produces the Maturity Value on the maturity date.

“Accreted Value” means with respect to the Capital Appreciation Bonds, as of the date of calculation, the Denominational Amount thereof, plus Accreted Interest thereon to such date of calculation, compounded semiannually on each March 1 and September 1 commencing on the first March 1 and September 1 following the issuance of such Bond, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

“Acquisition and Construction Fund” means the fund by that name established pursuant the Indenture.

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

“Administrative Expenses” means 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 Fiscal Agent, any fees and related costs for credit enhancement for Bonds or which are not otherwise paid as Costs of Issuance, any costs related to the District’s compliance with state and federal laws requiring continuing disclosure of information concerning the Bonds, the District, and any other costs otherwise incurred by the School District on behalf of the District in order to carry out the purposes of the District as set forth in the Resolution of Formation and any obligation of the District under the Indenture. Administrative Expenses shall also include the administrative costs with respect to the collection of Delinquency Proceeds.

“Administrative Expense Requirement” means the amount of \$_____, which amount shall escalate by 2% in each Bond Year, commencing in the Bond Year beginning on September 2, 2024, provided that the District may, in its sole discretion, fund additional Administrative Expenses, without limitation, from any other funds available to the District.

“Administrative Expense Fund” means the fund by that name created and established pursuant to an Indenture.

“Annual Debt Service” means the principal amount of any Outstanding Bonds or Parity Bonds payable in a Bond Year either at maturity or pursuant to a Sinking Fund Payment and any interest payable on any Outstanding Bonds or Parity Bonds in such Bond Year, if the Bonds and any Parity Bonds are retired as scheduled.

“Authority” means the Moreno Valley Unified School District Financing Authority, a joint powers authority organized and existing under the Joint Exercise of Powers Agreement, dated as of February 13, 2018, by and between the School District and Community Facilities District No. 2004-5 of the Moreno Valley Unified School District, as duly amended and supplemented from time to time, and under and by virtue of the laws of the State.

“Authority Bonds” means any bonds outstanding under the Authority Indenture, which are secured by payments made on the Bonds.

“Authority Indenture” means that certain Indenture of Trust, dated as of February 1, 2024, by and between the Authority and the Authority Trustee, pursuant to which the Authority Bonds are issued.

“Authority Trustee” means U.S. Bank Trust Company, National Association, or any successor thereto appointed pursuant to the Authority Indenture.

“Authorized Investments” means any of the following investments, if and to the extent the same are at the time legal for investment of the District’s funds (the Fiscal Agent is entitled to rely upon investment direction from the District as a certification that such investment is an Authorized Investment):

1. (A) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”); (B) obligations fully and unconditionally guaranteed as to payment of principal and interest by the United States of America; (C) obligations fully and unconditionally guaranteed as to payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America; or (D) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)

Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

Senior Debt obligations

- Farm Credit Banks (formerly: Federal Land Banks, Federal

Intermediate Credit Banks and Banks for Cooperatives)

Consolidated system-wide bonds and notes

- Federal Home Loan Banks (FHL Banks)

Consolidated debt obligations

- Federal National Mortgage Association (FNMA)

Senior debt obligations

Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

- Financing Corporation (FICO)

Debt obligations

- Resolution Funding Corporation (REFCORP)

Debt obligations

4. Unsecured certificates of deposit, time deposits, demand deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Fiscal Agent and any affiliate) the short-term obligations of which are rated "A-1" or better by S&P.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks (including the Fiscal Agent and any affiliate) which have capital and surplus of at least \$5 million.

6. Commercial paper (having original maturities of not more than 270 days rated "A-1+" by S&P and "Prime-1" by Moody's).

7. Money market funds rated "AAM" or "AAM-G" by S&P, or better (including those of the Fiscal Agent or its affiliates).

8. "State Obligations," which means:

(A) Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(B) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by S&P and "Prime-1" by Moody's.

(C) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by S&P and "Aa" or better by Moody's.

9. Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(A) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(B) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(C) the principal of and interest on the United States Treasury Obligations has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(D) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by a trustee in trust for owners of the municipal obligations;

(E) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(F) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee.

10. Repurchase agreements:

(A) With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least “A” by S&P and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by S&P and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by S&P and Moody’s, provided that:

(a) The market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Fiscal Agent or the District to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

(b) The Fiscal Agent or a third party acting solely as agent therefor or for the District (the “Holder of the Collateral”) has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor’s books);

(c) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or S&P is withdrawn or suspended or falls below “A-” by S&P or “A3” by Moody’s, as appropriate, the provider must, at the direction of the District or the Fiscal Agent, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or Fiscal Agent.

(B) Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least “A” by S&P and Moody’s, respectively.

11. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least “AA” by S&P and “Aa” by Moody’s; provided that, by the terms of the investment agreement:

(A) interest payments are to be made to the Fiscal Agent or the District at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Acquisition and Construction Fund, construction draws) on the Bonds and Parity Bonds;

(B) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice; the District and the Fiscal Agent agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(C) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof, or, in the case of a bank, that the obligation of the bank to make payments under the agreement ranks *pari passu* with the obligations of the bank to its other depositors and its other unsecured and unsubordinated creditors;

(D) the District and the Fiscal Agent receives the opinion of domestic counsel (which opinion shall be addressed to the District and the Fiscal Agent) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the District and the Fiscal Agent;

(E) the investment agreement shall provide that if during its term:

(1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Fiscal Agent or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment; and

(2) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the District or the Fiscal Agent, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or Fiscal Agent; and

(F) The investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

(G) the investment agreement must provide that if during its term:

(1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Fiscal Agent, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Fiscal Agent, as appropriate, and

(2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Fiscal Agent, as appropriate.

12. The State of California Local Agency Investment Fund; provided that the Fiscal Agent may restrict investments in such Fund to the extent necessary to keep moneys available for the purposes of the Indenture.

"Authorized Representative of the District" means the Superintendent of the School District, the Chief Business Official of the School District or any other person or persons designated by the Superintendent of the School District or the Chief Business Official of the School District by a written certificate signed by the Superintendent of the School District or the Chief Business Official and containing the specimen signature of each such person.

"Bond Counsel" means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

"Bond Register" means the books which the Fiscal Agent shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

"Bondowner" or "Owner" means the person or persons in whose name or names any Bond or Parity Bond is registered.

"Bonds" means the \$_____ Community Facilities District No. _____ of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds.

“Bond Year” means the twelve month period commencing on September 2 of each year and ending on September 1 of the following year, except that the first Bond Year for the Bonds or an issue of Parity Bonds shall begin on the Delivery Date and end on the first September 1 which is not more than 12 months after the Delivery Date.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Fiscal Agent is located, are not required or authorized to remain closed.

“Capital Appreciation Bonds” means the Bonds the interest component of which is compounded semiannually on each Interest Payment Date to maturity as shown in the table of Accreted Values attached to the Indenture as Exhibit D.

“Certificate of an Authorized Representative” means a written certificate or warrant request executed by an Authorized Representative of the District.

“Code” means the Internal Revenue Code of 1986, as amended, and any Regulations, rulings, judicial decisions, and notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

“Costs of Issuance” shall have the meaning set forth in the Authority Indenture.

“Current Interest Bonds” means the Bonds the interest on which is payable semiannually on each Interest Payment Date specified for each such Bond as designated and maturing in the years and in the amounts set forth in the Indenture.

“Defeasance Securities” means non-callable, non-prepayable obligations of the type set forth in clause (1) of the definition of Authorized Investments.

“Delinquency Proceeds” means the net amounts collected from the redemption of delinquent Special Taxes including the penalties and interest thereon and from the sale of property sold as a result of the foreclosure of the lien of the Special Tax resulting from the delinquency in the payment of Special Taxes due and payable on such property.

“Delivery Date” means, with respect to the Bonds and each issue of Parity Bonds, the date on which the bonds of such issue were issued and delivered to the initial purchasers thereof.

“Denominational Amount” means the initial Principal Amount of any Capital Appreciation Bond.

“District” means Community Facilities District No. _____ of the Moreno Valley Unified School District established pursuant to the Act and the Resolution of Formation.

“Event of Default” shall have the meaning given such term in the Indenture.

“Fiscal Agent” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, at its principal corporate trust office in Los Angeles, California, and its successors or assigns, or any other bank, association or trust company which may at any time be substituted in its place as provided in the Indenture and any successor thereto.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next following June 30.

“Governing Board of the District” means the Governing Board of the School District acting as the legislative body of the District.

“Gross Special Taxes” means the amount of all Special Taxes received by the District, together with Delinquency Proceeds.

“Indenture” means the Bond Indenture, together with any Supplemental Indenture approved pursuant to the Indenture.

“Independent Financial Consultant” means a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the District, who, or each of whom:

(1) is in fact independent and not under the domination of the District or School District;

(2) does not have any substantial interest, direct or indirect, in the District or School District;

and

(3) is not connected with the District or School District as a member, officer or employee of the District or School District, but who may be regularly retained to make annual or other reports to the District or School District.

“Insurance Policy” means the insurance policy issued by the Insurer guaranteeing the scheduled payment of Principal Amount and Maturity Value of and interest on the Authority Bonds when due.

“Insurer” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto.

“Interest Payment Date” means each March 1 and September 1, commencing September 1, 2024, and the final maturity date of the Bonds with respect to the Current Interest Bonds, and with respect to the Capital Appreciation Bonds, the stated maturity dates thereof; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date, and in the case of the final Interest Payment Date to and including such date, will be paid on the Business Day next preceding such date.

“Maturity Value” means the Accreted Value of any Capital Appreciation Bond on its maturity date.

“Maximum Special Tax” has the meaning ascribed to it in the Rate and Method of Apportionment.

“Moody’s” means Moody’s Investors Service, its successors and assigns.

“Net Special Taxes” means Gross Special Taxes minus amounts set aside to pay Administrative Expenses.

“Ordinance” means Ordinance No. _____ adopted by the legislative body of the District providing for the levying of the Special Tax.

“Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds theretofore issued by the District, except:

(1) Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with the Indenture;

(2) Bonds and Parity Bonds for payment or redemption of which moneys shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Indenture or any applicable Supplemental Indenture for Parity Bonds; and

(3) Bonds and Parity Bonds which have been surrendered to the Fiscal Agent for transfer or exchange pursuant to the Indenture or for which a replacement has been issued pursuant to the Indenture.

“Parity Bonds” mean bonds or other securities issued by the District and secured by a lien on the Net Special Taxes which is on parity with the lien thereon securing the Bonds.

“Person” means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

“Prepayments” means any amounts paid by the District to the Fiscal Agent and designated by the District as a prepayment of Special Taxes for one or more parcels in the District made in accordance with the Rate and Method of Apportionment.

“Principal Amount” means, with respect to any Current Interest Bond, the principal amount thereof and, with respect to any Capital Appreciation Bond, the Denominational Amount.

“Principal Office of the Fiscal Agent” means the corporate trust and agency office of the Fiscal Agent located in Los Angeles, California, provided that for purposes of redemption, payment, exchange, transfer or surrender of Bonds or Parity Bonds shall mean the corporate trust agency or operations office of the Fiscal Agent, or such other office or offices as the Fiscal Agent may designate from time to time, or the office of any successor Fiscal Agent where it principally conducts its corporate trust and agency business.

“Project” means those public facilities described in the Resolution of Formation which have been acquired or constructed within and outside of the District, including all engineering, planning and design services and other incidental expenses related to such facilities and other facilities, if any, authorized by the qualified electors within the District from time to time.

“Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds, including, but not limited to, remarketing, credit enhancement, Fiscal Agent and other fees and expenses relating to the issuance of the Bonds, and to pay any other “incidental expenses” of the District, as such term is defined in the Act

“Proportionate Share” means, with respect to the calculation set forth in the Indenture, as of the date of calculation, a fraction equal to (A) the Principal Amount of the Bonds Outstanding divided by (B) the sum of the principal amount of all of the Local Obligations (as defined in the Authority Indenture) Outstanding.

“Rate and Method of Apportionment” means that certain Rate and Method of Apportionment of Special Tax for the District approved pursuant to the Resolution of Formation, as amended in accordance with the Act and the Indenture.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“Reserve Account” means the Account of the Reserve Fund established under the Authority Indenture with respect to the Bonds.

“Reserve Fund” shall have the meaning given such term in the Authority Indenture.

“Reserve Policy” means the municipal bond debt service reserve insurance policy issued by the Insurer and relating to the Authority Bonds issued by the Insurer.

“Reserve Requirement” shall have the meaning given such term in the Authority Indenture.

“Resolution of Formation” means the Resolution No. ____ adopted by the Governing Board of the District on _____ pursuant to which the School District for the District.

“School District” means the Moreno Valley Unified School District located in the County of Riverside, California.

“Sinking Fund Payment” means the annual payment to be deposited in the Principal Account to redeem a portion of the Term Bonds in accordance with any annual sinking fund payment schedule to retire any Bonds or Parity Bonds which are designated as Term Bonds.

“Special Tax Fund” means the fund by that name created and established pursuant to the Indenture.

“Special Taxes” means the taxes authorized to be levied by the District on property within the District which is classified as Taxable Property (as defined in the Rate and Method of Apportionment) under the Rate and Method of Apportionment, all in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval at the election held in the District.

“Standard & Poor’s” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or any successor thereto.

“Supplemental Indenture” means any supplemental indenture amending or supplementing the Indenture.

“Surplus Fund” means the fund by that name created and established pursuant to the Indenture.

“Treasurer-Tax Collector” means the Treasurer-Tax Collector of the County of Riverside, California and such other person as may be designated by the Treasurer-Tax Collector to act on his or her behalf.

GENERAL AUTHORIZATION AND BOND TERMS

Type and Nature of Bonds and Parity Bonds. Neither the faith and credit nor the taxing power of the School District, the State of California or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Net Special Taxes, no other taxes are pledged to the payment of the Bonds and Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the School District nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund, as more fully described in the Indenture. The District’s limited obligation to pay the Principal Amount and Accreted Value of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the School District or the forfeiture of any of their property. The Principal Amount and Accreted Value of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the School District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien, or encumbrance upon any of the District’s property, or upon any of its income, receipts or revenues, except the Net Special Taxes and other amounts in the Special Tax Fund which are, under the terms of the Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon and neither the members of the legislative body of the District or the Governing Board of the District nor any persons executing the Bonds or any Parity Bonds are liable personally on the Bonds or any Parity Bonds by reason of their issuance.

Notwithstanding anything to the contrary contained in the Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Special Taxes for the payment of the interest on or the Principal Amount and Accreted Value of or premium on the Bonds or any Parity Bonds, or for the performance of any covenants contained in the Indenture. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

Equality of Bonds and Parity Bonds and Pledge of Net Special Taxes. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in

order to secure the payment of the Principal Amount and Accreted Value of and interest on the Bonds and any Parity Bonds in accordance with their terms, the provisions of the Indenture and the Act, the District pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Net Special Taxes and any other amounts held in the Special Tax Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act. Pursuant to the Act and the Indenture, the Bonds and any Parity Bonds shall be equally payable from the Net Special Taxes and other amounts in the Special Tax Fund, without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and Principal Amount and Accreted Value of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, shall be exclusively paid from the Net Special Taxes and other amounts in the Special Tax Fund, which are set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and Principal Amount and Accreted Value of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding and shall not be used for any other purpose, except as permitted by the Indenture or any Supplemental Indenture. Notwithstanding any provision contained in the Indenture to the contrary, Net Special Taxes deposited in the Surplus Fund shall no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Acquisition and Construction Fund, Surplus Fund or the Administrative Expense Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in the Indenture or any Supplemental Indenture shall preclude; (a) subject to the limitations in the Indenture, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption and payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as amended pursuant to the Indenture, or under any other law of the State of California; or (b) the issuance, subject to the limitations contained in the Indenture, of Parity Bonds which shall be payable from Net Special Taxes.

Description of Bonds. The Bonds shall be issued as Capital Appreciation Bonds.

