

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2021**

**NEW ISSUE-FULL BOOK ENTRY**

Rating: S&P: “\_” (Insured)

S&P: “\_” (Underlying)

See the caption “MISCELLANEOUS—Ratings”

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is not excluded from gross income for federal income tax purposes but is exempt from State of California personal income tax. See the caption “LEGAL MATTERS — Tax Matters” with respect to tax consequences concerning the Bonds.*

**\$18,880,000\***

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY  
LOCAL AGENCY REFUNDING BONDS  
SERIES 2021A (FEDERALLY TAXABLE)**

**Dated: Date of Delivery**

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

The Bonds described herein are being issued by the Beaumont Public Improvement Authority (the “Authority”) to acquire certain special tax refunding obligations (the “Local Obligations”) of the City of Beaumont Community Facilities District No. 93-1 (the “District”), formed by the City of Beaumont (the “City”). The Local Obligations are being issued to refund seven outstanding series of bonds issued by the District, which, in turn, will effect a defeasance of certain outstanding bonds issued by the Beaumont Financing Authority. See “FINANCING PLAN.”

The Bonds are payable solely from “Revenues” pledged by the Authority pursuant to that certain Indenture of Trust, dated as of \_\_\_\_\_ 1, 2021 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”). Revenues consist primarily of debt service on the Local Obligations, which are payable from special taxes levied in the applicable improvement area of the District.

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year commencing March 1, 2022. 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 will remit such payments to its participants for subsequent distribution to the beneficial owners of the Bonds. See “THE BONDS — General Provisions” and “— Book-Entry Only System” herein.

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

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

[Insurer Logo]

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

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***Maturity Schedule***  
***(see inside cover)***

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The Bonds are offered when, as and if issued and accepted by Stifel, Nicolaus & Company, Incorporated, the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Bond Counsel and Disclosure Counsel. Certain legal matters will be passed upon for the Authority and the City by Slovak, Baron, Empey, Murphy & Pinkney LLP, Palm Springs, California, and for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. It is anticipated that the Bonds in definitive form will be available for delivery to DTC or its agent on or about \_\_\_\_\_, 2021.

**[STIFEL LOGO]**

Dated: \_\_\_\_\_, 2021

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\* Preliminary, subject to change

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

## MATURITY SCHEDULE

\$18,880,000\*

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY  
LOCAL AGENCY REFUNDING BONDS  
SERIES 2021A (FEDERALLY TAXABLE)**

**Serial Bonds**

<i>Maturity (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP†</i>
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\$ \_\_\_\_\_ % Term Bonds due September 1, 20\_\_ – Yield \_\_\_\_\_ % – Price \_\_\_\_\_ - CUSIP† \_\_\_\_\_

\* Preliminary, subject to change

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright(c) 2021 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the District, the City, or the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY**

**BOARD OF DIRECTORS**

Mike Lara, Chair  
Lloyd White, Vice Chair  
David Fenn, Director  
Julio Martinez, III, Director  
Rey SJ Santos, Director

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**CITY OF BEAUMONT**

**CITY COUNCIL**

Mike Lara, Mayor  
Lloyd White, Mayor Pro-Tem  
David Fenn, Member  
Julio Martinez, III, Member  
Rey SJ Santos, Member

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**CITY OFFICIALS**

Todd Parton, City Manager  
Kristine Day, Assistant City Manager  
Jennifer Ustation, Finance Director

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**PROFESSIONAL SERVICES**

**BOND COUNSEL / DISCLOSURE COUNSEL**

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

**AUTHORITY TRUSTEE / DISTRICT TRUSTEE/ESCROW AGENT**

Wilmington Trust, National Association  
Costa Mesa, California

**MUNICIPAL ADVISOR**

Urban Futures, Inc.  
Tustin, California

**SPECIAL TAX CONSULTANT**

Webb Municipal Finance, LLC  
Riverside, California

**VERIFICATION AGENT**

Causey, Demgen & Moore, P.C.  
Denver, Colorado

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

Except where otherwise indicated, all information contained in this Official Statement has been provided by the Beaumont Public Improvement Authority, the City of Beaumont and the City of Beaumont Community Facilities District No. 93-1. No dealer, broker, salesperson or other person has been authorized by the Authority, the City, the District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein; and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the City, the District, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

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

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

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the City, the District or any other parties described herein since the date hereof. All summaries of the Indenture, the Local Obligation Bond Indentures or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith. While the City maintains an internet website for various purposes, none of the information on that website is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the Authority, the City or the District. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement. The Authority is obligated to provide continuing disclosure for certain historical information only. See the caption “MISCELLANEOUS — Continuing Disclosure” herein.

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

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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

[INSERT ALL MAPS]

**TABLE OF CONTENTS**

**Page**

INTRODUCTION .....	1
Financing Purpose.....	1
The Bonds; The Local Obligations .....	1
Legal Authority .....	3
Sources of Payment for the Bonds and the Local Obligations.....	4
Description of the Bonds.....	4
The City .....	5
The Authority.....	5
Professionals Involved in the Offering .....	5
SEC Order.....	5
Continuing Disclosure.....	6
FINANCING PLAN .....	6
Purpose of Issue and the Refunding Plan.....	6
Estimated Sources and Uses of Funds .....	7
BOND INSURANCE .....	8
Bond Insurance Policy .....	8
[.....]	8
THE BONDS .....	8
General Provisions .....	8
Redemption.....	9
Payment, Registration, Transfer and Exchange of Bonds.....	11
Bonds Mutilated, Lost, Destroyed or Stolen.....	12
Book-Entry Only System.....	12
Estimated Debt Service Schedules: Bonds and Local Obligations .....	13
Debt Service Coverage for the Bonds.....	15
SECURITY FOR THE BONDS .....	15
General.....	15
Revenues and Flow of Funds .....	15
Reserve Fund .....	16
Surplus Fund.....	18
No Additional Bonds Except to Refund Bonds .....	18
SECURITY FOR THE LOCAL OBLIGATIONS .....	19
General.....	19
Improvement Area No. 7B Indenture.....	20
Improvement Area No. 7C Indenture.....	21
Improvement Area No. 17A Indenture .....	22
Improvement Area No. 19C Indenture.....	23
Improvement Area No. 20 .....	24
Local Obligation Parity Bonds.....	25
Priority of Lien.....	25
Covenants of the District.....	25
Special Taxes Are Not Within Teeter Plan .....	29
THE DISTRICT.....	29
THE IMPROVEMENT AREAS .....	29
The Improvement Areas in the Aggregate .....	29
The Local Obligations.....	34
SPECIAL RISK FACTORS .....	34
Risks of Real Estate Secured Investments Generally.....	35
COVID-19 (Coronavirus) Pandemic.....	35