The Bonds being issued as Capital Appreciation Bonds and any Parity Bonds being issued as Capital Appreciation Bonds shall be issued in fully registered form in denominations of \$5,000 Maturity Value or any integral multiple thereof. Such Bonds and any such Parity Bonds of each issue shall be numbered as desired by the Fiscal Agent. The Bonds being issued as Capital Appreciation Bonds shall be dated, and shall accrete interest at the Accretion Rate for such Bond from its Delivery Date to its Maturity Date and during such period no interest shall be payable on a current basis. The Bonds being issued as Capital Appreciation Bonds shall have Principal Amounts per each five thousand dollars (\$5,000) in Accreted Values on each Interest Payment Date as shown in the Accreted Value Table attached to the Indenture; provided, that in the event that an amount shown in such Accreted Value Table and the Accreted Value calculated by the District or the Fiscal Agent by application of the definition of Accreted Value set forth in the Indenture differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond.

CREATION OF FUNDS AND APPLICATION OF PROCEEDS

There is created and established and shall be maintained by the Fiscal Agent the following funds and accounts:

- (1) The Community Facilities District No. 2002-1 Special Tax Fund (the "Special Tax Fund") (in which there shall be established and created an Interest Account, a Principal Account and a Redemption Account);
- (2) The Community Facilities District No. 2002-1 Administrative Expense Fund (the "Administrative Expense Fund");
- (3) The Community Facilities District No. 2002-1 Surplus Fund (the "Surplus Fund");

(4) The Community Facilities District No. 2002-1 Acquisition and Construction Fund (the "Acquisition and Construction Fund").

The amounts on deposit in the foregoing funds and accounts shall be held by the Fiscal Agent on behalf of the District and shall be invested and disbursed in accordance with the provisions of the Indenture. The investment earnings thereon shall be disbursed in accordance with the provisions of the Indenture.

The Fiscal Agent, at the direction of an Authorized Representative of the District, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

Deposits to and Disbursements from Special Tax Fund. (a) The Fiscal Agent shall deposit Gross Special Taxes representing Delinquency Proceeds as follows:

(1) the amount representing past due interest on the Bonds shall be deposited to the Interest Account of the Special Tax Fund; and

(2) the amount representing past due Principal Amount or Accreted Value of the Bonds shall be deposited to the Principal Account of the Special Tax Fund.

(b) [With respect to CFD No. 2002-1 Bonds only], the portion of any Prepayments received by the District that are the "Future Facilities Cost" thereof (as defined in the Rate and Method of Apportionment) shall be identified as such by the District and transferred to the Fiscal Agent for deposit in the Acquisition and Construction Fund.

The portion of any Prepayments received by the District which are to be applied to the redemption of Bonds shall be identified as such by the District and transferred to the Fiscal Agent for deposit in the Redemption Account. Except for the portion of any Prepayment to be deposited to the Redemption Account or Acquisition and Construction Fund, as applicable, the District shall, as soon as practicable but in no event later than five (5) Business Days after the District has received a written request from the Fiscal Agent, transfer the Special Taxes received by the District to the Fiscal Agent for deposit in the Special Tax Fund to be held by the Fiscal Agent in trust for the Owners. The Fiscal Agent shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forthbelow, in the following order of priority, to:

(1) the Administrative Expense Fund in accordance with the Indenture;

(2) the Interest Account of the Special Tax Fund the amount necessary to cause the balance on deposit therein to be equal to the interest on the Bonds and any Parity Bonds payable on the next succeeding Interest Payment Date;

(iii) the Principal Account of the Special Tax Fund the amount necessary to cause the balance on deposit therein to be equal to the Principal Amount or Maturity Value of the Bonds and any Parity Bonds and/or the Sinking Fund Payment payable on the next succeeding March 1 or September 1;

(iv) transfer to the Authority Trustee for deposit in the Reserve Account the amount necessary to cause the balance on deposit therein to equal the District's Proportionate Share of the Reserve Requirement or to reimburse and pay to the Insurer pursuant to the Authority Indenture for amounts owed to the Insurer for draws under the Reserve Policy, provided a shortfall is due to a delinquency in the payment of scheduled debt service on the Bonds or Parity Bonds or investment losses on amounts held in such Reserve Account and not to a delinquency in payment of scheduled debt service on other Local Obligations (as defined in the Authority Indenture);

(v) the Redemption Account of the Special Tax Fund; and

(vi) the Surplus Fund.

At least 10 Business Days prior to each Interest Payment Date, the Fiscal Agent shall notify the District in writing the amount of Special Taxes required to pay the Principal Amount and Maturity Value of and interest on the Bonds and any Parity Bonds on the next succeeding Interest Payment Date and the amount necessary to cause the balance on deposit in the Reserve Account to equal the District's Proportionate Share of the Reserve Requirement. The Fiscal Agent shall notify the Authority Trustee and the Insurer at least 3 Business Days prior to each Interest Payment Date if there is not on deposit with the Fiscal Agent, after making all of the transfers required hereunder, moneys sufficient to pay the Principal Amount and Maturity Value of and interest on the Bonds and any Parity Bonds.

Administrative Expense Fund. The Fiscal Agent shall deposit Special Taxes into the Administrative Expense Fund prior to the deposit to the Special Tax Fund an amount equal to the Administrative Expense Requirement for that Bond Year. Moneys in the Administrative Expense Fund shall be used to make, from time to time, timely payment of Administrative Expenses as set forth in a Certificate of an Authorized Representative of the District. Moneys in the Administrative Expense Fund may be invested in any Authorized Investments, provided that the maturity or maturities thereof shall not exceed 30 days from the date of purchase. In the event Administrative Expenses exceed the Administrative Expense Requirement in any Bond Year, after all deposits required pursuant to the Indenture have been made for the then current Bond Year, the Fiscal Agent shall transfer from the Special Tax Fund to the Administrative Expense Fund the amount of Administrative Expenses in excess of the Administrative Expense Requirement, as directed in writing by an Authorized Representative of the District.

Interest Account and Principal Account of the Special Tax Fund. The Principal Amount and Accreted Value of and interest due on the Bonds and any Parity Bonds until maturity, other than Principal Amount and Accreted Value due upon redemption, shall be paid by the Fiscal Agent from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of Principal Amount and Maturity Value of and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by the Indenture, at least five Business Days prior to each March 1 and September 1, the Fiscal Agent shall make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that to the extent that deposits have been made in the Interest Account or the Principal Account from the proceeds of the sale of an issue of the Bonds, any Parity Bonds, or otherwise, the transfer from the Special Tax Fund need not be made:

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

(b) to the Principal Account, an amount such that the balance in the Principal Account one Business Day prior to March 1 or September 1 of each year, commencing September 1, 2024, shall equal the Principal Amount or Maturity Value payment due on the Bonds and any Parity Bonds maturing on such March 1 or September 1 and any Principal Amount and Accreted Value of due on a previous March 1 or September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the Principal Amount and Accreted Value of such Bonds and any Parity Bonds as the same become due at maturity or by Sinking Fund Payment.

Redemption Account of the Special Tax Fund.

After making the transfers and deposits required by the Indenture, and in accordance with the District's election to call Bonds for optional redemption as required by the Indenture, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Fiscal Agent shall transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the Principal Amount and Accreted Value, and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the District's Proportionate Share of the Reserve Requirement, as determined by the District.

Prepayments deposited to the Redemption Account shall be applied on the redemption date established by the Indenture for the use of such Prepayments to the payment of the Principal Amount and Accreted Value of, premium, and interest on the Bonds and Parity Bonds to be redeemed with such Prepayments.

Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds and shall be applied on or after the redemption date to the payment of Principal Amount and Accreted Value of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender of such Bonds or Parity Bonds and in the case of an optional redemption or an extraordinary redemption from Prepayments to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account, other than Prepayments, may be used to purchase Outstanding Bonds or Parity Bonds in the manner provided in the Indenture. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to the Indenture, or in the case of Parity Bonds the premium established in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

Surplus Fund. After making the transfers described above, as soon as practicable after each September 1, and in any event prior to each October 1, the Fiscal Agent shall 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 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 pursuant to the Indenture, or (ii) that certain amounts be transferred to the Acquisition and Construction Fund because such amounts were included in the levy of Special Taxes for the previous Fiscal Year to pay for the acquisition or construction of the Project; provided, however, that, if a transfer is made to the Acquisition and Construction Fund and unexpended proceeds of the Bonds remain in the Acquisition and Construction Fund, the Fiscal Agent shall establish a subaccount for amounts transferred from the Surplus Fund. Moneys deposited in the Surplus Fund will be transferred by the Fiscal Agent at the direction of an Authorized Representative of the District (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account are insufficient therefor, (ii) to the Reserve Account in order to replenish the Reserve Account to the District's Proportionate Share of the Reserve Requirement, (iii) to the Administrative Expense Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Fund are insufficient to pay Administrative Expenses, (iv) to finance any additional public facilities authorized to be financed by the District, or (v) for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Fiscal Agent in a Certificate of an Authorized Representative and the Fiscal Agent will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested at the written direction of the District in Authorized Investments the interest on which is excludable from gross income

under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Authority Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Authority Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

Investments. Moneys held in any of the Accounts under the Indenture shall be invested by the Fiscal Agent or the District, as applicable, in accordance with the limitations set forth below only in Authorized Investments which shall be deemed at all times to be a part of such Accounts. Any loss resulting from such Authorized Investments shall be credited or charged to the Account from which such investment was made, and any investment earnings on amounts deposited in the Acquisition and Construction Fund, Special Tax Fund, and each Account therein, and of the Surplus Fund shall be deposited in those respective Funds and Accounts. Moneys in the Accounts held under the Indenture may be invested by the District or the Fiscal Agent as directed in writing by the District, as applicable, from time to time, in Authorized Investments subject to the following restrictions:

(a) Moneys in the Acquisition and Construction Fund shall be invested in Permitted Investments which will by their terms mature, or in the case of an Investment Agreement are available without penalty, as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Acquisition and Construction Fund. Notwithstanding anything to the contrary in the Indenture, the District shall instruct the Fiscal Agent that amounts in the Acquisition and Construction Fund three years after the Delivery Date for the Bonds shall be invested only in Authorized Investments the interest on which is excluded from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals and corporations under the Code) or in Authorized Investments at a yield not in excess of the yield on the issue of Bonds, unless in the opinion of Bond Counsel such restriction is not necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes.

(b) Moneys in the Interest Account, the Principal Account, and the Redemption Account of the Special Tax Fund shall be invested only in Authorized Investments which will by their terms mature, or are available for withdrawal without penalty, on such dates so as to ensure the payment of Principal Amount and Accreted Value of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(c) In the absence of written investment directions from the District, the Fiscal Agent shall hold moneys hereunder uninvested.

The District or the Fiscal Agent, as applicable, shall sell, or present for redemption, any Authorized Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Accounts or from such Accounts to which such Authorized Investments is credited. For the purpose of determining at any given time the balance in any such Accounts, any such investments constituting a part of such Accounts shall be valued at the lower of the cost or the market value thereof, exclusive of accrued interest, semiannually. In making any valuations hereunder, the District or the Fiscal Agent, as applicable, may utilize such generally recognized pricing information services (including brokers and dealers in securities) as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything in the Indenture to the contrary, the District or the Fiscal Agent, as applicable, shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of the Indenture.

The Fiscal Agent or the District, as applicable, may act as principal or agent in the making or disposing of any investment. The Fiscal Agent or the District, as applicable, may sell, or present for redemption, any Authorized Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Authorized Investment is credited, and, the Fiscal Agent or the District, as applicable, shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Fiscal Agent or the District, as applicable, may commingle the funds and accounts established hereunder, but shall account for each separately.

The District acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the District specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the District periodic cash transaction statements which shall include detail for all investment transactions made by the Fiscal Agent hereunder. The Fiscal Agent and its affiliates may act as sponsor, advisor, depository, principal or agent in the holding, acquisition or disposition of any investment.

Acquisition and Construction Fund.

The Fiscal Agent shall hold the moneys in the Acquisition and Construction Fund and apply such moneys to pay Project Costs. Amounts for Project Costs shall be disbursed by the Fiscal Agent on behalf of the District from the Acquisition and Construction Fund or the accounts therein as specified in a Request for Disbursement of Project Costs, substantially in the form attached to the Indenture, which must be submitted by an Authorized Representative of the District to the Fiscal Agent in connection with each requested disbursement.

Upon receipt of a Certificate of an Authorized Representative of the District stating that all or a specified portion of the amount remaining in the Acquisition and Construction Fund or in any of the accounts therein is no longer needed to pay Project Costs, the Fiscal Agent shall transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Acquisition and Construction Fund and the accounts therein to the Principal Account or Redemption Account of the Special Tax Fund or to the Surplus Fund, as directed in the Certificate, provided that in connection with any direction to transfer amounts to the Surplus Fund there shall have been delivered to the Fiscal Agent with such Certificate an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds which were issued on a tax-exempt basis for federal income tax purposes.

The Acquisition and Construction Fund shall be closed once no moneys remain on deposit therein.

COVENANTS AND WARRANTY

Warranty. The District shall preserve and protect the security pledged under the Indenture to the Bonds and any Parity Bonds against all claims and demands of all persons.

Covenants. So long as any of the Bonds or Parity Bonds issued under the Indenture are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and the Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds and tend to make them more marketable; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will instruct the Treasurer-Tax Collector to deposit all Special Taxes with the Fiscal Agent immediately upon their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by the Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

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

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Special Taxes except as provided in the Indenture, 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 Bonds, other than Parity Bonds. Nothing in the Indenture shall prevent the 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 Bonds and the Parity Bonds.

(b) Levy of Special Tax. So long as any Bonds or Parity Bonds issued under the Indenture are Outstanding, the legislative body of the District covenants to levy the Special Tax (taking into consideration reasonably anticipated delinquencies) 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 Amount and Accreted Value of and interest on the Bonds and any Parity Bonds when due, (2) the Administrative Expenses, and (3) any amounts required to replenish the Reserve Account resulting from the delinquency in the payment of scheduled debt service on the Bonds or any Parity Bonds (collectively, the "Special Tax Requirement"). The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

(c) Commence Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds and any 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 the amount on deposit in the Reserve Account is at less than the Reserve Requirement as a result of a delinquency in the payment of scheduled debt service on the Bonds or any Parity Bonds, and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as (x) the amount in the Reserve Account is at least equal to the Reserve Requirement or (y) any shortfall in the amount on deposit in a Reserve Account is not a result of a delinquency in the payment of scheduled debt service on the Bonds or any Parity Bonds. The District may, but shall not be obligated to, advance funds from any source of legally available funds in order to maintain the Reserve Account. The District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the School District 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.

The District covenants that it will deposit the net proceeds of any foreclosure and any other Delinquency Proceeds in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds, to make current payments of principal and interest on the Bonds and any Parity Bonds and to replenish any draw on the Reserve Account resulting from the delinquency in the payment of scheduled debt service on the Bonds or any Parity Bonds.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Special Taxes or other funds in the Special Tax Fund, or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided that nothing in the Indenture contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the Project, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent or of the Owners of not less than 10% of the Principal Amount and Maturity Value of the Bonds or the Owners of not less than 10% of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

(f) Federal Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the Authority Bonds issued on a tax-exempt basis

for federal income tax purposes will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other moneys or property which would cause the Authority Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code;

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Authority Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Authority Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(4) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Authority Bonds issued on a tax-exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority Bonds; and

(5) Other Tax Exempt Issues. The District will not use proceeds of other tax exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Authority Bonds issued on a tax-exempt basis.

(g) Reduction of Maximum Special Taxes. The District finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District determines that a reduction in the Maximum Special Tax rates authorized to be levied on parcels in the District below the levels provided in the Indenture would interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District does covenant, that it shall not initiate proceedings to reduce the Maximum Special Tax rates for the District, unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Taxable Property (as defined in the Rate and Method of Apportionment then in effect in the District in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least 110% of the sum of the estimated Administrative Expenses and gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds and Parity Bonds, and (iii) the District is not delinquent in the payment of the Principal Amount and Accreted Value or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultants shall compute the Administrative Expenses for the current Fiscal Year and escalate that amount by two percent (2%) in each subsequent Fiscal Year.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in the District which purports to reduce the minimum or the Maximum Special Tax below the levels specified in the Indenture or to limit the power of the District to levy the Special Taxes for the purposes set forth in the Indenture, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(i) Limitation on Right to Tender Bonds. The District covenants that it will not adopt any policy pursuant to Section 53344.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the Principal Amount and Accreted Value of and interest on the Bonds and Parity Bonds when due.

(j) Further Assurances. The District shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits provided in the Indenture.

(k) Subordinate Debt. Any indebtedness of the District evidenced by any subordinated debt and any renewals or extensions thereof (herein called "Subordinated Indebtedness"), shall at all times be wholly subordinate and junior in right of payment to any and all indebtedness of the District under the Indenture (herein called "Superior Indebtedness"). Following an Event of Default under the Indenture, no Subordinated Indebtedness shall be paid prior to any Superior Indebtedness in any fiscal year of the District. If the holder of the Subordinated Indebtedness is a commercial bank, savings bank, savings and loan association or other financial institution which is authorized by law to accept and hold deposits of money or issue certificates of deposit, such holder must agree to waive any common law or statutory right of setoff with respect to any deposits of the District maintained with or held by such holder.

(l) Pledged Net Special Taxes. The District represents it has not made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Net Special Taxes that ranks on a parity with or prior to the pledge granted under the Indenture. The District, except as may be provided otherwise in the Indenture, shall not make any pledge or assignment of, lien on, or security interest in the Net Special Taxes payable senior to or on a parity with the pledge of Net Special Taxes established under the Indenture.

AMENDMENTS TO INDENTURE

Supplemental Indentures or Orders Not Requiring Bondowner Consent. The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions in the Indenture which may be inconsistent with any other provision in the Indenture, or to make any other provision with respect to matters or questions arising under the Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners as evidenced by the opinion of counsel delivered pursuant to the Indenture;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in the Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds (which may be issued for refunding purposes only), and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(d) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute in effect after the date of the Indenture, or to comply with the Code or regulations issued under the Indenture, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially

adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding as evidenced by the opinion of counsel delivered pursuant to the Indenture; or

(e) to modify, alter or amend the Rate and Method of Apportionment of the Special Taxes in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on property within the District to an amount which is less than 110% of the sum of estimated Administrative Expenses and principal and interest due in each corresponding future Bond Year with respect to the Bonds and Parity Bonds Outstanding as of the date of such amendment as certified to the Fiscal Agent by an Authorized Representative of the District; or

(f) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Bondowners or adverse to the rights and interest of the Insurer, as evidenced by the opinion of counsel delivered pursuant to the Indenture.

Supplemental Indentures or Orders Requiring Bondowner Consent. Exclusive of the Supplemental Indentures described in the Indenture, the Owners of not less than a majority in aggregate Principal Amount and Maturity Value of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District, for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing in the Indenture shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond, (b) a reduction in the Principal Amount and Maturity Value of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon, (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond, or (d) a reduction in the aggregate Principal Amount and Maturity Value of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

FISCAL AGENT

Fiscal Agent. U.S. Bank Trust Company, National Association shall be the Fiscal Agent for the Bonds and any Parity Bonds unless and until another Fiscal Agent is appointed by the District under the Indenture. The District may, at any time, appoint a successor Fiscal Agent satisfying the requirements of the Indenture below for the purpose of receiving all money which the District is required to deposit with the Fiscal Agent hereunder and to allocate, use and apply the same as provided in the Indenture; provided, however, that the Fiscal Agent shall be at all times the same entity as the Authority Trustee.

The Fiscal Agent is authorized to and shall mail by first class mail, postage prepaid, or wire transfer in accordance with the Indenture, interest payments to the Bondowners, to select Bonds and Parity Bonds for redemption, and to maintain the Bond Register. The Fiscal Agent is authorized to pay the Principal Amount or Accreted Value of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in the Indenture, and to provide for the authentication of Bonds and Parity Bonds, and shall perform all other duties assigned to or imposed on it as provided in the Indenture. The Fiscal Agent shall keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Fiscal Agent is authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Fiscal Agent shall cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of the Indenture.

Removal of Fiscal Agent. The District may upon 30 days' prior written notice at its sole discretion remove the Fiscal Agent initially appointed, and any successor thereto, by delivering to the Fiscal Agent a written notice of its decision to remove the Fiscal Agent and may appoint a successor or successors thereto; provided that any such successor shall be a bank, association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Fiscal Agent. If any bank, association

or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Indenture the combined capital and surplus of such bank, association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent and notice being sent by the successor Fiscal Agent to the Bondowners of the successor Fiscal Agent's identity and address.

Resignation of Fiscal Agent. The Fiscal Agent may at any time resign by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Fiscal Agent. Upon receiving such notice of resignation, the District shall promptly appoint a successor Fiscal Agent satisfying the criteria in the Indenture by an instrument in writing. Any resignation or removal of the Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon acceptance of appointment by the successor Fiscal Agent. If no successor Fiscal Agent shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the retiring Fiscal Agent or any Owner (on behalf of itself and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Fiscal Agent.

Liability of Fiscal Agent. The recitals of fact and all promises, covenants and agreements contained in the Indenture and in the Bonds and any Parity Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Fiscal Agent assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of the Indenture, the Bonds or any Parity Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth in the Indenture, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall be under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Fiscal Agent shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct.

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

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

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

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it under the Indenture, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in the Indenture shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of its rights or powers.

The Fiscal Agent shall not be deemed to have knowledge of any default or Event of Default until an officer at the Fiscal Agent's corporate trust office responsible for the administration of its duties under the Indenture shall

have actual knowledge thereof or the Fiscal Agent shall have received written notice thereof at its corporate trust office.

The Fiscal Agent shall not be considered in breach of or in default in its obligations under the Indenture or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists or acts of a government.

The Fiscal Agent shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request, order or direction of any of the Owners pursuant to the provisions of the Indenture unless such Owners shall have offered to the Fiscal Agent security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

The Fiscal Agent, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Fiscal Agent shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill as a prudent person would use or exercise in the circumstances in the conduct of such prudent person’s own affairs.

The Fiscal Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to the Indenture and delivered using Electronic Means (“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Fiscal Agent, or another method or system specified by the Fiscal Agent as available for use in connection with its services under the Indenture); provided, however, that the District shall provide to the Fiscal Agent an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District, whenever a person is to be added or deleted from the listing. If the District elects to give the Fiscal Agent Instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such Instructions, the Fiscal Agent’s understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Fiscal Agent cannot determine the identity of the actual sender of such Instructions and that the Fiscal Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Fiscal Agent and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Fiscal Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

The Fiscal Agent may execute any of the trusts or powers and perform any of its duties by or through attorneys, agents or receivers and shall not be answerable for the conduct of the same if appointed with due care under the Indenture. The Fiscal Agent shall not be accountable for the use or application by the District of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Fiscal Agent in accordance with

the provisions of the Indenture or for the use and application of money received by any paying agent. The permissive right of the Fiscal Agent to do things enumerated in the Indenture shall not be construed as a duty and the Fiscal Agent shall not be answerable for other than its negligence or willful default.

The Fiscal Agent may become the owner of Bonds secured by the Indenture with the same rights it would have if not Fiscal Agent. The Fiscal Agent shall have no responsibility with respect to compliance by the District with Section 148 of the Code or any covenant in the Indenture regarding yields on investments.

Notwithstanding the effective date of the Indenture or anything to the contrary in the Indenture, the Fiscal Agent shall have no liability or responsibility for any act or event relating to the Indenture which occurs prior to the date the Fiscal Agent formally executes the Indenture and commences acting as Fiscal Agent thereunder.

EVENTS OF DEFAULT; REMEDIES

Events of Default. Any one or more of the following events shall constitute an “Event of Default”:

(a) Default in the due and punctual payment of the Principal Amount or Accreted Value of or redemption premium, if any, on any Bond or Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) Default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same shall become due and payable; or

(c) Except as described in (a) or (b), default shall be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in the Indenture, the Bonds or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Fiscal Agent or the Owners of 25% in aggregate Principal Amount of the Outstanding Bonds and Parity Bonds.

The Fiscal Agent agrees to give notice to the Owners immediately upon the occurrence of an Event of Default under (a) or (b) above and within 30 days of the Fiscal Agent’s actual knowledge of an Event of Default under (c) above.

Remedies of Owners. Upon the occurrence of an Event of Default, the Fiscal Agent may pursue any available remedy at law or in equity to enforce the payment of the Principal Amount or Accreted Value of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Fiscal Agent under or with respect to the Indenture, including:

(a) By mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in the Indenture;

(b) By suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) By a suit in equity to require the District and its members, officers and employees to account as the trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate Principal Amount or Maturity Value Outstanding Bonds and Parity Bonds and is indemnified to its satisfaction, the Fiscal Agent shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture, as shall be deemed most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy in the Indenture conferred upon or reserved to the Fiscal Agent or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or existing after the date of the Indenture, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

The Bonds and any Parity Bonds are not subject to acceleration prior to maturity.

Nothing in the Indenture shall be deemed to authorize the Fiscal Agent to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Fiscal Agent to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Application of Revenues and Other Funds After Default. All amounts received by the Fiscal Agent pursuant to any right given or action taken by the Fiscal Agent under the provisions of the Indenture relating to the Bonds and Parity Bonds, or already held by the Fiscal Agent, shall be applied by the Fiscal Agent in the following order:

First, to the payment of the fees, costs and expenses of the Fiscal Agent in declaring such Event of Default and in carrying out the provisions of the Indenture, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Fiscal Agent; and

Second, to the payment of the whole amount of interest on and Principal Amount or Accreted Value of the Bonds and Parity Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds and Parity Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing,

(b) second, to the payment of all installments of Principal Amount or Accreted Value, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing, and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

Limitations on Rights and Remedies of Owners. No Owner of any Bond or Parity Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Fiscal Agent written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate Principal Amount and Maturity Value of all the Bonds and Parity Bonds then Outstanding shall have made written request upon the Fiscal Agent to exercise the powers granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Fiscal Agent indemnity reasonably acceptable to the Fiscal Agent against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Fiscal Agent shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Fiscal Agent.

DEFEASANCE AND PARITY BONDS

Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in the Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall cease to be entitled to the pledge of Net Special Taxes, and, other than as set forth below, all covenants, agreements and other

obligations of the District to the Owner of such Bond or Parity Bond under the Indenture and any Supplemental Indenture relating to such Parity Bond shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to the Indenture, the Fiscal Agent shall execute and deliver to the District all such instruments as may be prepared on behalf of the District to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the District's general fund all money or securities held by it pursuant to the Indenture which are not required for the payment of the Principal Amount and Accreted Value of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of the paragraph above if such Bond or Parity Bond is paid in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same become due and payable;

(b) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Fund) and available for such purpose, is fully sufficient to pay the Principal Amount and Accreted Value of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by depositing with the Fiscal Agent or another escrow bank appointed by the District, in trust, Defeasance Securities, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund (exclusive of the Administrative Expense Fund) and available for such purpose, together with the interest to accrue thereon, to pay and discharge the Principal Amount and Accreted Value of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable;

then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under the Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the District under the Indenture and the obligation of the Fiscal Agent to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in the Indenture or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election shall be filed with the Fiscal Agent not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Fiscal Agent. In connection with a defeasance under (b) or (c) above, there shall be provided to the District and the Fiscal Agent a verification report from an independent nationally recognized certified public accountant, stating its opinion as to the sufficiency of the moneys or securities deposited with the Fiscal Agent or the escrow bank to pay and discharge the Principal Amount and Accreted Value of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with the Indenture, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with the Indenture and any applicable Supplemental Indenture.

Upon a defeasance, the Fiscal Agent, upon request of the District, shall release the rights of the Owners of such Bonds and Parity Bonds which have been defeased under the Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be prepared on behalf of the District to evidence such release, discharge and satisfaction. In the case of a defeasance under the Indenture of all Outstanding Bonds and Parity Bonds, the Fiscal Agent shall pay over or deliver to the District any funds held by the Fiscal Agent at the time of a defeasance, which are not required for the purpose of paying and discharging the Principal Amount and Accreted Value of or interest on the Bonds and Parity Bonds when due. The Fiscal Agent shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time after the issuance and delivery of the Bonds under the Indenture issue Parity Bonds payable from the Net

Special Taxes and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. The District shall not incur any additional bonded indebtedness payable from Net Special Taxes, including any additional bonded indebtedness subordinate to the Bonds, except for Parity Bonds which satisfy the requirements of the Indenture set forth in the Indenture. Parity Bonds which may only be issued to effect a partial refunding will be issued subject to the following additional specific conditions, which are made conditions precedent to the issuance of any such Parity Bonds:

(a) As certified by the District, the District shall be in compliance with all covenants set forth in the Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect shall have been filed with the Fiscal Agent; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(1) The purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Parity Bonds to be applied solely for the purpose of refunding any Outstanding Bonds or Parity Bonds, including payment of all costs and the funding of all reserves incidental to or connected with such refunding;

(2) The authorized Principal Amount of such Parity Bonds;

(3) The date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date shall fall on a March 1 or September 1, (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) The description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) The denominations and method of numbering of such Parity Bonds;

(6) The amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) The amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account to increase the amount therein to the Proportionate Share;

(8) The form of such Parity Bonds; and

(9) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The District shall have delivered the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Fiscal Agent (unless the Fiscal Agent shall accept any of such documents bearing a prior date):

(1) A certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(2) A written request of the District as to the delivery of such Parity Bonds;

(3) An opinion of Bond Counsel to the District to the effect that (i) the District has the right and power under the Act to adopt the Supplemental Indenture relating to such Parity Bonds, and the Supplemental Indenture has been duly and lawfully adopted by the District, is in full force and effect and is valid and binding upon the District and enforceable in accordance with its terms (subject to the usual and customary exceptions); (ii) the Indenture creates the valid pledge which it purports to create of the Net Special Taxes and other amounts as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (subject to the usual and customary exceptions) and the terms of the Indenture and all Supplemental Indentures thereto and are entitled to the benefits of the Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and the Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued.

(4) A certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture;

(5) A certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds;

(6) Such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds; and

(d) No Event of Default shall have occurred and be continuing with respect to the Bonds or the Authority Bonds, and the Parity Bonds shall be acquired by the Authority, as certified by the District and the Authority.

Provisions Relating to the Insurer.

The Insurer shall be deemed to be the sole holder of the Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Bonds are entitled to take pursuant to the section or article of the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Fiscal Agent. In furtherance thereof and as a term of the Indenture and each Bond, the Fiscal Agent (solely with respect to the Bonds) and each Bond holder appoint the Insurer as their agent and attorney-in-fact and agree that the Insurer may at any time during the continuation of any proceeding by or against the District any obligor under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Fiscal Agent (solely with respect to the Bonds) and each Bond holder delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Fiscal Agent and each Bond holder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Bond holders shall expressly include mandamus.

The prior written consent of the Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Fund. Notwithstanding anything to the contrary set forth in the

Indenture, amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the Authority Bonds.

The Insurer shall be included as a third party beneficiary to the Indenture.

Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Bonds to be redeemed shall be subject to the approval of the Insurer. The exercise of any provision of the Indenture which permits the purchase of Bonds in lieu of redemption shall require the prior written approval of the Insurer if any Bonds so purchased is not cancelled upon purchase.

The Indenture shall not be amended, supplemented, modified or waived without the prior written consent of the Insurer.

The District shall pay or reimburse the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture or the Authority Indenture (the "Related Documents"); (ii) the pursuit of any remedies under the Related Documents or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Related Documents whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Related Documents or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Related Documents.

The Insurer shall have the right to receive such additional information as it may reasonably request.

The District will permit the Insurer to discuss the affairs, finances and accounts of the District or any information the Insurer may reasonably request regarding the security for the District Bonds with appropriate officers of the District and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the District on any business day upon reasonable prior notice.