**TABLE OF CONTENTS**  
**(continued)**

	<u>Page</u>
Tax Cuts and Jobs Act .....	35
The Bonds are Limited Obligations of the Authority .....	35
No Obligation of the City.....	36
No Cross-Collateralization Between Improvement Areas .....	36
Varying Maturities of the Local Obligations .....	36
Potential Early Redemption of Bonds from Prepayments or Other Sources.....	36
Cybersecurity .....	36
Property Values.....	37
Natural Disasters .....	37
Hazardous Substances.....	38
Parity Taxes and Special Assessments.....	38
Payment of the Special Tax is not a Personal Obligation of the Owners.....	39
Disclosures to Future Purchasers .....	39
Special Tax Delinquencies.....	39
Insufficiency of Special Taxes .....	40
Risks Associated with Bond Insurance .....	41
FDIC/Federal Government Interests in Properties.....	41
Bankruptcy and Foreclosure .....	42
Funds Invested in the County Investment Pool.....	43
No Acceleration Provision .....	43
Limitations on Remedies .....	43
Limited Secondary Market.....	44
Proposition 218 .....	44
Ballot Initiatives .....	45
<b>LEGAL MATTERS.....</b>	<b>46</b>
State and Federal Investigations and Criminal Charges Involving Former City Officials.....	46
State Controller Investigation .....	46
Tax Matters .....	46
Absence of Litigation.....	47
Legal Opinion .....	47
<b>MISCELLANEOUS .....</b>	<b>47</b>
Ratings .....	47
Verification of Mathematical Accuracy.....	48
Underwriting.....	48
Continuing Disclosure.....	48
Additional Information .....	49
<b>APPENDIX A INFORMATION REGARDING THE IMPROVEMENT AREAS.....</b>	<b>A-1</b>
<b>APPENDIX B SUMMARY OF PRINCIPAL LEGAL DOCUMENTS .....</b>	<b>B-1</b>
<b>APPENDIX C DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF RIVERSIDE AND THE CITY OF BEAUMONT .....</b>	<b>C-1</b>
<b>APPENDIX D RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE IMPROVEMENT AREAS .....</b>	<b>D-1</b>
<b>APPENDIX E FORM OF BOND COUNSEL OPINION.....</b>	<b>E-1</b>
<b>APPENDIX F FORM OF CONTINUING DISCLOSURE AGREEMENT.....</b>	<b>F-1</b>
<b>APPENDIX G DTC AND THE BOOK-ENTRY-ONLY SYSTEM.....</b>	<b>G-1</b>



**TABLE OF CONTENTS**  
**(continued)**

	<u>Page</u>
APPENDIX H SPECIMEN MUNICIPAL BOND INSURANCE POLICY .....	H-1
APPENDIX I SECURITIES AND EXCHANGE COMMISSION ORDER .....	I-1

## OFFICIAL STATEMENT

**\$18,880,000\***

### **BEAUMONT PUBLIC IMPROVEMENT AUTHORITY LOCAL AGENCY REFUNDING BONDS SERIES 2021A (FEDERALLY TAXABLE)**

#### 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 \$18,880,000\* Beaumont Public Improvement Authority Local Agency Refunding Bonds, Series 2021A (Federally Taxable) (the “Bonds”).

*This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

#### **Financing Purpose**

***Purpose of the Bonds.*** The Bonds are being issued by the Beaumont Public Improvement Authority (the “Authority”) to acquire the “Local Obligations” described below (see “FINANCING PLAN” herein).

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

(i) to make deposits into four separate escrow funds (collectively, the “Escrow Funds”) to be held by Wilmington Trust, National Association, as escrow agent (the “Escrow Agent”) pursuant to four separate Escrow Agreements, each dated as of \_\_\_\_\_ 1, 2021 (collectively, the “Escrow Agreements”) for the purpose of redeeming the Prior Improvement Area Bonds (as defined below); and

(ii) to purchase a municipal bond insurance policy (the “Policy”) issued by [\_\_\_\_\_] (the “Insurer” or “\_\_\_”) for the purpose of paying the principal of and interest on the Bonds when due; and

(iii) to purchase a reserve policy issued by the Insurer to be credited to the Reserve Fund for the Bonds (the “Reserve Policy”); and

(iv) to pay the costs of issuing the Bonds.

#### **The Bonds; The Local Obligations**

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

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\* Preliminary, subject to change

**Local Obligations.** The “Local Obligations” consist of the following five separate series of bonds issued by the City of Beaumont Community Facilities District No. 93-1 (the “District”), which is located in the City of Beaumont (the “City”):

**Improvement Area No. 7B:** \$1,635,000\* City of Beaumont Community Facilities District No. 93-1 2021 Special Tax Refunding Bonds (Improvement Area No. 7B) (the “Improvement Area No. 7B 2021 Bonds”) are being issued by the District to refund the outstanding City of Beaumont Community Facilities District No. 93-1 Special Tax Refunding Bonds, 2012 Series C (Improvement Area No. 7B) (the “Prior 2012 Series C Bonds”) and the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2012 Series D (Improvement Area No. 7B) (the “Prior 2012 Series D Bonds” and together with the Prior 2012 Series C Bonds, the “Prior Improvement Area No. 7B Bonds”).

The refunding of the Prior Improvement Area No. 7B Bonds, together with the refunding of the Prior Improvement Area No. 7C Bonds (as defined below), will cause a simultaneous refunding of the Beaumont Financing Authority’s 2012 Local Agency Revenue Bonds, Series C (Improvement Area No. 7B and Improvement Area No. 7C) (the “Prior 2012C Authority Bonds”). The Improvement Area No. 7B 2021 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 7B of the District (“Improvement Area No. 7B”) on a parity with the District’s Special Tax Bonds, 2018 Series A (Improvement Area No. 7B) currently outstanding in the principal amount of \$2,045,000 (the “Improvement Area No. 7B 2018 Bonds” and together with the Improvement Area No. 7B 2021 Bonds, the “Improvement Area No. 7B Bonds”). See Appendix A — “INFORMATION REGARDING THE IMPROVEMENT AREAS — Improvement Area No. 7B” herein.

**Improvement Area No. 7C:** \$1,490,000\* City of Beaumont Community Facilities District No. 93-1 2021 Special Tax Refunding Bonds (Improvement Area No. 7C) (the “Improvement Area No. 7C 2021 Bonds”) are being issued by the District to refund the outstanding City of Beaumont Community Facilities District No. 93-1 Special Tax Refunding Bonds, 2012 Series E (Improvement Area No. 7C) (the “Prior 2012 Series E Bonds”) and the City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2012 Series F (Improvement Area No. 7B) (the “Prior 2012 Series F Bonds” and together with the Prior 2012 Series E Bonds, the “Prior Improvement Area No. 7C Bonds”).