So long as any Bonds insured by the Insurer remain outstanding or any amounts are owed to the Insurer by the District, the District shall not issue or incur indebtedness payable from or secured in whole or in part by the Special Taxes that (i) bears interest at other than fixed rates or (ii) permits the holder to tender such indebtedness for purchase prior to the stated maturity thereof, in either case without the prior written consent of the Insurer.

So long as any Bonds insured by the Insurer remain outstanding or any amounts are owed to the Insurer by the District, the District shall not enter into any interest rate exchange agreement, cap, collar, floor ceiling or other agreement or instrument involving reciprocal payment obligations between the District and a counterparty based on interest rates applied to a notional amount of principal, without the prior written consent of the Insurer.

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APPENDIX C

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR RIVERSIDE COUNTY AND THE CITY OF MORENO VALLEY

The following information concerning the City of Moreno Valley (the “City”), Riverside County (the “County”) and the State of California (the “State”) is included only for the purpose of supplying general information regarding the general area in which the Districts are located. The Bonds are not a debt of the City, the County, the State or any of its political subdivisions, and none of the County, the State or any of its political subdivisions is liable therefor.

General

The County is the fourth largest county in the State, encompassing approximately 7,243 square miles. It is located in the southern portion of the State and is bordered by San Bernardino County on the north, Los Angeles and Orange Counties on the west, the State of Arizona and the Colorado River on the east, and San Diego and Imperial Counties on the south. The County, incorporated in 1893, is a general law city with its County seat located in the city of Riverside.

A relatively young city, the City witnessed rapid growth in the 1980s and the first decade of the 21st century, making it the second-largest city in Riverside County by population. Located just north of Lake Perris, the City shares March Joint Air Reserve Base with both Riverside, California and the city of Perris. The City is an incorporated common law city and is governed by a council-manager government.

Population

The following table lists population estimates for the City, County and State for 2013 through 2022.

POPULATION ESTIMATES City of Moreno Valley, County of Riverside and State of California 2013-2022

<i>Year⁽¹⁾</i>	<i>City of Moreno Valley</i>	<i>County of Riverside</i>	<i>State of California</i>
2013	199,059	2,268,660	38,269,864
2014	199,907	2,290,907	38,556,731
2015	200,936	2,315,547	38,865,532
2016	201,875	2,342,612	39,103,587
2017	203,489	2,374,555	39,352,398
2018	205,450	2,397,662	39,519,535
2019	207,190	2,419,057	39,605,361
2020 ⁽²⁾	208,237	2,418,185	39,538,223
2021	209,603	2,424,587	39,303,157
2022	209,407	2,435,525	39,185,605

⁽¹⁾ As of January 1.

⁽²⁾ U.S. Department of Commerce, Bureau of the Census, for April 1.

Source: California Department of Finance.

Personal Income

The following table shows of per capita personal income for the County, State of California and the United States from 2012 through 2021.

PER CAPITAL PERSONAL INCOME
County of Riverside, State of California, and United States
2012-2021

<i>Year</i>	<i>Riverside County</i>	<i>State of California</i>	<i>United States</i>
2012	\$32,971	\$48,121	\$44,548
2013	33,741	48,502	44,798
2014	35,043	51,266	46,887
2015	36,900	54,546	48,725
2016	38,294	56,560	49,613
2017	39,310	58,804	51,550
2018	40,790	61,508	53,786
2019	43,295	64,919	56,250
2020	47,702	70,647	59,765
2021	51,180	76,614	64,143

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

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Retail Trade

The following tables present a of taxable sales in the City and the County for 2017 through 2021.

TAXABLE SALES
City of Moreno Valley
2017-2021
(Dollars in Thousands)

<i>Year</i>	<i>Retail Permits</i>	<i>Retail Stores Taxable Transactions</i>	<i>Total Permits</i>	<i>Total Outlets Taxable Transactions</i>
2017	2,152	1,506,226	2,950	1,691,312
2018	2,228	1,609,248	3,103	1,789,391
2019	2,347	1,666,506	3,351	1,853,127
2020	2,629	1,659,839	3,833	1,882,893
2021	2,584	2,765,548	3,863	3,045,343

Source: *Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA").*

TAXABLE SALES
Riverside County
2017 through 2021
(Dollars in Thousands)

<i>Year</i>	<i>Retail Permits</i>	<i>Retail Stores Taxable Transactions</i>	<i>Total Permits</i>	<i>Total Outlets Taxable Transactions</i>
2017	38,967	\$25,856,341	58,969	\$36,407,460
2018	39,577	28,042,692	61,433	38,919,498
2019	40,491	29,020,401	64,063	40,557,845
2020	43,106	30,321,662	69,284	42,313,474
2021	39,455	41,280,076	64,335	55,465,752

Source: *Taxable Sales in California, California Department of Tax and Fee Administration ("CDTFA").*

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Employment

The following table summarizes civilian labor force, employment and unemployment statistics for the City, County and State from 2018 through 2022.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT City of Moreno Valley, Riverside County and State of California 2018 through 2022

<i>Year</i>	<i>Area</i>	<i>Labor Force</i>	<i>Employment</i>	<i>Unemployment</i>	<i>Unemployment Rate (%)</i>
2018	City of Moreno Valley	94,100	89,800	4,300	4.5
	Riverside County ⁽¹⁾	1,090,000	1,041,300	48,700	4.5
	State of California	19,289,500	18,469,900	819,600	4.2
2019	City of Moreno Valley	96,800	92,600	4,200	4.4
	Riverside County ⁽¹⁾	1,107,700	1,060,600	47,100	4.3
	State of California	19,413,200	18,617,900	795,300	4.1
2020	City of Moreno Valley	97,400	86,900	10,400	10.7
	Riverside County ⁽¹⁾	1,117,300	1,003,600	113,700	10.2
	State of California	18,971,600	17,047,600	1,924,000	10.1
2021	City of Moreno Valley	98,800	90,600	8,200	8.3
	Riverside County ⁽¹⁾	1,129,600	1,046,700	82,800	7.3
	State of California	18,973,400	17,586,300	1,387,100	7.3
2022	City of Moreno Valley	99,600	95,200	4,300	4.4
	Riverside County	1,152,100	1,104,100	48,000	4.2
	State of California	19,252,000	18,440,900	811,100	4.2

⁽¹⁾ March 2021 Benchmark

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2022 Benchmark.

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Industry

The County is a part of the Riverside-San Bernardino Metropolitan Statistical Area (“MSA”), which includes all of Riverside and San Bernardino Counties. The following table summarizes the annual average industry employment statistics for the Riverside-San Bernardino-Ontario MSA for years 2017 through 2021.

INDUSTRY EMPLOYMENT & labor force ANNUAL AVERAGES Riverside-San Bernardino-Ontario MSA 2017 through 2021

	2017	2018	2019	2020	2021
Total Farm	14,500	14,500	15,400	14,100	13,900
Mining, Logging and Construction	98,400	106,400	108,400	106,200	110,500
Manufacturing	98,000	99,800	100,600	95,100	94,800
Wholesale Trade	63,100	66,100	67,700	65,600	67,000
Retail Trade	180,900	181,200	180,700	168,800	177,600
Transportation, Warehousing and Utilities	119,900	132,100	146,600	172,500	198,600
Information	11,600	11,400	11,500	9,400	9,600
Financial Activities	44,700	44,600	45,000	44,100	44,900
Professional and Business Services	147,300	152,000	158,700	155,400	167,300
Education and Health Services	226,700	239,500	250,300	248,700	253,300
Leisure and Hospitality	166,300	170,600	175,900	141,300	158,900
Other Services	45,400	45,800	46,200	40,200	43,000
Government	<u>251,000</u>	<u>257,200</u>	<u>261,200</u>	<u>248,000</u>	<u>243,600</u>
Total All Industries	1,467,800	1,521,100	1,568,100	1,509,300	1,583,000

Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment, March 2021 Benchmark.

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Principal Employers

The following tables show the principal employers in the City and the County by number of employees.

PRINCIPAL EMPLOYERS City of Moreno Valley 2022

<i>Employer Name</i>	<i>Number of Employees</i>
March Air Reserve Base	6,500
Amazon	6,346
Riverside County Regional Medical Center	4,275
Moreno Valley Unified School District	3,536
Ross Distribution Center	1,822
Harbor Freight Tools	1,250
Kaiser Permanente	1,099
United Natural Foods	674
Val Verde Unified School District	649
Proctor & Gamble	632

Source: City of Moreno Valley 'Annual Comprehensive Financial Report' for the year ending June 30, 2022.

PRINCIPAL EMPLOYERS Riverside County 2022

<i>Employer Name</i>	<i>Number of Employees</i>
County of Riverside	23,772
Amazon	14,500
March Air Reserve Base	9,600
University of California, Riverside	8,593
Moreno Valley Unified School District	6,020
Kaiser Permanente Riverside Medical Center	5,817
Corona-Norco Unified School District	5,478
Riverside Unified School District	5,431
Stater Bros.	4,699
Mt. San Jacinto Community College District	4,638

Source: County of Riverside Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2022.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for 2017 through 2021 for the City and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS

City of Moreno Valley

2017 through 2021

(Dollars in Thousands)

	2017	2018	2019	2020	2021
Valuation					
Residential	\$151,647	\$322,159	\$83,548	\$89,140	\$102,384
Non-Residential	<u>278,495</u>	<u>433,939</u>	<u>427,693</u>	<u>158,503</u>	<u>54,466</u>
Total	\$430,142	\$756,098	\$511,241	\$247,643	\$156,850
Units					
Single Family	451	854	315	186	377
Multi Family	<u>16</u>	<u>372</u>	<u>14</u>	<u>237</u>	<u>10</u>
Total	467	1,226	329	423	387

Note: Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS

Riverside County

2017 through 2021

(Dollars in Thousands)

	2017	2018	2019	2020	2021
Valuation					
Residential	\$1,903,417	\$2,558,081	\$2,275,405	\$2,519,303	\$2,262,642
Non-Residential	<u>1,433,691</u>	<u>1,959,680</u>	<u>1,285,856</u>	<u>1,153,778</u>	<u>1,543,998</u>
Total	\$3,337,108	\$4,517,761	\$3,561,261	\$3,673,081	\$3,806,640
Units					
Single Family	6,265	7,540	6,563	8,443	7,360
Multi Family	<u>1,070</u>	<u>1,628</u>	<u>1,798</u>	<u>723</u>	<u>1,126</u>
Total	7,335	9,168	8,361	9,166	8,486

Note: Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

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APPENDIX D

**RATES AND METHODS OF APPORTIONMENT
OF SPECIAL TAXES FOR
THE DISTRICTS**

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RATE AND METHOD OF APPORTIONMENT FOR
MORENO VALLEY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2002-1

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels within Community Facilities District No. 2002-1 ("CFD No. 2002-1") of the Moreno Valley Unified School District ("School District") and collected each Fiscal Year commencing in Fiscal Year 2002-2003, in an amount determined by the School District, through the application of the Rate and Method of Apportionment as described below. All of the real property within CFD No. 2002-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County map.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2002-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District, CFD No. 2002-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the School District, CFD No. 2002-1 or any designee thereof of complying with School District, CFD No. 2002-1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the School District, CFD No. 2002-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the School District's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the School District or CFD No. 2002-1 for any other administrative purposes of CFD No. 2002-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

"Assessor's Parcel Map" means an official map of the County Assessor of the County designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2002-1 under the Act which are secured by Special Taxes.

"CFD No. 2002-1" means the Moreno Valley Unified School District Community Facilities District No. 2002-1.

"City" means the City of Moreno Valley.

"County" means the County of Riverside.

"Developed Floor Area" means the total building square footage of the building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, garages, carports, or similar spaces attached to the building. The determination of Developed Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Public Property, Taxable Property Owner Association Property and Taxable Religious Property for which a building permit for new construction was issued prior to May 1st of the prior Fiscal Year.

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

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

"Land Use Category" means any of the categories listed in Table 1.

"Maximum Special Tax" means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

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

"Outstanding Bonds" means all Bonds which are deemed to be outstanding under the Indenture.

"Proportionately" means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax. For Undeveloped Property, Taxable Public Property, Taxable Property Owner Association Property and Taxable Religious Property "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property, Taxable Public Property, Taxable Property Owner Association Property, and Taxable Religious Property.

"Property Owner Association Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 2002-1 that is owned by or irrevocably dedicated to a property owner association, including any master or sub-association as of January 1st of the prior Fiscal Year.

"Public Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 2002-1 that is (i) used for rights-of-way or any other purpose and is owned by or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency as of January 1st of the prior Fiscal Year or (ii) encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement as of January 1st of the prior Fiscal Year, provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

"Religious Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 2002-1 for which the owner notifies School District prior to May 1 of the prior Fiscal Year that it is used primarily as a place of worship and which School District confirms is exempt from *ad valorem* property taxes because it is owned by a religious organization as of January 1st of the prior Fiscal Year. Religious Property, without limitation, does not include any Assessor's Parcels used for religious schools, day care, or congregate care facilities.

"Residential Property" means all Assessor Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"School District" means the Moreno Valley Unified School District.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property in accordance with Section D.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 2002-1 to: (i) pay debt service on all Outstanding Bonds due in the calendar year that commences in such Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of CFD No. 2002-1 facilities eligible under the Act so long as the inclusion of such amount does not cause an increase in the Special Tax attributable to Undeveloped Property; (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate of Special Taxes levied in the previous Fiscal Year, less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the Superintendent of Business Services pursuant to the Indenture.

"State" means the State of California.

"Superintendent of Business Services" means the Superintendent of Business Services of the Moreno Valley Unified School District or his or her designee.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2002-1 which have not been prepaid pursuant to Section H or, which are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Property Owner Association Property" means all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

"Taxable Public Property" means all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

"Taxable Religious Property" means all Assessor's Parcels of Religious Property that are not exempt pursuant to Section E below.

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

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Religious Property, Taxable Public Property or Taxable Property Owner Association Property as of January 1st of the prior Fiscal Year.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2002-1 shall be classified as Developed Property, Taxable Religious Property, Taxable Public Property, Taxable Property Owner Association Property, or Undeveloped Property, and shall be subject to Special Taxes

in accordance with this rate and method of apportionment determined pursuant to Sections C and D below.

Assessor Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. An Assessor Parcel of Residential Property shall further be classified to its appropriate Land Use Category based on the Developed Floor Area of such Assessor Parcel.

C. MAXIMUM SPECIAL TAX RATE

1. **Developed Property**

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel of Residential Property that is classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Assessor Parcel of Non-Residential Property shall be the Assigned Special Tax described in Table 1.

b. Assigned Special Tax

The Assigned Special Tax for each Assessor Parcel of Developed Property is shown in Table 1 below.

TABLE 1
Assigned Special Taxes for Developed Property

Land Use Category	Taxable Unit		Assigned Special Tax Per Taxable Unit
1 - Residential Property	D/U	2,801 sq. ft. or greater	\$1,690
2 - Residential Property	D/U	2,601 sq. ft. to 2,800 sq. ft.	\$1,647
3 - Residential Property	D/U	2,301 sq. ft. to 2,600 sq. ft.	\$1,456
4 - Residential Property	D/U	2,101 sq. ft. to 2,300 sq. ft.	\$1,421
5 - Residential Property	D/U	1,851 sq. ft. to 2,100 sq. ft.	\$1,334
6 - Residential Property	D/U	1,651 sq. ft. to 1,850 sq. ft.	\$1,221
7 - Residential Property	D/U	1,501 sq. ft. to 1,650 sq. ft.	\$1,169
8 - Residential Property	D/U	1,500 sq. ft. or less	\$1,100
9 - Non - Residential Property	Acre	N/A	\$11,988

c. Backup Special Tax

When a Final Map is recorded within CFD 2002-1, the Backup Special Tax for the Assessor Parcels of Residential Property within such Final Map area shall be determined. The owner of the property within the Final Map area shall provide the Superintendent of Business Services a copy of the recorded Final Map and a listing of the square footage of each residential lot within such Final Map.

For Assessor Parcels of Residential Property within a Final Map, the Backup Special Tax shall be determined by multiplying \$11,988 by the total Acreage of Taxable Property excluding the Acreage associated with Non-Residential Property, Taxable Religious Property, Taxable Public Property and Taxable Property Owner's Association Property in such Final Map and dividing such amount by the number of Assessor Parcels that are or are expected to be Residential Property (i.e., the number of residential lots) within such Final Map.

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

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1. above shall be divided by the total Acreage of Taxable Property excluding the Acreage associated with Non-Residential Property, Taxable Religious Property, Taxable Public Property, and Taxable Property Owner Association Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Superintendent of Business Services.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

2. Undeveloped Property, Taxable Public Property, Taxable Property Owner Association Property and Taxable Religious Property

a. Maximum Special Tax

The Maximum Special Tax for Undeveloped Property, Taxable Religious Property, Taxable Public Property, and Taxable Property Owner Association Property within CFD 2002-1 shall be \$11,988 per Acre.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2002-2003 and for each following Fiscal Year, the School District shall levy the Special Tax as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property at the applicable Assigned Special Tax;

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Religious Property, Taxable Public Property and Taxable Property Owner Association Property up to the Maximum Special Tax for Taxable Religious Property, Taxable Public Property or Taxable Property Owner Association Property.

E. EXEMPTIONS

No Special Tax shall be levied on up to 45.27 Acres of Religious Property, Public Property and Property Owner Association Property. Tax-exempt status will be irrevocably assigned by the Superintendent of Business Services in the chronological order in which property becomes Religious Property, Public Property or Property Owner Association Property. Religious Property, Public Property or Property Owner Association Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Religious Property, Taxable Public Property or Taxable Property Owner Association Property, if such property does not prepay the Special Tax pursuant to Section H.1.

F. REVIEW/APPEAL COMMITTEE

The School District shall establish as part of the proceedings and administration of CFD No. 2002-1 a special three-member Review/Appeal Committee. Any landowner or resident who feels that the amount of the Special Tax, as to their Assessor's Parcel, is in error, may file a notice with the Review/Appeal Committee appealing the amount of the Special Tax levied on such Assessor Parcel provided such appeal may relate to the Special Tax levy for no more than the three most recent Fiscal Years. The Review/Appeal Committee shall interpret this

Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2002-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The following definitions applies to this Section H:

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

1. Prepayment in Full

The Maximum Special Tax obligation may only be prepaid and permanently satisfied by an Assessor's Parcel of Developed Property, Undeveloped Property for which a building permit has been issued, Religious Property, Public Property and/or Property Owner's Association Property that is not Exempt Property pursuant to Section E. The Maximum Special Tax obligation applicable to such Assessor's Parcel may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Maximum Special Tax obligation shall provide the Superintendent of Business Services with written notice of intent to prepay, and within 5 days of receipt of such notice, the Superintendent of Business Services shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2002-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the Superintendent of Business Services shall notify such owner of the prepayment amount of such Assessor's Parcel.

- a) The prepayment amount for an Assessor's Parcel will be equal to the present value of the Assigned Special Tax of such Assessor's Parcel and the amount determined pursuant to Section H.1.c., if applicable, using a discount rate equal to the weighted average interest rate on the Outstanding Bonds and the remaining term for which the Special Tax may be levied pursuant to Section I.
- b) A reasonable administrative fee (net of the non-refundable deposit) for determining such prepayment and the call premium, if any, as provided in the bond indenture shall

be added to the amount determined in Section H.1.a. at the date of prepayment to determine the total prepayment amount due. The total prepayment amount shall be distributed in accordance with the Indenture.

- c) If at the date of the prepayment calculation the Assessor's Parcel seeking prepayment is being levied all or a portion of the Backup Special Tax as a result of the total Residential Property units within CFD No. 2002-1 at buildout being less than the total estimated residential units that were assumed when the Bonds were issued as determined by the Superintendent of Business Services, that portion of the Backup Special Tax being levied in excess of the Assigned Special Tax for such Assessor's Parcel shall be added to the Assigned Special Tax in Section H.1.a. for purposes of calculating the prepayment amount.

Upon cash payment of the prepayment amount due pursuant to Section H.1.b. and upon owner providing confirmation from the County to the Superintendent of Business Services that the current Fiscal Year's Special Tax levy for such Assessor's Parcel has been paid, the School District shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Maximum Special Tax on an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid, provided an Assessor's Parcel of Developed Property may only be partially prepaid prior to or concurrent with the close of escrow of a sale to the initial homebuyer. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E \times F) + G$$

These terms have the following meaning:

PP = the partial prepayment amount

P_E = the prepayment amount calculated according to Section H.1.a. and the call premium, if any, as determined by Section H.1.b.

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

G = the administrative fee determined in Section H.1.b.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax shall notify the Superintendent of Business Services of (i) such owner's intent to partially

prepay the Maximum Special Tax, and (ii) the percentage by which the Maximum Special Tax shall be prepaid, and within 5 days of receipt of such notice, the Superintendent of Business Services shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2002-1 in calculating the proper amount of a partial prepayment. Within 15 days of receipt of such non-refundable deposit, the Superintendent of Business Services shall notify such owner of the partial prepayment amount of such Assessor's Parcel.

With respect to any Assessor's Parcel that is partially prepaid, the Superintendent of Business Services shall (i) distribute the funds remitted to it according to the Indenture, and (ii) indicate in the records of CFD No. 2002-1 that there has been a partial prepayment of the Maximum Special Tax and that a portion of the Maximum Special Tax equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

I. TERM OF THE SPECIAL TAX

The Special Tax shall be levied annually on all Assessor's Parcels of Taxable Property until the Fiscal Year 2037-38.

FIRST AMENDED RATE AND METHOD OF APPORTIONMENT FOR
MORENO VALLEY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2003-1

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels within Community Facilities District No. 2003-1 ("CFD No. 2003-1") of the Moreno Valley Unified School District ("School District") and collected each Fiscal Year commencing in Fiscal Year 2004-2005, in an amount determined by the School District, through the application of this First Amended Rate and Method of Apportionment as described below. All of the real property within CFD No. 2003-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map. If the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County map shall be used. If the acreage information supplied by these alternative sources is not available, or in conflict, the acreage used shall be determined by the Assistant Superintendent of Business Services or a designee.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2003-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District, CFD No. 2003-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the School District, CFD No. 2003-1 or any designee thereof of complying with School District, CFD No. 2003-1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the School District, CFD No. 2003-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the School District's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the School District or CFD No. 2003-1 for any other administrative purposes of CFD No. 2003-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

"Assessor's Parcel Map" means an official map of the County Assessor of the County designating parcels by Assessor's Parcel number.

"Assistant Superintendent of Business Services" means the Assistant Superintendent of Business Services of the Moreno Valley Unified School District or his or her designee.

"Assigned Special Tax" means the Special Tax for each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2003-1 under the Act which are secured by Special Taxes.

"CFD No. 2003-1" means the Moreno Valley Unified School District Community Facilities District No. 2003-1.

"City" means the City of Moreno Valley.

"County" means the County of Riverside.

"Developed Floor Area" means the total building square footage of the building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, garages, carports, or similar spaces attached to the building. The determination of Developed Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"Developed Property" means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to May 1st of the prior Fiscal Year.

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

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

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

“Maximum Special Tax” means the Maximum Special Tax, determined in accordance with Section C below, that shall be levied in any Fiscal Year on any Assessor's Parcel.

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

“Outstanding Bonds” means all Bonds which are deemed to be outstanding under the Indenture.

“Property Owner Association Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 2003-1 that is owned by or irrevocably dedicated to a property owner association, including any master or sub-association as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax. For Undeveloped Property "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property.

“Proposed Area of Annexation” means the area identified on the boundary map of CFD No. 2003-1 identified as a proposed future annexation into CFD No. 2003-1.

“Public Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 2003-1 that is (i) used for rights-of-way or any other purpose and is owned by or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year or (ii) encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year, provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in a Land Use Category in accordance with its zoning or use which ever is greater.

“Residential Property” means all Assessor Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“School District” means the Moreno Valley Unified School District.

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property in accordance with Section D.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 2003-1 to: (i) pay debt service on all Outstanding Bonds due in the calendar year that commences in such Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of school facilities to accommodate students from development in CFD No. 2003-1 eligible under the Act as reasonably determined by the District so long as the inclusion of such amount does not cause an increase in the Special Tax attributable to Undeveloped Property; (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate of Special Taxes levied in the previous Fiscal Year, less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the Assistant Superintendent of Business Services pursuant to the Indenture.

“State” means the State of California.

“Taxable Property” means all of the Assessor's Parcels within the boundaries of CFD No. 2003-1 which have not been prepaid pursuant to Section I or, which are not exempt from the Special Tax pursuant to law or Section E below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2003-1 shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with this First Amended Rate and Method of Apportionment determined pursuant to Sections C and D below.

Assessor Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. An Assessor Parcel of Residential Property shall further be classified to its appropriate Land Use Category based on the Developed Floor Area of such Assessor Parcel.

C. MAXIMUM SPECIAL TAX RATE

1. **Developed Property**

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel of Residential Property that is classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Assessor Parcel of Non-Residential Property shall be the Assigned Special Tax described in Table 1.

b. Assigned Special Tax

The Assigned Special Tax for each Assessor Parcel of Developed Property is shown in Table 1 below.

TABLE 1
Assigned Special Taxes for Developed Property
Fiscal Year 2003/04

Land Use Category	Taxable Unit		Assigned Special Tax Per Taxable Unit
1 - Residential Property	D/U	3,001 sq. ft. or greater	\$2,191
2 - Residential Property	D/U	2,801 sq. ft. to 3,000 sq. ft.	\$2,116
3 - Residential Property	D/U	2,601 sq. ft. to 2,800 sq. ft.	\$2,069
4 - Residential Property	D/U	2,401 sq. ft. to 2,600 sq. ft.	\$2,013
5 - Residential Property	D/U	2,101 sq. ft. to 2,400 sq. ft.	\$1,957
6 - Residential Property	D/U	1,900 sq. ft. to 2,100 sq. ft.	\$1,808
7 - Residential Property	D/U	1,899 sq. ft. or less	\$1,677
8 - Non - Residential Property	Acre	N/A	\$11,911

c. Backup Special Tax

When a Final Map is recorded within CFD No. 2003-1, the Backup Special Tax for the Assessor Parcels of Residential Property within such Final Map area shall be determined. The owner of the property within the Final Map area shall provide the Assistant Superintendent of Business Services a copy of the recorded Final Map and a listing of the square footage of all lots within such Final Map prior to the first request for a certificate of compliance from the District.

If the Proposed Area of Annexation does not annex into CFD No. 2003-1, the Back Up Special Tax per Assessor Parcel of Residential Property within a Final Map shall be determined by multiplying \$11,911 for Fiscal Year 2003/04 by the total Acreage of Taxable Property excluding the Acreage associated with Non-Residential Property, Public Property and Property Owner's Association Property in such Final Map and dividing such amount by the number of Assessor Parcels that are or are expected to be Residential Property (i.e., the number of residential lots) within such Final Map.

If the Proposed Area of Annexation does annex into CFD No. 2003-1, the Back Up Special Tax per Assessor Parcel of Residential Property within a Final Map shall be determined by multiplying \$11,870 for Fiscal Year 2003/04 by the total Acreage of Taxable Property excluding the Acreage associated with Non-Residential Property, Public Property and Property Owner's Association Property in such Final Map and dividing such amount by the number of Assessor Parcels that are or are expected to be Residential Property (i.e., the number of residential lots) within such Final Map.

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

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the total Acreage of Taxable Property excluding the Acreage associated with Non-Residential Property, Public Property and Property Owner Association Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Assistant Superintendent of Business Services.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

d. Escalation

Commencing in January of 2004 to be effective for Fiscal Year 2004/05, the Assigned Special Taxes and the Backup Special Tax shall escalate by two percent (2%) annually and annually thereafter.

2. Undeveloped Property

a. Maximum Special Tax

If the Proposed Area of Annexation does not annex into CFD No. 2003-1, the Maximum Special Tax for Undeveloped Property within CFD 2003-1 shall be \$11,911 per Acre. If the Proposed Area of Annexation does annex into CFD No. 2003-1, the Maximum Special Tax for Undeveloped Property within CFD 2003-1 shall be \$11,870 per Acre.

b. Escalation

Commencing in January of 2004 to be effective for Fiscal Year 2004/05, the Maximum Special Tax for Undeveloped Property shall escalate by two percent (2%) annually and annually thereafter.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2004-2005 and for each following Fiscal Year, the School District shall levy the Special Tax as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property at the applicable Assigned Special Tax;

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

E. EXEMPTIONS

If the Proposed Area of Annexation does not annex into CFD No. 2003-1, no Special Tax shall be levied on up to 17.06 Acres of Public Property, Property Owner Association Property and lot 30 of Tract 29860-F. If the Proposed Area of Annexation does annex into CFD No. 2003-1, no Special Tax shall be levied on up to 20.25 Acres of Public Property and Property Owner Association Property. Tax-exempt status will be irrevocably assigned by the Assistant Superintendent of Business Services in the chronological order in which property becomes Public Property or Property Owner Association Property. Property that is not exempt from Special Taxes under this section shall be required to prepay the Special Tax

in full at the then applicable rate per acre for Undeveloped Property pursuant to Section H.1. In the event the prepayment is not made pursuant to the preceding sentence, the Assessor parcels will be subject to taxation as Undeveloped Property pursuant to Step 2 of Section 3.

F. REVIEW/APPEAL COMMITTEE

The School District shall establish as part of the proceedings and administration of CFD No. 2003-1 a special three-member Review/Appeal Committee. Any landowner or resident who feels that the amount of the Special Tax, as to their Assessor's Parcel, is in error, may file a notice with the Review/Appeal Committee appealing the amount of the Special Tax levied on such Assessor Parcel provided such appeal may relate to the Special Tax levy for no more than the three (3) most recent Fiscal Years. The Review/Appeal Committee shall interpret this First Amended Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2003-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. EXCESS ASSIGNED ANNUAL SPECIAL TAX FROM DEVELOPED PROPERTY

In any Fiscal Year, when proceeds of Assigned Annual Special Tax for Developed Property are greater than principal, interest and Administrative Expenses such amount shall be available for the School District. The School District shall use proceeds for acquisition, construction or financing school facilities in accordance with the Act and other applicable law as determined by the School District.

I. PREPAYMENT OF SPECIAL TAX

The following definitions applies to this Section I:

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

1. Prepayment in Full

The Maximum Special Tax obligation may only be prepaid and permanently satisfied by an Assessor's Parcel of Developed Property, Undeveloped Property for which a building permit has been issued, Religious Property, Public Property and/or Property Owner's Association Property that is not Exempt Property pursuant to Section E. The Maximum Special Tax obligation applicable to such Assessor's Parcel may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Maximum Special Tax obligation shall provide the Assistant Superintendent of Business Services with written notice of intent to prepay, and within five (5) days of receipt of such notice, the Assistant Superintendent of Business Services shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2003-1 in calculating the proper amount of a prepayment. Within fifteen (15) days of receipt of such non-refundable deposit, the Assistant Superintendent of Business Services shall notify such owner of the prepayment amount of such Assessor's Parcel.

- a) The prepayment amount for an Assessor's Parcel will be equal to the present value of the Assigned Special Tax of such Assessor's Parcel and the amount determined pursuant to Section I.1.c., if applicable, using a discount rate equal to the weighted average interest rate on the Outstanding Bonds and the remaining term for which the Special Tax may be levied pursuant to Section I.
- b) A reasonable administrative fee (net of the non-refundable deposit) for determining such prepayment and the call premium, if any, as provided in the bond indenture shall be added to the amount determined in Section I.1.a. at the date of prepayment to determine the total prepayment amount due. The total prepayment amount shall be distributed in accordance with the Indenture.
- c) If at the date of the prepayment calculation all or a portion of the Backup Special Tax is being levied, the Assessor's Parcel seeking prepayment as a result of the total Residential Property units within CFD No. 2003-1 at buildout being less than the total estimated residential units that were assumed when the Bonds were issued as determined by the Assistant Superintendent of Business Services, that portion of the Backup Special Tax being levied in excess of the Assigned Special Tax for such Assessor's Parcel shall be added to the Assigned Special Tax in Section I.1.a. for purposes of calculating the prepayment amount.