As discussed above, the refunding of the Prior Improvement Area No. 7C Bonds, together with the refunding of the Prior Improvement Area No. 7B Bonds, will cause a simultaneous refunding of the Prior 2012C Authority Bonds. The Improvement Area No. 7C 2021 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 7C of the District (“Improvement Area No. 7C”). See Appendix A — “INFORMATION REGARDING THE IMPROVEMENT AREAS — Improvement Area No. 7C” herein.

**Improvement Area No. 17A:** \$8,120,000\* City of Beaumont Community Facilities District No. 93-1 2021 Special Tax Refunding Bonds (Improvement Area No. 17A) (the “Improvement Area No. 17A 2021 Bonds”) are being issued by the District to refund the outstanding City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2013 Series B (Improvement Area No. 17A) (the “Prior Improvement Area No. 17A Bonds.”)

The refunding of the Prior Improvement Area No. 17A Bonds will cause a simultaneous refunding of the Beaumont Financing Authority’s 2013 Local Agency Revenue Bonds, Series B (Improvement Area No. 17A) (the “Prior 2013B Authority Bonds”). The Improvement Area No. 17A 2021 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 17A of the District (“Improvement Area No. 17A”). See Appendix A — “INFORMATION REGARDING THE IMPROVEMENT AREAS — Improvement Area No. 17A” herein.

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\* Preliminary, subject to change

**Improvement Area No. 19C:** \$5,005,000\* City of Beaumont Community Facilities District No. 93-1 2021 Special Tax Refunding Bonds (Improvement Area No. 19C) (the “Improvement Area No. 19C 2021 Bonds”) are being issued by the District to refund the outstanding City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2013 Series A (Improvement Area No. 19C) (the “Prior Improvement Area No. 19C Bonds.”)

The refunding of the Prior Improvement Area No. 19C Bonds will cause a simultaneous refunding of the Beaumont Financing Authority’s 2013 Local Agency Revenue Bonds, Series A (Improvement Area No. 19C) (the “Prior 2013A Authority Bonds”). The Improvement Area No. 19C 2021 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 19C of the District (“Improvement Area No. 19C”) on a parity with the District’s Special Tax Refunding Bonds, 2017 Series A (Improvement Area No. 19C) currently outstanding in the principal amount of \$12,129,618 (the “Improvement Area No. 19C 2017 Bonds” and together with the Improvement Area No. 19C 2021 Bonds, the “Improvement Area No. 19C Bonds”). See Appendix A — “INFORMATION REGARDING THE IMPROVEMENT AREAS — Improvement Area No. 19C” herein.

**Improvement Area No. 20:** \$2,630,000\* City of Beaumont Community Facilities District No. 93-1 2021 Special Tax Refunding Bonds (Improvement Area No. 20) (the “Improvement Area No. 20 Bonds”) are being issued by the District to refund the outstanding City of Beaumont Community Facilities District No. 93-1 Special Tax Bonds, 2012 Series B (the “Prior Improvement Area No. 20 Bonds,” and together with the Prior Improvement Area No. 7B Bonds, the Prior Improvement Area No. 7C Bonds, the Prior Improvement Area No. 17A Bonds and the Prior Improvement Area No. 19C Bonds, the “Prior Improvement Area Bonds”). The Improvement Area No. 20 Bonds are payable from Special Taxes levied on taxable property in Improvement Area No. 20 of the District (“Improvement Area No. 20”).

The refunding of the Prior Improvement Area No. 20 Bonds will cause a simultaneous refunding of the Beaumont Financing Authority’s 2012 Local Agency Revenue Bonds, Series B (Improvement Area No. 20) (the “Prior 2012B Authority Bonds” and together with the Prior 2012C Authority Bonds, the Prior 2013B Authority Bonds and the Prior 2013A Authority Bonds, the “Prior Authority Bonds”). See Appendix A — “INFORMATION REGARDING THE IMPROVEMENT AREAS — Improvement Area No. 20” herein.

Improvement Area No. 7B, Improvement Area No. 7C, Improvement Area No. 17A, Improvement Area No. 19C and Improvement Area No. 20 are collectively referred to in this Official Statement as the “Improvement Areas.”

## **Legal Authority**

**The Bonds.** The Bonds are being issued under Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and an Indenture of Trust dated as of \_\_\_\_\_ 1, 2021 (the “Indenture”), by and between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”).

**The Local Obligations.** The Local Obligations are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Mello-Roos Act”). The Improvement Area No. 7B 2021 Bonds are being issued pursuant to an Indenture of Trust dated January 15, 1994, as amended and supplemented, including as supplemented by a Thirty-Eighth Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2021, (together, the “Improvement Area No. 7B Indenture”), by and between the District and Wilmington Trust, National Association, as trustee (the “District Trustee”).

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\* Preliminary, subject to change

The Improvement Area No. 7C 2021 Bonds are being issued pursuant to an Indenture of Trust dated as of \_\_\_\_\_ 1, 2021, (the “Improvement Area No. 7C Indenture”), by and between the District and the District Trustee.

The Improvement Area No. 17A 2021 Bonds are being issued pursuant to an Indenture of Trust dated as of \_\_\_\_\_ 1, 2021, (the “Improvement Area No. 17A Indenture”), by and between the District and the District Trustee.

The Improvement Area No. 19C 2021 Bonds are being issued pursuant to an Indenture of Trust dated January 15, 1994, as amended and supplemented, including as supplemented by a Thirty-Ninth Supplemental Indenture of Trust dated as of \_\_\_\_\_ 1, 2021, (together, the “Improvement Area No. 19C Indenture”), by and between the District and the District Trustee.

The Improvement Area No. 20 Bonds are being issued pursuant to a Bond Indenture, dated as of \_\_\_\_\_ 1, 2021 (the “Improvement Area No. 20 Indenture, and together with the Improvement Area No. 7B Indenture, the Improvement Area No. 7C Indenture, the Improvement Area No. 17A Indenture and the Improvement Area No. 19C Indenture, the “Local Obligation Bond Indentures” and each, a “Local Obligation Bond Indenture”), by and between the District and the District Trustee.

### **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 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 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 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 Improvement Area as a result of the levy of Special Taxes.

***The Local Obligations are not cross-collateralized. In other words, Special Taxes from one Improvement Area cannot be used to cover any shortfall in the payment of debt service on the Local Obligation of another Improvement Area. However, the Reserve Fund held by the Trustee and funded with the deposit therein of the Reserve Policy will be available in the event of delinquent 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 March 1, 2022. Principal of and premium, if any, on the Bonds shall be payable by the Trustee. See “THE BONDS — General Provisions” and “ — Book-Entry Only System” herein.

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

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

**Registration, transfers and exchanges.** The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) under the book-entry system maintained by DTC. See “THE BONDS — Payment, Registration, Transfer and Exchange of Bonds” and “— Book-Entry Only System.”

## **The City**

The City was incorporated in 1912 under the general laws of the State. The City has a land area of approximately 30 square miles and an estimated population of 51,475 people as of January 1, 2020. The City provides a wide range of services, including police, public works (including sewer and storm drain services), street maintenance and land and building development. The City also operates various community services, including parks, a senior center, a teen and day camp and a municipal swimming pool.

The City is located in Riverside County, California (the “County”), approximately 25 miles east of the City of Riverside at the junction of Interstate 10, State Route 60 and State Route 79.

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

## **The Authority**

The Authority is a joint exercise of powers authority organized and existing pursuant to the Act. Its members are the City and the Beaumont Parking Authority.

## **Professionals Involved in the Offering**

All proceedings in connection with the issuance of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure Counsel. Slovak Baron Empey Murphy & Pinkney LLP, Palm Springs, California, will render a legal opinion on certain matters for the Authority and the District. Webb Municipal Finance, LLC is acting as Special Tax Consultant to the District. Wilmington Trust, National Association, Costa Mesa, California, will act as the Authority Trustee, District Trustee and Escrow Agent. Stifel, Nicolaus & Company, Incorporated, is acting as underwriter in connection with the issuance and delivery of the Bonds. Kutak Rock LLP, Irvine, California, is serving as Underwriter’s Counsel. Causey, Demgen & Moore, P.C., will provide escrow verification services.

*Payment of the fees of Bond Counsel, Disclosure Counsel, the Underwriter and counsel to the Underwriter is contingent upon issuance of the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation, represents the Underwriter in connection with financings unrelated to the Authority, the City and the District.*

## **SEC Order**

On August 23, 2017, following an offer of settlement by the Beaumont Financing Authority (the “BFA”), the U.S. Securities and Exchange Commission (“SEC”) entered a Cease-and-Desist Order and imposed certain undertakings on the BFA (the “SEC Order”). The BFA neither admits nor denies the findings in the SEC Order. The members of the City Council of the City act as the Board of Directors of the BFA and City staff acts as the staff of the BFA. A copy of the SEC Order is attached hereto as Appendix I. See also “MISCELLANEOUS — Continuing Disclosure” herein.

## Continuing Disclosure

The Authority will enter into a Continuing Disclosure Agreement with Webb Municipal Finance, LLC, and will covenant therein for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Authority and the Improvement Areas by not later than April 1 following the end of its fiscal year (which currently ends June 30), commencing with the report for the 2020-21 Fiscal Year (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events. The first Annual Report will be due April 1, 2022. The Annual Report and notices of certain listed events (the “Listed Events”) will be filed with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board available on the Internet at <http://emma.msrb.org> (“EMMA”). The specific nature of the information to be contained in each Annual Report and any notices of the Listed Events is set forth in Appendix F — “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants will be made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”). See “MISCELLANEOUS — Continuing Disclosure” herein.

## FINANCING PLAN

### Purpose of Issue and the Refunding Plan

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

*Refunding of the Prior Improvement Area Bonds.* Certain proceeds of the Local Obligations together with funds on hand with the Trustee and the City will be deposited into the Escrow Funds pursuant to the Escrow Agreements. Funds deposited into the Escrow Funds pursuant to the Escrow Agreements will be used to pay principal and interest due on the Prior Improvement Area Bonds through the Redemption Date, and to redeem the remaining outstanding principal amount of the Prior Improvement Area Bonds on such date, as follows:

(a) Prior Improvement Area No. 7B Bonds and Prior Improvement Area No. 7C Bonds: Proceeds of the Improvement Area No. 7B 2021 Bonds and Improvement Area No. 7C 2021 Bonds deposited into an Escrow Fund relating to the Prior Improvement Area No. 7B Bonds and Prior Improvement Area No. 7C Bonds will be used to defease the outstanding Prior Improvement Area No. 7B Bonds and Prior Improvement Area No. 7C Bonds and redeem the Prior Improvement Area No. 7B Bonds and the Prior Improvement Area No. 7C Bonds maturing on and after September 1, 2023 on September 1, 2022, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(b) Prior Improvement Area No. 17A Bonds: Proceeds of the Improvement Area No. 17A Bonds deposited into an Escrow Fund relating to the Prior Improvement Area No. 17A Bonds will be used to defease the outstanding Prior Improvement Area No. 17A Bonds and redeem the Prior Improvement Area No. 17A Bonds maturing on and after September 1, 2024 on September 1, 2023, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(c) Prior Improvement Area No. 19C Bonds: Proceeds of the Improvement Area No. 19C Bonds deposited into an Escrow Fund relating to the Prior Improvement Area No. 19C Bonds will be used to defease the outstanding Prior Improvement Area No. 19C Bonds and redeem the Prior Improvement Area No. 19C Bonds maturing on and after September 1, 2024 on September 1, 2023, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

(d) Prior Improvement Area No. 20 Bonds: Proceeds of the Improvement Area No. 20 Bonds deposited into an Escrow Fund relating to the Prior Improvement Area No. 20 Bonds will be used to defease the outstanding Prior Improvement Area No. 20 Bonds and redeem the Prior Improvement Area No. 20 Bonds

maturing on and after September 1, 2023 on September 1, 2022, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

Certain moneys in the existing funds and accounts relating to the Prior Improvement Area Bonds and the Prior Authority Bonds also will be transferred to the Escrow Funds and be applied to the defeasance and redemption of the Prior Improvement Area Bonds. See “— Estimated Sources and Uses of Funds: Bonds and Local Obligations” below. See also “MISCELLANEOUS — Verification of Mathematical Accuracy” below.

The redemption of the Prior Improvement Area Bonds will cause a simultaneous redemption of the Prior Authority Bonds.

**Estimated Sources and Uses of Funds**

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

	<i><b>Total</b></i>
<b>Sources:</b>	
Principal Amount of the Bonds	\$
Less Underwriter’s Discount	_____
<b>Total Sources</b>	\$ =====
 <b>Uses:</b>	
Purchase of Local Obligations <sup>(1)(2)</sup>	\$
<b>Total Uses</b>	\$ =====

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<sup>(1)</sup> The Trustee for each of the Local Obligations will transfer to the Escrow Agent funds held in existing funds and accounts relating to the Prior Improvement Area Bonds, together with Bond proceeds received from the Authority from the purchase of the Local Obligations, to the Escrow Funds to defease the Prior Improvement Area Bonds and the Prior Authority Bonds. See the sources and uses of funds for the Local Obligations below.

<sup>(2)</sup> Proceeds of the Bonds will be used to acquire the Local Obligations. The District Trustee for each of the Local Obligations will transfer to the Trustee for the Bonds for deposit in the Costs of Issuance Fund each Improvement Area’s proportionate share of the costs of issuance of the Bonds.