Upon cash payment of the prepayment amount due pursuant to Section I.1.b. and upon owner providing confirmation from the County to the Assistant Superintendent of Business Services that the current Fiscal Year's Special Tax levy for such Assessor's Parcel has been paid, the School District shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on

such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Maximum Special Tax on an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid, provided an Assessor's Parcel of Developed Property may only be partially prepaid prior to or concurrent with the close of escrow of a sale to the initial homebuyer. The amount of the prepayment shall be calculated as in Section I.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E \times F) + G$$

These terms have the following meaning:

PP = the partial prepayment amount

P_E = the prepayment amount calculated according to Section I.1.a. and the call premium, if any, as determined by Section I.1.b.

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

G = the administrative fee determined in Section I.1.b.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax shall notify the Assistant Superintendent of Business Services of (i) such owner's intent to partially prepay the Maximum Special Tax, and (ii) the percentage by which the Maximum Special Tax shall be prepaid, and within five (5) days of receipt of such notice, the Assistant Superintendent of Business Services shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2003-1 in calculating the proper amount of a partial prepayment. Within fifteen (15) days of receipt of such non-refundable deposit, the Assistant Superintendent of Business Services shall notify such owner of the partial prepayment amount of such Assessor's Parcel.

With respect to any Assessor's Parcel that is partially prepaid, the Assistant Superintendent of Business Services shall (i) distribute the funds remitted to it according to the Indenture, and (ii) indicate in the records of CFD No. 2003-1 that there has been a partial prepayment of the Maximum Special Tax and that a portion of the Maximum Special Tax equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

J. TERM OF THE SPECIAL TAX

The Special Tax shall be levied annually on all Assessor's Parcels of Taxable Property until the Fiscal Year 2039-40.

FIRST AMENDED RATE AND METHOD OF APPORTIONMENT FOR
MORENO VALLEY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2003-2

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels within Community Facilities District No. 2003-2 ("CFD No. 2003-2") of the Moreno Valley Unified School District ("School District") and collected each Fiscal Year commencing in Fiscal Year 2004-2005, in an amount determined by the School District, through the application of this First Amended Rate and Method of Apportionment as described below. All of the real property within CFD No. 2003-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map. If the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County map shall be used. If the acreage information supplied by these alternative sources is not available, or in conflict, the acreage used shall be determined by the Assistant Superintendent of Business Services or a designee.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2003-2: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District, CFD No. 2003-2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the School District, CFD No. 2003-2 or any designee thereof of complying with School District, CFD No. 2003-2 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the School District, CFD No. 2003-2 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the School District's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the School District or CFD No. 2003-2 for any other administrative purposes of CFD No. 2003-2, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

"Assessor's Parcel Map" means an official map of the County Assessor of the County designating parcels by Assessor's Parcel number.

"Assistant Superintendent of Business Services" means the Assistant Superintendent of Business Services of the Moreno Valley Unified School District or his or her designee.

"Assigned Special Tax" means the Special Tax for each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2003-2 under the Act which are secured by Special Taxes.

"CFD No. 2003-2" means the Moreno Valley Unified School District Community Facilities District No. 2003-2.

"City" means the City of Moreno Valley.

"County" means the County of Riverside.

"Developed Floor Area" means the total building square footage of the building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, garages, carports, or similar spaces attached to the building. The determination of Developed Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"Developed Property" means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to May 1st of the prior Fiscal Year.

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

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

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

“Maximum Special Tax” means the Maximum Special Tax, determined in accordance with Section C below, that shall be levied in any Fiscal Year on any Assessor's Parcel.

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

“Outstanding Bonds” means all Bonds which are deemed to be outstanding under the Indenture.

“Property Owner Association Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 2003-2 that is owned by or irrevocably dedicated to a property owner association, including any master or sub-association as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax. For Undeveloped Property "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property.

“Public Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 2003-2 that is (i) used for rights-of-way or any other purpose and is owned by or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year or (ii) encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year, provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in a Land Use Category in accordance with its zoning or use which ever is greater.

“Residential Property” means all Assessor Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“School District” means the Moreno Valley Unified School District.

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property in accordance with Section D.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 2003-2 to: (i) pay debt service on all Outstanding Bonds due in the calendar year that commences in such Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative

Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of school facilities to accommodate students from development in CFD No. 2003-2 eligible under the Act as reasonably determined by the District so long as the inclusion of such amount does not cause an increase in the Special Tax attributable to Undeveloped Property; (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate of Special Taxes levied in the previous Fiscal Year, less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the Assistant Superintendent of Business Services pursuant to the Indenture.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2003-2 which have not been prepaid pursuant to Section I or, which are not exempt from the Special Tax pursuant to law or Section E below.

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

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2003-2 shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with this First Amended Rate and Method of Apportionment determined pursuant to Sections C and D below.

Assessor Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. An Assessor Parcel of Residential Property shall further be classified to its appropriate Land Use Category based on the Developed Floor Area of such Assessor Parcel.

C. MAXIMUM SPECIAL TAX RATE

1. **Developed Property**

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel of Residential Property that is classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Assessor Parcel of Non-Residential Property shall be the Assigned Special Tax described in Table 1.

b. Assigned Special Tax

The Assigned Special Tax for each Assessor Parcel of Developed Property is shown in Table 1 below.

TABLE 1
Assigned Special Taxes for Developed Property
Fiscal Year 2004/05

Land Use Category	Taxable Unit	Developed Floor Area	Assigned Special Tax Per Taxable Unit
1 - Residential Property	D/U	3,000 sq. ft. or greater	\$2,061
2 - Residential Property	D/U	2,800 sq. ft. to 2,999 sq. ft.	\$1,928
3 - Residential Property	D/U	2,600 sq. ft. to 2,799 sq. ft.	\$1,903
4 - Residential Property	D/U	2,599 sq. ft. or less	\$1,794
5 - Non - Residential Property	Acre	N/A	\$11,280

c. Backup Special Tax

When a Final Map is recorded within CFD No. 2003-2 the Backup Special Tax for the Assessor Parcels of Residential Property within such Final Map area shall be determined. The owner of the property within the Final Map area shall provide the Assistant Superintendent of Business Services a copy of the recorded Final Map and a listing of the square footage of all lots within such Final Map prior to the first request for a certificate of compliance from the District.

The Back Up Special Tax per Assessor Parcel of Developed Property classified as Residential Property within a Final Map shall be determined by multiplying \$11,280 for Fiscal Year 2004/05 by the total Acreage of Taxable Property excluding the Acreage associated with Non-Residential Property, Public Property and Property Owner's Association Property in such Final Map and dividing such amount by the number of Assessor Parcels that are or are expected to be Residential Property (i.e., the number of residential lots) within such Final Map.

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

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the total Acreage of Taxable Property excluding the Acreage associated with Non-Residential Property, Public Property and Property Owner Association Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Assistant Superintendent of Business Services.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

d. Escalation

Commencing in January of 2004 to be effective for Fiscal Year 2004/05, the Assigned Special Taxes and the Backup Special Tax shall escalate by two percent (2%) annually and annually thereafter.

2. Undeveloped Property

a. Maximum Special Tax

The Maximum Special Tax for Undeveloped Property within CFD 2003-2 shall be \$11,280 per Acre.

b. Escalation

Commencing in January of 2004 to be effective for Fiscal Year 2004/05, the Maximum Special Tax for Undeveloped Property shall escalate by two percent (2%) annually and annually thereafter.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2004/05 and for each following Fiscal Year, the School District shall levy the Special Tax as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property at the applicable Assigned Special Tax;

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each

Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

E. EXEMPTIONS

No Special Tax shall be levied on up to 28.28 Acres of Public Property and Property Owner Association Property. Tax exempt status will be irrevocably assigned by the Assistant Superintendent of Business Services in the chronological order in which property becomes Public Property or Property Owner Association Property. Property that is not exempt from Special Taxes under this section shall be required to prepay the Special Tax in full at the then applicable rate per acre for Undeveloped Property pursuant to Section H.1. In the event the prepayment is not made pursuant to the preceding sentence, the Assessor parcels will be subject to taxation as Undeveloped Property pursuant to Step 2 of Section 3.

F. REVIEW/APPEAL COMMITTEE

The School District shall establish as part of the proceedings and administration of CFD No. 2003-2 a special three-member Review/Appeal Committee. Any landowner or resident who feels that the amount of the Special Tax, as to their Assessor's Parcel, is in error, may file a notice with the Review/Appeal Committee appealing the amount of the Special Tax levied on such Assessor Parcel provided such appeal may relate to the Special Tax levy for no more than the three (3) most recent Fiscal Years. The Review/Appeal Committee shall interpret this First Amended Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2003-2 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. EXCESS ASSIGNED ANNUAL SPECIAL TAX FROM DEVELOPED PROPERTY

In any Fiscal Year, when proceeds of Assigned Annual Special Tax for Developed Property are greater than principal, interest and Administrative Expenses such amount shall be available for the School District. The School District shall use proceeds for acquisition, construction or financing school facilities in accordance with the Act and other applicable law as determined by the School District.

I. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section I:

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

1. Prepayment in Full

The Maximum Special Tax obligation may only be prepaid and permanently satisfied by an Assessor's Parcel of Developed Property, Undeveloped Property for which a building permit has been issued, Religious Property, Public Property and/or Property Owner's Association Property that is not Exempt Property pursuant to Section E. The Maximum Special Tax obligation applicable to such Assessor's Parcel may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Maximum Special Tax obligation shall provide the Assistant Superintendent of Business Services with written notice of intent to prepay, and within five (5) days of receipt of such notice, the Assistant Superintendent of Business Services shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2003-2 in calculating the proper amount of a prepayment. Within fifteen (15) days of receipt of such non-refundable deposit, the Assistant Superintendent of Business Services shall notify such owner of the prepayment amount of such Assessor's Parcel.

- a) The prepayment amount for an Assessor's Parcel will be equal to the present value of the Assigned Special Tax of such Assessor's Parcel and the amount determined pursuant to Section I.1.c., if applicable, using a discount rate equal to the weighted average interest rate on the Outstanding Bonds and the remaining term for which the Special Tax may be levied pursuant to Section I.
- b) A reasonable administrative fee (net of the non-refundable deposit) for determining such prepayment and the call premium, if any, as provided in the bond indenture shall be added to the amount determined in Section I.1.a. at the date of prepayment to determine the total prepayment amount due. The total prepayment amount shall be distributed in accordance with the Indenture.

- c) If at the date of the prepayment calculation all or a portion of the Backup Special Tax is being levied, the Assessor's Parcel seeking prepayment as a result of the total Residential Property units within CFD No. 2003-2 at buildout being less than the total estimated residential units that were assumed when the Bonds were issued as determined by the Assistant Superintendent of Business Services, that portion of the Backup Special Tax being levied in excess of the Assigned Special Tax for such Assessor's Parcel shall be added to the Assigned Special Tax in Section I.1.a. for purposes of calculating the prepayment amount.

Upon cash payment of the prepayment amount due pursuant to Section I.1.b. and upon owner providing confirmation from the County to the Assistant Superintendent of Business Services that the current Fiscal Year's Special Tax levy for such Assessor's Parcel has been paid, the School District shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Maximum Special Tax on an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid, provided an Assessor's Parcel of Developed Property may only be partially prepaid prior to or concurrent with the close of escrow of a sale to the initial homebuyer. The amount of the prepayment shall be calculated as in Section I.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E \times F) + G$$

These terms have the following meaning:

PP = the partial prepayment amount

P_E = the prepayment amount calculated according to Section I.1.a. and the call premium, if any, as determined by Section I.1.b.

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

G = the administrative fee determined in Section I.1.b.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax shall notify the Assistant Superintendent of Business Services of (i) such owner's intent to partially prepay the Maximum Special Tax, and (ii) the percentage by which the Maximum Special Tax shall be prepaid, and within five (5) days of receipt of such notice, the Assistant Superintendent of Business Services shall notify such owner of the amount of the non-

refundable deposit determined to cover the cost to be incurred by CFD No. 2003-2 in calculating the proper amount of a partial prepayment. Within fifteen (15) days of receipt of such non-refundable deposit, the Assistant Superintendent of Business Services shall notify such owner of the partial prepayment amount of such Assessor's Parcel.

With respect to any Assessor's Parcel that is partially prepaid, the Assistant Superintendent of Business Services shall (i) distribute the funds remitted to it according to the Indenture, and (ii) indicate in the records of CFD No. 2003-2 that there has been a partial prepayment of the Maximum Special Tax and that a portion of the Maximum Special Tax equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

J. TERM OF THE SPECIAL TAX

The Special Tax shall be levied annually on all Assessor's Parcels of Taxable Property until the Fiscal Year 2039-40.

RATE AND METHOD OF APPORTIONMENT FOR
MORENO VALLEY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2004-2

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels within Community Facilities District No. 2004-2 ("CFD No. 2004-2") of the Moreno Valley Unified School District ("School District") and collected each Fiscal Year commencing in Fiscal Year 2004-2005, in an amount determined by the School District, through the application of this Rate and Method of Apportionment as described below. All of the real property within CFD No. 2004-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map. If the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County map shall be used. If the acreage information supplied by these alternative sources is not available, or in conflict, the acreage used shall be determined by the Assistant Superintendent of Business Services or a designee.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2004-2: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District, CFD No. 2004-2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the School District, CFD No. 2004-2 or any designee thereof of complying with School District, CFD No. 2004-2 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the School District, CFD No. 2004-2 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the School District's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the School District or CFD No. 2004-2 for any other administrative purposes of CFD No. 2004-2, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

"Assessor's Parcel Map" means an official map of the County Assessor of the County designating parcels by Assessor's Parcel number.

"Assistant Superintendent of Business Services" means the Assistant Superintendent of Business Services of the Moreno Valley Unified School District or his or her designee.

"Assigned Special Tax" means the Special Tax for each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.c below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2004-2, under the Act which are secured by the levy of Special Taxes of CFD No.

"CFD No. 2004-2" means the Moreno Valley Unified School District Community Facilities District No. 2004-2.

"City" means the City of Moreno Valley.

"County" means the County of Riverside.

"Developed Floor Area" means the total building square footage of the building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, garages, carports, or similar spaces attached to the building. The determination of Developed Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"Developed Property" means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to May 1st of the prior Fiscal Year.

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

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

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

“Maximum Special Tax” means the Maximum Special Tax, determined in accordance with Section C below, that shall be levied in any Fiscal Year on any Assessor's Parcel.

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

“Outstanding Bonds” means all Bonds which are deemed to be outstanding under the Indenture.

“Property Owner Association Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 2004-2 that is owned by or irrevocably dedicated to a property owner association, including any master or sub-association as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax. For Undeveloped Property "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property.

“Public Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 2004-2 that is (i) used for rights-of-way or any other purpose and is owned by or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year or (ii) encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year, provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in a Land Use Category in accordance with its zoning or use which ever is greater.

“Residential Property” means all Assessor Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“School District” means the Moreno Valley Unified School District.

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property in accordance with Section D.

“Special Tax Requirement” means that amount required in any Fiscal Year for CFD No. 2004-2 to: (i) pay debt service on all Outstanding Bonds due in the calendar year that

commences in such Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of school facilities to accommodate students from development in CFD No. 2004-2 eligible under the Act as reasonably determined by the District so long as the inclusion of such amount does not cause an increase in the Special Tax attributable to Undeveloped Property; (vi) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate of Special Taxes of CFD No. 2004-2, levied in the previous Fiscal Year, less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the Assistant Superintendent of Business Services pursuant to the Indenture.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2004-2 which have not been prepaid pursuant to Section I or, which are not exempt from the Special Tax pursuant to law or Section E below.