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

	<i>Improvement Area No. 7B</i>	<i>Improvement Area No. 7C</i>	<i>Improvement Area No. 17A</i>	<i>Improvement Area No. 19C</i>	<i>Improvement Area No. 20</i>
<b>Sources</b>					
Principal Amount	\$	\$	\$	\$	\$
Plus Prior Funds on Hand					
Less Underwriter's Discount	_____()	_____()	_____()	_____()	_____()
<b>Total Sources</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Uses</b>					
Escrow Funds <sup>(1)</sup>	\$	\$	\$	\$	\$
Cost of Issuance Fund <sup>(2)</sup>	_____	_____	_____	_____	_____
<b>Total Uses</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

<sup>(1)</sup> See “—Purpose of Issue and the Refunding Plan.”

<sup>(2)</sup> On the date of issuance of the Bonds and the Local Obligations, the 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, Bond Counsel fees, printing costs, the premium for the Policy and the Reserve Policy, and other related costs.

### **BOND INSURANCE**

*The information under this caption has been prepared by [ \_\_\_\_\_ ] for inclusion in this Official Statement. None of the Authority, the District or the Underwriter has reviewed this information, nor do such entities make any representation with respect to the accuracy or completeness thereof or any information incorporated by reference. The following information is not complete and reference is made to Appendix H for a specimen of the Policy.*

#### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, [ \_\_\_\_\_ (“\_\_\_”) ] will issue its Municipal Bond Insurance Policy for the Bonds. 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 \_\_\_\_\_ insurance law.

[ \_\_\_\_\_ ].

[TO COME]

### **THE BONDS**

#### **General Provisions**

The Bonds will be dated their date of delivery, and the Bonds will be issued in the aggregate principal amounts set forth on the inside front cover hereof. The Bonds will bear interest from their dated date at the rates per annum set forth on the inside front cover hereof, payable semiannually on each March 1 and September 1, commencing March 1, 2022 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside front cover hereof. The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof.

Interest on the Bonds will be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner as of the Record Date immediately preceding each Interest Payment Date. Interest will be paid by check of the Trustee mailed on the Interest Payment Date by first class mail, postage prepaid, to the Owner at the address as it appears on the Bond Register or by wire transfer to an account in the United States of America upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds 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 DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple. See the subsection hereof entitled “— Book-Entry Only System.”

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

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date (the 15th calendar day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day) and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2022 in which event it will bear interest from the Dated Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon, or from the Dated Date if no interest has been paid or made available for payment.

#### **Redemption\***

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

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\* *Preliminary, subject to change*

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 an Improvement Area 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:

<b>Redemption Dates</b>	<b>Premium</b>
Any Interest Payment Date through and including March 1, 20__	
September 1, 20__ and March 1, 20__	
September 1, 20__ and March 1, 20__	
September 1, 20__ and any Interest Payment Date thereafter	

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

<b>Redemption Date (September 1)</b>	<b>Redemption Amount</b>
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In the event that the Term Bonds are redeemed pursuant to the optional or special redemption provisions described above, the sinking fund payments for the Term Bonds will be reduced as nearly as practicable on a proportionate basis in integral multiples of \$5,000.

**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.

In the case of an optional or special redemption of Bonds, 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 Bondowners, 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.

In the event of a partial optional redemption or special redemption of Term Bonds, each of the remaining sinking fund payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis, as determined by the Authority, and the Authority will provide the Trustee with a revised schedule for remaining sinking fund payments.

***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 the notice of redemption.

#### **Payment, Registration, Transfer and Exchange of Bonds**

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

***Transfer of Bonds.*** Subject to the book-entry only provisions of the Indenture, any Bond may in accordance with its terms, be transferred, upon the Bond Register 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.

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

**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.

#### **Bonds Mutilated, Lost, Destroyed or Stolen.**

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

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

While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in Appendix G — “DTC AND THE BOOK-ENTRY-ONLY SYSTEM” herein. So long as Cede & Co. is the registered owner of the Bonds, references herein to the Owners of the Bonds shall mean Cede & Co. and *not*

the Beneficial Owners of the Bonds. **The Authority gives no assurance that DTC or the DTC Participants will distribute payments or notices to Beneficial Owners.**

**Estimated Debt Service Schedules: Bonds and Local Obligations**

The Local Obligations acquired with proceeds of the Bonds mature on the same dates as the Bonds. The following table presents the debt service schedule for the Bonds, assuming there are no early redemptions of Bonds prior to maturity:

**TABLE 1**

**ANNUALIZED DEBT SERVICE SCHEDULE FOR THE BONDS**

<i>Year Ending September 1</i>	<i>Principal</i>	<i>Interest</i>	<i>Total Debt Service</i>
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**Total**

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

**TABLE 2**

**ANNUALIZED DEBT SERVICE SCHEDULE FOR THE LOCAL OBLIGATIONS**

<i>Bond Year Ending September 1</i>	<i>Improvement Area No. 7B Debt Service</i>	<i>Improvement Area No. 7C Debt Service</i>	<i>Improvement Area No. 17A Debt Service</i>	<i>Improvement Area No. 19C Debt Service</i>	<i>Improvement Area No. 20 Debt Service</i>	<i>Total Revenues<sup>(1)</sup></i>	<i>Total Debt Service on the Bonds</i>
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Total

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<sup>(1)</sup> Equals the total anticipated debt service on the Local Obligations in each Bond Year ending September 1.  
Source: Underwriter.

## **Debt Service Coverage for the Bonds**

Scheduled payments of principal of and interest on the Bonds equals 100% of the projected Revenues that will be generated by the anticipated payment of debt service on each of the Local Obligations while the Bonds are outstanding. According to the Special Tax Consultant, based on the annual debt service for the Local Obligations, Special Taxes levied in each Improvement Area, less estimated Administrative Expenses and assuming no delinquencies, if levied at the Assigned Special Tax rates, would generate in each Fiscal Year not less than 110% of debt service payable with respect to each series of Local Obligations. See Appendix A — “INFORMATION REGARDING THE IMPROVEMENT AREAS.” However, under the Mello-Roos Act, under no circumstances will the Special Taxes levied against any Assessor’s Parcel of Residential Property within the applicable Improvement Area for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other Assessor’s Parcel within such applicable Improvement Area. See “SECURITY FOR THE LOCAL OBLIGATIONS.”

## **SECURITY FOR THE BONDS**

### **General**

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

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

### **Revenues and Flow of Funds**

***Bonds; Revenues.*** 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 shall 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 City and the District under the Local Obligations.

***Deposit of Revenues.*** All Revenues derived from the Local Obligations, other than Local Obligation Delinquency Revenues, will be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund. Any Revenues which represent the payment of delinquent principal of or interest on an issue of Local Obligations will be first applied to make payments of past due interest and principal of the Bonds and next to be deposited to the Reserve Fund to replenish the amount on deposit therein to the Reserve Requirement, or to reimburse the Insurer for Policy Costs.

***Application of Revenues.*** On each Interest Payment Date, the Trustee 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 District continues 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 an insurer under a Reserve Credit Facility, after making deposits required into the Interest Account and the Principal Account, the Trustee shall transfer from the Revenue Fund (A) first, an amount sufficient to reimburse an insurer for amounts owed under a Reserve Credit Facility by depositing the amount necessary to reimburse such insurer for amounts owed under the applicable Reserve Credit Facility; and (B) second, 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 from the applicable Improvement Area.

***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 District 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 District to cure such shortfall, the Trustee shall deposit such amounts to the Revenue Fund for application in accordance with the Indenture.

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

## **Reserve Fund**

An account for each issue of Local Obligations will be established in the Reserve Fund (each, an “Account”). The Reserve Policy in the amount of \$\_\_\_\_\_ shall be deposited into the Reserve Fund in an amount equal to the Reserve Requirement. Each Local Obligation’s share shall initially be as follows:

- \$ \_\_\_\_\_ in the Improvement Area No. 7B Account
- \$ \_\_\_\_\_ in the Improvement Area No. 7C Account
- \$ \_\_\_\_\_ in the Improvement Area No. 17A Account
- \$ \_\_\_\_\_ in the Improvement Area No. 19C Account
- \$ \_\_\_\_\_ in the Improvement Area No. 20 Account

The aggregate of the foregoing amounts is equal to the Reserve Requirement as of the date of issuance of the Bonds, which is an amount equal to the lowest of (i) 10% of the initial principal amount of the Bonds, (ii) Maximum Annual Debt Service on the Outstanding Bonds, or (iii) 125% of average Annual Debt Service on the Outstanding Bonds. Pursuant to the Indenture, the Reserve Requirement shall never be greater than the initial Reserve Requirement, and, as of any date of calculation, shall not be greater than the Reserve Requirement calculated for the previous Bond Year. In the event that the amount of the Reserve Requirement is changed, the Trustee will, upon receipt of a Request of the Authority, adjust the shares of each Account to reflect the new Reserve Requirement.

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 an Improvement Area as a result of a reduction in the Reserve Requirement resulting from the redemption of the Local Obligations relating to such Improvement Area 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 each of the other Reserve Accounts a share of such insufficiency based upon the proportion of the amount in a 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 Insurer to reimburse it for all Policy Costs due as a result of a draw on the Reserve Policy and reimbursement of amounts with respect to any other Reserve Credit Facility due as a result of delinquencies on the Local Obligations with respect to such Improvement Area.

Second, to the Reserve Account for any series of Local Obligations, other than the Reserve Account to which such delinquent Revenues relate, that amount necessary to increase the amount on deposit in such account to the Reserve Requirement on a Proportionate Share basis if the deficiency in the amount on deposit in such account resulted from draws on such account due to delinquencies in the payment of scheduled debt service on that series of Local Obligations from which 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.

Third, 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.

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

When amounts in 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.

### **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 City for credit to the special tax fund of the District, and the 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 City be applied to the redemption of Local Obligations pursuant to the terms of the Local Obligations Indenture with the 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 prepaid or defeased in whole or in part, then such credit shall be applied based on a Certificate of an Independent Financial Consultant prepared at the direction of the Authorized Representative of the City. In the event the District is no longer obligated to levy Special Taxes to repay Local Obligations, then any amounts in the Surplus Fund may be used by the Authority for any lawful purpose, including, but not limited to, the payment of expenses of the Authority, the City or the District relating to the Bonds, the Local Obligations, the District, 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.

(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 (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) shall have occurred and be continuing with respect to the Bonds or any of the Local Obligations unless such Event of Default shall be cured upon the issuance of the Additional Bonds.

(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 District payable solely from Net Special Taxes (defined below) collected in the applicable Improvement Area and amounts deposited by the District in the applicable Special Tax Fund. The 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 applicable Improvement Area and amounts in the applicable Special Tax Fund is absolute and unconditional.

No Local Obligation (and no Parity Bonds issued under the Local Obligation Bond Indenture relating to the Local Obligations, each a "Local Obligation Parity Bond") is a legal or equitable pledge, charge, lien or encumbrance upon any of the District's property, or upon any of its income, receipts or revenues, except the Net Special Taxes collected in the applicable Improvement Area and other amounts in the applicable Special Tax Fund.

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

**The Local Obligations are not cross-collateralized. In other words, Special Taxes collected in one Improvement Area cannot be used to cover any shortfall in the payment of debt service on the Local Obligations of another Improvement Area. 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, neither the credit nor the taxing power of the District or the City 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 the 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 the District or the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction.**

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

However, under the Mello-Roos Act as in effect at the time of formation of the Improvement Areas and under the applicable Rate and Methods, under no circumstances will the Special Taxes levied against any Assessor's Parcel of Residential Property within an Improvement Area for which an occupancy permit for private residential use has been issued be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other Assessor's Parcel within such Improvement Area. Therefore, even though the maximum Special Tax rates may allow for Special Tax increases greater than 10%, in the event of high delinquencies in an Improvement Area, the District could not increase the Special Taxes in such Improvement Area in the fiscal year following such delinquencies by more than 10% on the residential units. See "SPECIAL RISK FACTORS — Special Tax Delinquencies."

#### **Improvement Area No. 7B Indenture**

Under the Improvement Area No. 7B Indenture, "Net Taxes" (and referred to herein as the "Net Special Taxes") pledged by the District to the Improvement Area No. 7B Bonds is defined in the Improvement Area No. 7B Indenture as the "Gross Taxes" (referred to herein as the "Gross Special Taxes") minus a certain amount of Administrative Expenses (the "Priority Administrative Expenses"). Priority Administrative Expenses are equal to \$20,000.

"Gross Special Taxes" is defined in the Improvement Area No. 7B Indenture as the amount of Special Taxes for Improvement Area No. 7B and proceeds from the sale of property collected pursuant to the foreclosure provisions of the Improvement Area No. 7B Indenture for the delinquency of such Special Taxes and proceeds from any security for payment of Special Taxes for Improvement Area No. 7B taken in lieu of foreclosure.

At such time as the County Auditor-Controller of the County makes an apportionment of tax revenues, including Special Taxes of Improvement Area No. 7B and other amounts constituting Gross Special Taxes, if any, and such apportionment is transferred to the District Trustee on behalf of the District for Improvement Area No. 7B (any such apportionment being hereinafter referred to as an "Apportionment"), the Trustee shall deposit such Apportionment and any other amounts constituting Gross Taxes in the Special Tax Fund for Improvement Area No. 7B, to be held in trust by the District Trustee and transferred and deposited into the following respective accounts and Funds 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 Special Taxes for Improvement Area No. 7B 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:

- (1) The Administrative Expenses Fund;
- (2) The Interest Account of the Bond Fund;
- (3) The Principal Account of the Bond Fund;
- (4) The Sinking Account of the Bond Fund;

(5) The applicable Reserve Account of the Bond Fund and to any other reserve fund or account established in connection with or allocated to the Improvement Area No. 7B Bonds (including the Reserve Fund established under the Indenture;

(6) The Rebate Fund; and

(7) The Residual Fund.