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

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2004-2 shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below.

Assessor Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. An Assessor Parcel of Residential Property shall further be classified to its appropriate Land Use Category based on the Developed Floor Area of such Assessor Parcel.

C. MAXIMUM SPECIAL TAX RATE

1. **Developed Property**

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel of Residential Property that is classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Assessor Parcel of Non-Residential Property shall be the Assigned Special Tax described in Table 1.

b. Assigned Special Tax

The Assigned Special Tax for each Assessor Parcel of Developed Property is shown in Table 1 below.

TABLE 1
Assigned Special Taxes for Developed Property
Fiscal Year 2003/04

Land Use Category	Taxable Unit	Developed Floor Area	Assigned Special Tax Per Taxable Unit
1 - Residential Property	D/U	3,001 sq. ft. or greater	\$2,358
2 - Residential Property	D/U	2,701 sq. ft. to 3,000 sq. ft.	\$2,267
3 - Residential Property	D/U	2,700 sq. ft. or less	\$2,178
4 - Non - Residential Property	Acre	N/A	\$10,139

c. Backup Special Tax

When a Final Map is recorded within CFD No. 2004-2, the Backup Special Tax for the Assessor Parcels of Residential Property within such Final Map area shall be determined. The owner of the property within the Final Map area shall provide the Assistant Superintendent of Business Services a copy of the recorded Final Map and a listing of the square footage of all lots within such Final Map prior to the first request for a certificate of compliance from the District.

The Back Up Special Tax per Assessor Parcel of Residential Property within a Final Map shall be determined by multiplying \$10,139 for Fiscal Year 2003/04 by the total Acreage of Taxable Property, excluding the Acreage associated with Non-Residential Property, Public Property and Property Owner's Association Property in such Final Map and dividing such amount by the number of Assessor Parcels that are or are expected to be Residential Property (i.e., the number of residential lots) within such Final Map.

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

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the total Acreage of Taxable Property excluding the Acreage associated with Non-Residential Property, Public Property and Property Owner Association Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Assistant Superintendent of Business Services.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

d. Escalation

Commencing in January of 2004 to be effective for Fiscal Year 2004/05, the Assigned Special Taxes and the Backup Special Tax shall escalate by two percent (2%) annually and annually thereafter.

2. Undeveloped Property

a. Maximum Special Tax

The Maximum Special Tax for Undeveloped Property within CFD 2004-2 shall be \$10,139 per Acre.

b. Escalation

Commencing in January of 2004 to be effective for Fiscal Year 2004/05, the Maximum Special Tax for Undeveloped Property shall escalate by two percent (2%) annually and annually thereafter.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2004-2005 and for each following Fiscal Year, the School District shall levy the Special Tax as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property at the applicable Assigned Special Tax;

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each

Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

E. EXEMPTIONS

No Special Tax shall be levied on up to 12.93 Acres of Public Property and Property Owner Association Property. Tax exempt status will be irrevocably assigned by the Assistant Superintendent of Business Services in the chronological order in which property becomes Public Property or Property Owner Association Property. Property that is not exempt from Special Taxes under this section shall be required to prepay the Special Tax in full at the then applicable rate per acre for Undeveloped Property pursuant to Section H.1. In the event the prepayment is not made pursuant to the preceding sentence, the Assessor parcels will be subject to taxation as Undeveloped Property pursuant to Step 2 of Section 3.

F. REVIEW/APPEAL COMMITTEE

The School District shall establish as part of the proceedings and administration of CFD No. 2004-2 a special three-member Review/Appeal Committee. Any landowner or resident who feels that the amount of the Special Tax, as to their Assessor's Parcel, is in error, may file a notice with the Review/Appeal Committee appealing the amount of the Special Tax levied on such Assessor Parcel provided such appeal may relate to the Special Tax levy for no more than the three (3) most recent Fiscal Years. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2004-2 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. EXCESS ASSIGNED ANNUAL SPECIAL TAX FROM DEVELOPED PROPERTY

In any Fiscal Year, when proceeds of Assigned Annual Special Tax for Developed Property are greater than principal, interest and Administrative Expenses such amount shall be available for the School District. The School District shall use proceeds for acquisition,

construction or financing school facilities in accordance with the Act and other applicable law as determined by the School District.

I. PURPOSE OF THE SPECIAL TAXES

The proposed facilities to be financed include: A) elementary, middle, and high school buildings, as well as central administration and support facilities as needed and applicable, together with land and all necessary equipment of the School District; and B) Eastern Municipal Water District sewer and water facilities connection and facility capacity fees, as well as water and sewer facilities, together with an estimated useful life of five (5) years or longer to serve the properties within the District. At the time of formation the amount of facilities estimated to be funded is \$1,892,897 for school facilities and \$1,481,033 for Eastern Municipal Water District. The foregoing is only by way of explanation and is not a limitation or change to any of the provisions of this RMA.

J. PREPAYMENT OF SPECIAL TAX

The following definition applies to this Section J:

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

1. Prepayment in Full

The Maximum Special Tax obligation may only be prepaid and permanently satisfied by an Assessor's Parcel of Developed Property, Undeveloped Property for which a building permit has been issued, Public Property and/or Property Owner's Association Property that is not Exempt Property pursuant to Section E. The Maximum Special Tax obligation applicable to such Assessor's Parcel may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Maximum Special Tax obligation shall provide the Assistant Superintendent of Business Services with written notice of intent to prepay, and within five (5) days of receipt of such notice, the Assistant Superintendent of Business Services shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2004-2 in calculating the proper amount of a prepayment. Within fifteen (15) days of receipt of such non-refundable deposit, the Assistant Superintendent of Business Services shall notify such owner of the prepayment amount of such Assessor's Parcel.

- a) The prepayment amount for an Assessor's Parcel will be equal to the present value of the Assigned Special Tax of such Assessor's Parcel and the amount determined pursuant to Section I.1.c., if applicable, using a discount rate equal to the weighted

average interest rate on the Outstanding Bonds and the remaining term for which the Special Tax may be levied pursuant to Section J.

- b) A reasonable administrative fee (net of the non-refundable deposit) for determining such prepayment and the call premium, if any, as provided in the bond indenture shall be added to the amount determined in Section J.1.a. at the date of prepayment to determine the total prepayment amount due. The total prepayment amount shall be distributed in accordance with the Indenture.
- c) If at the date of the prepayment calculation all or a portion of the Backup Special Tax is being levied, the Assessor's Parcel seeking prepayment as a result of the total Residential Property units within CFD No. 2004-2 at buildout being less than the total estimated residential units that were assumed when the Bonds were issued as determined by the Assistant Superintendent of Business Services, that portion of the Backup Special Tax being levied in excess of the Assigned Special Tax for such Assessor's Parcel shall be added to the Assigned Special Tax in Section J.1.a. for purposes of calculating the prepayment amount.

Upon cash payment of the prepayment amount due pursuant to Section J.1.b. and upon owner providing confirmation from the County to the Assistant Superintendent of Business Services that the current Fiscal Year's Special Tax levy for such Assessor's Parcel has been paid, the School District shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Maximum Special Tax on an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid, provided an Assessor's Parcel of Developed Property may only be partially prepaid prior to or concurrent with the close of escrow of a sale to the initial homebuyer. The amount of the prepayment shall be calculated as in Section J.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E \times F) + G$$

These terms have the following meaning:

PP = the partial prepayment amount

P_E = the prepayment amount calculated according to Section J.1.a. and the call premium, if any, as determined by Section J.1.b.

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

G = the administrative fee determined in Section J.1.b.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax shall notify the Assistant Superintendent of Business Services of (i) such owner's intent to partially prepay the Maximum Special Tax, and (ii) the percentage by which the Maximum Special Tax shall be prepaid, and within five (5) days of receipt of such notice, the Assistant Superintendent of Business Services shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2004-2 in calculating the proper amount of a partial prepayment. Within fifteen (15) days of receipt of such non-refundable deposit, the Assistant Superintendent of Business Services shall notify such owner of the partial prepayment amount of such Assessor's Parcel.

With respect to any Assessor's Parcel that is partially prepaid, the Assistant Superintendent of Business Services shall (i) distribute the funds remitted to it according to the Indenture, and (ii) indicate in the records of CFD No. 2004-2 that there has been a partial prepayment of the Maximum Special Tax and that a portion of the Maximum Special Tax equal to the outstanding percentage ($1.00 - F$) of the remaining Maximum Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

K. TERM OF THE SPECIAL TAX

The Special Tax shall be levied annually on all Assessor's Parcels of Taxable Property until the Fiscal Year 2039-40.

FIRST AMENDED RATE AND METHOD OF APPORTIONMENT FOR
MORENO VALLEY UNIFIED SCHOOL DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2004-6

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels within Community Facilities District No. 2004-6 ("CFD No. 2004-6") of the Moreno Valley Unified School District ("School District") and collected each Fiscal Year commencing in Fiscal Year 2005-2006, in an amount determined by the School District, through the application of this Rate and Method of Apportionment as described below. All of the real property within CFD No. 2004-6, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map. If the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County map shall be used. If the acreage information supplied by these alternative sources is not available, or in conflict, the acreage used shall be determined by the Assistant Superintendent of Business Services or a designee.

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2004-6: including the respective "Zones" for its Special Taxes the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the School District or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the School District, CFD No. 2004-6 or any designee thereof of complying with arbitrage rebate requirements; the costs to the School District, CFD No. 2004-6 or any designee thereof of complying with School District, CFD No. 2004-6 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the School District, CFD No. 2004-6 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the School District's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the School District or CFD No. 2004-6 for any other administrative purposes of CFD No. 2004-6, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

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

"Assessor's Parcel Map" means an official map of the County Assessor of the County designating parcels by Assessor's Parcel number.

"Assistant Superintendent of Business Services" means the Assistant Superintendent of Business Services of the Moreno Valley Unified School District or his or her designee.

"Assigned Special Tax" means the Special Tax for each Assessor's Parcel of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.c below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2004-6, under the Act which are secured by the levy of Special Taxes of CFD No. 2004-6.

"CFD No. 2004-6" means the Moreno Valley Unified School District Community Facilities District No. 2004-6.

"City" means the City of Moreno Valley.

"County" means the County of Riverside.

"Developed Floor Area" means the total building square footage of the building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, garages, carports, or similar spaces attached to the building. The determination of Developed Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"Developed Property" means, for each Fiscal Year, all Taxable Property for which a building permit for new construction was issued prior to May 1st of the prior Fiscal Year.

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

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

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

“Maximum Special Tax” means the Maximum Special Tax, determined in accordance with Section C below, that shall be levied in any Fiscal Year on any Assessor's Parcel.

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

“Outstanding Bonds” means all Bonds which are deemed to be outstanding under the Indenture.

“Property Owner Association Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 2004-6 that is owned by or irrevocably dedicated to a property owner association, including any master or sub-association as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax. For Undeveloped Property "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property.

“Public Property” means, for each Fiscal Year, any property within the boundaries of CFD No. 2004-6 that is (i) used for rights-of-way or any other purpose and is owned by or irrevocably offered for dedication to the federal government, the State of California, the County, the City or any other public agency as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year or (ii) encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year, provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in a Land Use Category in accordance with its zoning or use which ever is greater.

“Residential Property” means all Assessor Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

“School District” means the Moreno Valley Unified School District.

“Special Tax” means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within the applicable Zone in accordance with Section D.

“Special Tax Requirement” means for each Zone that amount required in any Fiscal Year for CFD No. 2004-6 to: (i) pay debt service on all Outstanding Bonds due in the calendar year that commences in such Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for acquisition or construction of school facilities to accommodate students from development in CFD No. 2004-6 eligible under the Act as reasonably determined by the District so long as the inclusion of such amount does not cause an increase in the Special Tax attributable to Undeveloped Property; (vi) pay for reasonably anticipated delinquent Special Taxes within the Zone based on the delinquency rate of Special Taxes within the Zone of CFD No. 2004-6, levied in the previous Fiscal Year, less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the Assistant Superintendent of Business Services pursuant to the Indenture.

“State” means the State of California.

“Taxable Property” means all of the Assessor's Parcels within the boundaries of CFD No. 2004-6 which have not been prepaid pursuant to Section J or, which are not exempt from the Special Tax pursuant to law or Section E below.

“Trustee” means the trustee or fiscal agent under the Indenture.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property as shown on the equalized roll of the County which is available on or about July 1st of the Fiscal Year.

“Zone” means the area(s) identified as a Zone of CFD No. 2004-6 as in Exhibit C to the Special Tax Report and as shown on the boundary map.

“Zone 1” means all property located within the area identified as Zone 1 of CFD No. 2004-6 as in Exhibit C to the Special Tax Report and as shown on the boundary map.

“Zone 2” means all property located within the area identified as Zone 1 of CFD No. 2004-6 as in Exhibit C to the Special Tax Report and as shown on the boundary map.

“Zone 3” means all property located within the area identified as Zone 1 of CFD No. 2004-6 as in Exhibit C to the Special Tax Report and as shown on the boundary map.

“Zone 4” means all property located within the area identified as Zone 1 of CFD No. 2004-6 as in Exhibit C to the Special Tax Report and as shown on the boundary map.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within a Zone of CFD No. 2004-6 shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below.

Assessor Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. An Assessor Parcel of Residential Property shall further be classified to its appropriate Land Use Category based on the Developed Floor Area of such Assessor Parcel.

C. MAXIMUM SPECIAL TAX RATE

1. **Developed Property**

a. Maximum Special Tax

As to each Zone herein specified, the Maximum Special Tax for each Assessor's Parcel of Residential Property that is classified as Developed Property shall be the greater for such Zone of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Assessor Parcel of Non-Residential Property in each Zone shall be the Assigned Special Tax described in Table 1.

b. Assigned Special Tax

The Assigned Special Tax for each Assessor Parcel of Developed Property is shown in Table 1 below.

TABLE 1
Assigned Special Taxes for Developed Property
Fiscal Year 2004/2005

Land Use Category	Taxable Unit	Developed Floor Area	Assigned Special Tax Per Taxable Unit
ZONE 1 (Tract 31128)			
1 - Residential Property	D/U	2,600 sq. ft. or less	\$2,314.00
2 - Residential Property	D/U	2,601 to 2,900 sq. ft.	\$2,564.00
3 - Residential Property	D/U	2,901 to 3,200	\$2,678.00
4 - Residential Property	D/U	3,201 to 3,500	\$2,775.00
5 - Residential Property	D/U	3,501 sq. ft. or greater	\$2,959.00
6 - Non - Residential Property	Acre	N/A	\$15,806.00

TABLE 1 (Continued)
Assigned Special Taxes for Developed Property
Fiscal Year 2004/2005

Land Use Category	Taxable Unit	Developed Floor Area	Assigned Special Tax Per Taxable Unit
ZONE 2 (Tract 31212 and 31327)			
1 - Residential Property	D/U	2,350 sq. ft. or less	\$1,742.00
2 - Residential Property	D/U	2,351 to 2,500 sq. ft.	\$1,846.00
3 - Residential Property	D/U	2,501 to 2,650 sq. ft.	\$1,875.00
4 - Residential Property	D/U	2,651 to 2,800 sq. ft.	\$1,927.00
5 - Residential Property	D/U	2,801 to 2,950 sq. ft.	\$2,024.00
6 - Residential Property	D/U	2,951 to 3,100 sq. ft.	\$2,061.00
7 - Residential Property	D/U	3,101 sq. ft. or greater	\$2,157.00
8 - Non - Residential Property	Acre	N/A	\$12,458.00
ZONE 3 (Tract 31326 and 31213)			
1 - Residential Property	D/U	2,350 sq. ft. or less	\$1,850.00
2 - Residential Property	D/U	2,351 to 2,500 sq. ft.	\$1,959.00
3 - Residential Property	D/U	2,501 to 2,650 sq. ft.	\$1,990.00
4 - Residential Property	D/U	2,651 to 2,800 sq. ft.	\$2,044.00
5 - Residential Property	D/U	2,801 to 2,950 sq. ft.	\$2,145.00
6 - Residential Property	D/U	2,951 to 3,100 sq. ft.	\$2,184.00
7 - Residential Property	D/U	3,101 to 3,400 sq. ft.	\$2,285.00
8 - Residential Property	D/U	3,401 to 3,700 sq. ft.	\$2,316.00
9 - Residential Property	D/U	3,701 sq. ft. or greater	\$2,627.00
10 - Non - Residential Property	Acre	N/A	\$13,899.00
ZONE 4 (Tract 31129)			
1 - Residential Property	D/U	2,600 sq. ft. or less	\$1,982.00
2 - Residential Property	D/U	2,601 to 2,900 sq. ft.	\$2,199.00
3 - Residential Property	D/U	2,901 to 3,200 sq. ft.	\$2,300.00
4 - Residential Property	D/U	3,201 to 3,500 sq. ft.	\$2,385.00
5 - Residential Property	D/U	3,501 sq. ft. or greater	\$2,548.00
6 - Non - Residential Property	Acre	N/A	\$15,571.00

c. Backup Special Tax

When a Final Map is recorded within each Zone of CFD No. 2004-6 the Backup Special Tax for the Assessor Parcels of Residential Property within such Final Map area shall be determined. The owner of the property within the Final Map area shall provide the Assistant Superintendent of Business Services a copy of the recorded Final Map and a listing of the square footage of all lots within such Final Map prior to the first request for a certificate of compliance from the District.