### **Improvement Area No. 7C Indenture**

Under the Improvement Area No. 7C Indenture, the “Net Special Taxes” pledged by the District to the Improvement Area No. 7C Bonds (and any related Local Obligation Parity Bonds) is defined in the Improvement Area No. 7C Indenture as “Gross Special Taxes” minus amounts set aside to pay Priority Administrative Expenses.

“Gross Special Taxes” is defined in the Improvement Area No. 7C Indenture as the amount of all Special Taxes received by the District for Improvement Area No. 7C, 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 a result of the foreclosure of the lien of the Special Taxes resulting from the delinquency in the payment of such Special Taxes due and payable on such property.

“Priority Administrative Expenses” are annual Administrative Expenses of the District payable from Gross Special Taxes from Improvement Area No. 7C, which expenses total up to \$30,000 for Improvement Area No.7C in each Fiscal Year.

The District may, in its sole discretion, fund additional Administrative Expenses for Improvement Area No. 7C, without limitation, from Special Taxes collected within Improvement Area No. 7C not otherwise required to be transferred to the District Trustee and from moneys held in the Administrative Expense Fund held under the Improvement Area No. 7C Indenture.

The District covenants in the Improvement Area No. 7C Indenture that it will receive all Net Special Taxes in trust for the Owners of the Improvement Area No. 7C Bonds, and will instruct the Treasurer to deposit Net Special Taxes for Improvement Area No. 7C with the District Trustee as required by the Improvement Area No. 7C Indenture, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by the Improvement Area No. 7C Indenture.

Except for the portion of any prepayment of Special Taxes to be deposited into the Redemption Account established under the Improvement Area No. 7C Indenture, the District Trustee under the Improvement Area No. 7C Indenture will, on each date on which the Special Taxes of Improvement Area No. 7C 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 Improvement Area No. 7C Bonds. The District Trustee will transfer such Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Improvement Area No. 7C Indenture, in the following order of priority, to:

(1) The Administrative Expense Fund;

(2) The Interest Account of the Special Tax Fund;

(3) The Principal Account of the Special Tax Fund;

(4) The Authority for deposit in the Reserve Account as necessary to increase the amount therein to the District’s Proportionate Share of the Reserve Requirement and to such reserve accounts

for Local Obligation Parity Bonds to replenish the amounts therein to the applicable reserve requirements;

- (5) The Redemption Account of the Special Tax Fund; and
- (6) The District Surplus Fund.

The Improvement Area No. 7C Indenture creates and establishes to be maintained by the District Trustee a Surplus Fund. As soon as practicable after each September 1, and in any event prior to each October 1, the District Trustee will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year. The amounts in the Surplus Fund are not pledged to the repayment of the Improvement Area No. 7C Bonds or any related Local Obligation Parity Bonds and may be used by the District for any lawful purpose.

### **Improvement Area No. 17A Indenture**

Under the Improvement Area No. 17A Indenture, the “Net Special Taxes” pledged by the District to the Improvement Area No. 17A Bonds (and any related Local Obligation Parity Bonds) is defined in the Improvement Area No. 17A Indenture as “Gross Special Taxes” minus amounts set aside to pay Priority Administrative Expenses.

“Gross Special Taxes” is defined in the Improvement Area No. 17A Indenture as the amount of all Special Taxes received by the District for Improvement Area No. 17A, 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 a result of the foreclosure of the lien of the Special Taxes resulting from the delinquency in the payment of such Special Taxes due and payable on such property.

“Priority Administrative Expenses” are annual Administrative Expenses of the District payable from Gross Special Taxes from Improvement Area No. 17A, which expenses total up to \$30,000 for Improvement Area No. 17A in each Fiscal Year.

The District may, in its sole discretion, fund additional Administrative Expenses for Improvement Area No. 17A, without limitation, from Special Taxes collected within Improvement Area No. 17A not otherwise required to be transferred to the District Trustee and from moneys held in the Administrative Expense Fund held under the Improvement Area No. 17A Indenture.

The District covenants in the Improvement Area No. 17A Indenture that it will receive all Net Special Taxes in trust for the Owners of the Improvement Area No. 17A Bonds, and will instruct the Treasurer to deposit Net Special Taxes for Improvement Area No. 17A with the District Trustee as required by the Improvement Area No. 17A Indenture, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by the Improvement Area No. 17A Indenture.

Except for the portion of any prepayment of Special Taxes to be deposited into the Redemption Account established under the Improvement Area No. 17A Indenture, the District Trustee under the Improvement Area No. 17A Indenture will, on each date on which the Special Taxes of Improvement Area No. 17A 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 Improvement Area No. 17A Bonds. The District Trustee will transfer such Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Improvement Area No. 17A Indenture, in the following order of priority, to:

- (1) The Administrative Expense Fund;

- (2) The Interest Account of the Special Tax Fund;
- (3) The Principal Account of the Special Tax Fund;
- (4) The Authority for deposit in the Reserve Account as necessary to increase the amount therein to the District's Proportionate Share of the Reserve Requirement and to such reserve accounts for Local Obligation Parity Bonds to replenish the amounts therein to the applicable reserve requirements;
- (5) The Redemption Account of the Special Tax Fund; and
- (6) The District Surplus Fund.

The Improvement Area No. 17A Indenture creates and establishes to be maintained by the District Trustee a Surplus Fund. As soon as practicable after each September 1, and in any event prior to each October 1, the District Trustee will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year. The amounts in the Surplus Fund are not pledged to the repayment of the Improvement Area No. 17A Bonds or any related Local Obligation Parity Bonds and may be used by the District for any lawful purpose.

#### **Improvement Area No. 19C Indenture**

Under the Improvement Area No. 19C Indenture, "Net Taxes" (and referred to herein as the "Net Special Taxes") pledged by the District to the Improvement Area No. 19C Bonds is defined in the Improvement Area No. 19C Indenture as the "Gross Taxes" (referred to herein as the "Gross Special Taxes") minus Priority Administrative Expenses. Administrative Expenses are estimated not to exceed \$30,000 for Improvement Area No. 19C each Fiscal Year.

"Gross Special Taxes" is defined in the Improvement Area No. 19C Indenture as the amount of Special Taxes for Improvement Area No. 19C and proceeds from the sale of property collected pursuant to the foreclosure provisions of the Improvement Area No. 19C Indenture for the delinquency of such Special Taxes and proceeds from any security for payment of Special Taxes for Improvement Area No. 19C taken in lieu of foreclosure.