The Back Up Special Tax per Assessor Parcel of Residential Property within a Final Map shall be determined by multiplying the amount shown per Zone in Table 2 below for Fiscal Year 2004/2005 by the total Acreage of Taxable Property, excluding the Acreage associated with Non-Residential Property, Public Property and Property Owner's Association Property in such Final Map and dividing such amount by the number of Assessor Parcels that are or are expected to be Residential Property (i.e., the number of residential lots) within such Final Map.

TABLE 2
Back Up Special Taxes
Fiscal Year 2004/05

Zone	Back Up Tax per Acre	Projected Number of Dwelling Units
1	\$15,806.00	262
2	\$12,458.00	211
3	\$13,899.00	140
4	\$15,571.00	109

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

1. Determine the total Backup Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the total Acreage of Taxable Property excluding the Acreage associated with Non-Residential Property, Public Property and Property Owner Association Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Assistant Superintendent of Business Services.

3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property classified as Residential Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

d. Escalation

Commencing in January of 2005 to be effective for Fiscal Year 2005/2006, the Assigned Special Taxes and the Backup Special Tax shall escalate by two percent (2%) annually and annually thereafter.

2. Undeveloped Property

a. Maximum Special Tax

The Maximum Special Tax for Undeveloped Property within CFD 2004-6 shall be per Acre as shown in Table 3 below .

TABLE 3
Undeveloped Special Tax
Fiscal Year 2004/05

Zone	Undeveloped Tax per Acre
1	\$15,806.00
2	\$12,458.00
3	\$13,899.00
4	\$15,571.00

b. Escalation

Commencing in January of 2005 to be effective for Fiscal Year 2005/06, the Maximum Special Tax for Undeveloped Property shall escalate by two percent (2%) annually and annually thereafter.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2005/2006 and for each following Fiscal Year, the School District shall levy as to each Zone the Special Tax as follows:

First: The Special Tax as to each Zone shall be levied on each Assessor's Parcel of Developed Property at the applicable Assigned Special Tax for such Zone including Public Property and Property Owner Association Property which is not then exempt;

Second: If additional moneys are needed to satisfy the Special Tax Requirement of each respective Zone after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property for such Zone;

Third: If additional moneys are needed to satisfy the Special Tax Requirement of each respective Zone after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately in each respective Zone from the Assigned Special Tax up to the Maximum Special Tax for each Zone as to each such Assessor's Parcel;

E. EXEMPTIONS

Tax exempt status will be irrevocably assigned by the Assistant Superintendent of Business Services in the chronological order in which property becomes Public Property or Property Owner Association Property provided however, that no such classification shall reduce the sum of all Taxable Property to less than the amount shown by Zone in Table 4 below as to acreage within CFD No. 2004-6 at formation, at the time of any annexation the amount of additional Minimum Taxable Acreage may be specified in such proceeding. Property that is not exempt from Special Taxes under this section shall be required to prepay the Special Tax in full at the then applicable rate per acre for Undeveloped Property pursuant to Section J.1. In the event the prepayment is not made pursuant to the preceding sentence, the Assessor parcels will be subject to taxation as Undeveloped Property pursuant to Step 2 of Section 3.

TABLE 4
Minimum Taxable Acreage

Zone	Minimum Taxable Acreage
1	44.03
2	33.76
3	22.69
4	16.26

F. REVIEW/APPEAL COMMITTEE

The School District shall establish as part of the proceedings and administration of CFD No. 2004-6 a special three-member Review/Appeal Committee. Any landowner or resident who feels that the amount of the Special Tax, as to their Assessor's Parcel, is in error, may file a notice with the Review/Appeal Committee appealing the amount of the Special Tax levied on such Assessor Parcel provided such appeal may relate to the Special Tax levy for no more than the three (3) most recent Fiscal Years. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2004-6 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. EXCESS ASSIGNED ANNUAL SPECIAL TAX FROM DEVELOPED PROPERTY

In any Fiscal Year, when proceeds of Assigned Annual Special Tax as to any Zone for Developed Property are greater than principal, interest and Administrative Expenses such amount shall be available for the School District subject to any required reserve fund required replenishment. The School District shall use proceeds for acquisition, construction or financing school facilities in accordance with the Act and other applicable law as determined by the School District.

I. PURPOSE OF THE SPECIAL TAXES

The proposed facilities to be financed include: A) elementary, middle, and high school buildings, as well as central administration and support facilities as needed and applicable, together with land and all necessary equipment of the School District; and B) Eastern Municipal Water District sewer and water facilities connection and facility capacity fees, as well as water and sewer facilities in some Zones, together with an estimated useful life of five (5) years or longer to serve the properties within the District. The foregoing is only by way of explanation and is not a limitation or change to any of the provisions of this RMA.

J. PREPAYMENT OF SPECIAL TAX

The following definition applies to this Section J:

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

1. Prepayment in Full

The Maximum Special Tax obligation may only be prepaid and permanently satisfied by an Assessor's Parcel of Developed Property, Undeveloped Property for which a building permit has been issued, Public Property and/or Property Owner's Association Property that is not Exempt Property pursuant to Section E. The Maximum Special Tax obligation applicable to such Assessor's Parcel may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Maximum Special Tax obligation shall provide the Assistant Superintendent of Business Services with written notice of intent to prepay, and within five (5) days of receipt of such notice, the Assistant Superintendent of Business Services shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2004-6 in calculating the proper amount of a prepayment. Within fifteen (15) days of receipt of such non-refundable deposit, the Assistant Superintendent of Business Services shall notify such owner of the prepayment amount of such Assessor's Parcel.

- a) The prepayment amount for an Assessor's Parcel will be equal to the present value of the Assigned Special Tax of such Assessor's Parcel and the amount determined pursuant to Section J.1.c., if applicable, using a discount rate equal to the weighted average interest rate on the Outstanding Bonds and the remaining term for which the Special Tax may be levied pursuant to Section J.
- b) A reasonable administrative fee (net of the non-refundable deposit) for determining such prepayment and the call premium, if any, as provided in the bond indenture shall be added to the amount determined in Section J.1.a. at the date of prepayment to determine the total prepayment amount due. The total prepayment amount shall be distributed in accordance with the Indenture.
- c) If at the date of the prepayment calculation all or a portion of the Backup Special Tax is being levied, the Assessor's Parcel seeking prepayment as a result of the total Residential Property units within CFD No. 2004-6 at buildout being less than the total estimated residential units that were assumed when the Bonds were issued as determined by the Assistant Superintendent of Business Services, that portion of the Backup Special Tax being levied in excess of the Assigned Special Tax for such

Assessor's Parcel shall be added to the Assigned Special Tax in Section J.1.a. for purposes of calculating the prepayment amount.

Upon cash payment of the prepayment amount due pursuant to Section J.1.b. and upon owner providing confirmation from the County to the Assistant Superintendent of Business Services that the current Fiscal Year's Special Tax levy for such Assessor's Parcel has been paid, the School District shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Maximum Special Taxes that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

2. Prepayment in Part

The Maximum Special Tax on an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid, provided an Assessor's Parcel of Developed Property may only be partially prepaid prior to or concurrent with the close of escrow of a sale to the initial homebuyer. The amount of the prepayment shall be calculated as in Section J.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E \times F) + G$$

These terms have the following meaning:

PP = the partial prepayment amount

P_E = the prepayment amount calculated according to Section J.1.a. and the call premium, if any, as determined by Section J.1.b.

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

G = the administrative fee determined in Section J.1.b.

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax shall notify the Assistant Superintendent of Business Services of (i) such owner's intent to partially prepay the Maximum Special Tax, and (ii) the percentage by which the Maximum Special Tax shall be prepaid, and within five (5) days of receipt of such notice, the Assistant Superintendent of Business Services shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2004-6 in calculating the proper amount of a partial prepayment. Within fifteen (15) days of receipt of

such non-refundable deposit, the Assistant Superintendent of Business Services shall notify such owner of the partial prepayment amount of such Assessor's Parcel.

With respect to any Assessor's Parcel that is partially prepaid, the Assistant Superintendent of Business Services shall (i) distribute the funds remitted to it according to the Indenture, and (ii) indicate in the records of CFD No. 2004-6 that there has been a partial prepayment of the Maximum Special Tax and that a portion of the Maximum Special Tax equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

K. TERM OF THE SPECIAL TAX

The Special Tax shall be levied annually on all Assessor's Parcels of Taxable Property for a maximum of thirty-five (35) years as Developed Property not to exceed Fiscal Year 2044-2045.

APPENDIX E
FORM OF BOND COUNSEL OPINION

February 29, 2024

Moreno Valley Unified School District Financing Authority
Moreno Valley, California

Re: \$50,620,000 Moreno Valley Unified School District Financing Authority
 Special Tax Revenue Bonds, Series 2024A

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Moreno Valley Unified School District Financing Authority (the “Authority”) taken in connection with the issuance by the Authority of its Special Tax Revenue Bonds, Series 2024A (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 Moreno Valley Unified School District (the “School District”), the Community Facilities Districts, the initial purchaser of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the 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 February 1, 2024 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as Trustee, and an authorizing resolution adopted by the Board of Directors of the Authority (the “Board”) on January 23, 2024 (the “Resolution”), approving the Indenture. The Bonds are dated as of their date of delivery and mature on the dates and in the amounts set forth in the Indenture. Interest on the Bonds is payable on the dates and at the rates per annum set forth in the Indenture. The Bonds are registered Bonds in the forms set forth in the Indenture and are redeemable in the amounts, at the times and in the manner set forth in the Indenture. Capitalized terms not defined herein shall have the meaning set forth in the Indenture.

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

(1) The Bonds have been duly and validly authorized by the Authority and are legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer or other laws affecting creditors’ rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on remedies against public agencies in the State of California.

(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 is enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer or other similar laws affecting creditors’ rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on remedies against public agencies in the State of

California; provided, however, that we express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the Indenture.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the 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 excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner’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 paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest and original issue discount on the Bonds is subject to the condition that the Authority, the School District and the Community Facilities Districts comply with all requirements of the Internal Revenue Code of 1986, as amended (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 School District and the Community Facilities Districts each has covenanted to comply with all such requirements. Except as set forth in paragraphs (3) through (5) 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 Obligations 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 as to the effect on the exclusion of interest (and original issue discount) on the Bonds from gross income for federal income tax purposes on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

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,

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of February 1, 2024, is executed and delivered by the MORENO VALLEY UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY (the “Issuer”), and KeyAnalytics, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$50,620,000 aggregate principal amount the Moreno Valley Unified School District Financing Authority Special Tax Revenue Bonds, Series 2024A (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2024 (the “Indenture”), by between U.S. Bank Trust Company, 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, Section 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.

“Disclosure Representative” shall mean the Superintendent of the Moreno Valley Unified School District, the Chief Business Official of Business of the Moreno Valley Unified School District or his or her designee, or such other officer or employee as the Moreno Valley Unified School District shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean KeyAnalytics, 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.

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

“Local Obligations” shall mean, collectively, the following:

- (a) Community Facilities District No. 2002-1 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds, and
- (b) Community Facilities District No. 2003-1 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds, and

- (c) Community Facilities District No. 2003-2 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds, and
- (d) Community Facilities District No. 2004-2 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds, and
- (e) Community Facilities District No. 2004-6 of the Moreno Valley Unified School District Series 2024 Special Tax Refunding Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“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 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.

“Tax-Exempt” shall mean the interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than March 1 following the end of the Issuer’s Fiscal Year (June 30) commencing with the report due by March 1, 2025, provide to each Repository 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 Districts, 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 Districts’ Fiscal Year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(f). 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 and the Trustee (if the Trustee is not 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 and the Trustee 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 Repositories 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 and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

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

(a) The audited financial statements of the Issuer and the Districts 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 Issuer or the Districts are 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 information:

(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 and the portion of the Reserve Requirement allocable to each;

(ii) the balance in each fund or account under the Indenture and the Reserve Requirement as of the September 2 preceding the filing of the Annual Report with respect to each series of Local Obligations;

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

(v) the amount of the levy and the delinquency rate for the Special Taxes for the Districts individually and in the aggregate for the preceding Fiscal Year and the identity of any property owner whose delinquent Special Taxes represent more than 5% of the amount levied and the assessed value-to-lien ratios of such delinquent properties;

(vi) an update of the historic assessed value information for the most recent five fiscal years for each of the Districts;

(vii) the Special Tax levy by land use class for each of the Districts for the Fiscal Year for which the Annual Report is being prepared, in substantially the form set forth in tables 1, 7, 13, 19 and 25 of Appendix A to the Official Statement;

(viii) an update by District similar to Tables 6, 12, 18, 24 and 30 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 District;

(ix) any information not already included under (i) through (viii) 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; and

(x) if, in the Fiscal Year for which the Annual Report is being prepared, the County of Riverside adopts 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”) and any of the Districts are included in such alternate procedure, a statement to that effect.

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 each of the Repositories or the Securities and Exchange Commission. 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) If a Listed Event under Section 5(b) above occurs, 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 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 Certificate 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. 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(d).

Section 7. 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 KeyAnalytics. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 8. 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(a), 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(f), 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 9. 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 10. 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 11. 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 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Issuer:	Moreno Valley Unified School District Financing Authority 25634 Alessandro Boulevard Moreno Valley, California 92553 Telephone: (951) 571-7500 Facsimile: (951) 571-7659 Attention: Treasurer
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Dissemination Agent:	KeyAnalytics 555 Corporate Drive Suite 100 Ladera Ranch, CA 92694 Telephone: (949) 282-1077 Facsimile: (949) 228-1078 Attention: Justin Bjorgan
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Participating Underwriter:	Piper Sandler & Co. 2321 Rosecrans Avenue El Segundo, California 90245 Telephone: (310) 297-6013 Facsimile: (310) 297-6001 Attn: Richard Calabro
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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 12. 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 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

MORENO VALLEY UNIFIED SCHOOL DISTRICT
FINANCING AUTHORITY

By: _____
Its: Authorized Officer

KEYANALYTICS, as Dissemination Agent

By: _____
Its: Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: MORENO VALLEY UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY

Name of Bond Issue: \$50,620,000 MORENO VALLEY UNIFIED SCHOOL DISTRICT FINANCING AUTHORITY SPECIAL TAX REVENUE BONDS, SERIES 2024A

Date of Issuance: February 29, 2024

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture of Trust dated as of February 1, 2024, by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

as Dissemination Agent

cc: Moreno Valley Unified School District

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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.

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 prepayments, 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 prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

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

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

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

APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: \$ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