At such time as the County Auditor-Controller of the County makes an apportionment of tax revenues, including Special Taxes of Improvement Area No. 19C and other amounts constituting Gross Special Taxes, if any, and such apportionment is transferred to the District Trustee on behalf of the District for Improvement Area No. 19C (any such apportionment being hereinafter referred to as an "Apportionment"), the Trustee shall deposit such Apportionment and any other amounts constituting Gross Taxes in the Special Tax Fund for Improvement Area No. 19C, to be held in trust by the District Trustee and transferred and deposited into the following respective accounts and Funds 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 Special Taxes for Improvement Area No. 19C 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:

- (1) The Administrative Expenses Fund;
- (2) The Interest Account of the Bond Fund;
- (3) The Principal Account of the Bond Fund;



- (4) The Sinking Account of the Bond Fund;
- (5) The applicable Reserve Account of the Bond Fund and to any other reserve fund or account established in connection with or allocated to the Improvement Area No. 19C Bonds (including the Reserve Fund established under the Indenture;
- (6) The Rebate Fund; and
- (7) The Residual Fund.

### **Improvement Area No. 20**

Under the Improvement Area No. 20 Indenture, the “Net Special Taxes” pledged by the District to the Improvement Area No. 20 Bonds (and any related Local Obligation Parity Bonds) is defined in the Improvement Area No. 20 Indenture as “Gross Special Taxes” minus amounts set aside to pay Priority Administrative Expenses.

“Gross Special Taxes” is defined in the Improvement Area No. 20 Indenture as the amount of all Special Taxes received by the District for Improvement Area No. 20, 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 a result of the foreclosure of the lien of the Special Taxes resulting from the delinquency in the payment of such Special Taxes due and payable on such property.

“Priority Administrative Expenses” are annual Administrative Expenses of the District payable from Gross Special Taxes from Improvement Area No. 20, which expenses total up to \$30,000 for Improvement Area No. 20 in each Fiscal Year.

The District may, in its sole discretion, fund additional Administrative Expenses for Improvement Area No. 20, without limitation, from Special Taxes collected within Improvement Area No. 20 not otherwise required to be transferred to the District Trustee and from moneys held in the Administrative Expense Fund held under the Improvement Area No. 20 Indenture.

The District covenants in the Improvement Area No. 20 Indenture that it will receive all Net Special Taxes in trust for the Owners of the Improvement Area No. 20 Bonds, and will instruct the Treasurer to deposit Net Special Taxes for Improvement Area No. 20 with the District Trustee as required by the Improvement Area No. 20 Indenture, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by the Improvement Area No. 20 Indenture.

Except for the portion of any prepayment of Special Taxes to be deposited into the Redemption Account established under the Improvement Area No. 20 Indenture, the District Trustee under the Improvement Area No. 20 Indenture will, on each date on which the Special Taxes of Improvement Area No. 20 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 Improvement Area No. 20 Bonds. The District Trustee will transfer such Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Improvement Area No. 20 Indenture, in the following order of priority, to:

- (1) The Administrative Expense Fund;
- (2) The Interest Account of the Special Tax Fund;
- (3) The Principal Account of the Special Tax Fund;

- (4) The Authority for deposit in the Reserve Account as necessary to increase the amount therein to the District's Proportionate Share of the Reserve Requirement and to such reserve accounts for Local Obligation Parity Bonds to replenish the amounts therein to the applicable reserve requirements;
- (5) The Redemption Account of the Special Tax Fund; and
- (6) The District Surplus Fund.

The Improvement Area No. 20 Indenture creates and establishes to be maintained by the District Trustee a Surplus Fund. As soon as practicable after each September 1, and in any event prior to each October 1, the District Trustee will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing that certain amounts be retained in the Special Tax Fund because the District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year. The amounts in the Surplus Fund are not pledged to the repayment of the Improvement Area No. 20 Bonds or any related Local Obligation Parity Bonds and may be used by the District for any lawful purpose.

### **Local Obligation Parity Bonds**

Each Local Obligation Bond Indenture authorizes the District to issue additional 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 Bond. Local Obligations shall only be refunded if a corresponding amount of Bonds is refunded. For a description of the conditions established in each Local Obligation Bond Indenture for the issuance of Local Obligation Parity Bonds, see Appendix B — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

### **Priority of Lien**

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

### **Covenants of the District**

In each Local Obligation Bond Indenture, the District covenants as follows, among other things:

***Punctual Payment.*** It will duly and punctually pay or cause to be paid the principal of and interest on each related Local Obligation (and any related Local Obligation Parity Bond) issued under its Local Obligation Bond Indenture, together with the premium, if any to the extent that Net Special Taxes and other amounts pledged under the Local Obligation Bond Indenture are available therefor.

***Against Encumbrance.*** It will not mortgage or otherwise encumber, pledge or place any charge upon any of the Net Special Taxes except as provided in the related Local Obligation Bond 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 related Local Obligations (other than related Local Obligation Parity Bonds). Nothing in the Local Obligation Bond Indenture prevents 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 related Local Obligations and the related Local Obligation Parity Bonds.

*Levy of Special Tax.*

Improvement Area No. 7B Indenture. The City Council, on behalf of the District, will, levy the Special Tax in Improvement Area No. 7B in an amount sufficient to pay the principal or Accreted Value of and interest on the Improvement Area No. 7B Bonds and any related Local Obligation Parity Bonds as provided in the proceedings and the Administrative Expenses relating to Improvement Area No. 7B due or coming due, plus the amount, if any, necessary to replenish the Reserve Account to an amount equal to the Reserve Requirement allocated to Improvement Area No. 7B, if any, and to pay all Policy Costs and any other amounts owed the Insurer under the Insurance Policy pursuant to the Indenture, to the extent such amounts are owed as a result of payments made under the Insurance Policy resulting from a default on the Improvement Area No. 7B 2021 Bonds, so long as any Improvement Area No. 7B Bonds and any related Local Obligation Parity Bonds are Outstanding; provided, that the amount of the Special Tax will not exceed the maximum amounts specified in the Rate and Method for Improvement Area No. 7B Bonds.

Improvement Area No. 7C Indenture. So long as any Improvement Area No. 7C 2021 Bonds or related Local Obligation Parity Bonds are Outstanding, the legislative body of the District will levy the related Special Tax in Improvement Area No. 7C (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 the principal of and interest on such Improvement Area No. 7C 2021 Bonds and any such related Local Obligation Parity Bonds when due, the Administrative Expenses and any amounts required to replenish such District's allocable share of the Reserve Requirement for Improvement Area No. 7C and to pay all Policy Costs and any other amounts owed the Insurer under the Insurance Policy pursuant to the Indenture, to the extent such amounts are owed as a result of payments made under the Insurance Policy resulting from a default on the Improvement Area No. 7C 2021 Bonds. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy for Improvement Area No. 7C or the District's authority to levy the Special Tax for so long as the Improvement Area No. 7C 2021 Bonds and any related Local Obligation Parity Bonds are outstanding.

Improvement Area No. 17A Indenture. So long as any Improvement Area No. 17A 2021 Bonds or related Local Obligation Parity Bonds are Outstanding, the legislative body of the District will levy the related Special Tax in Improvement Area No. 17A (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 the principal of and interest on such Improvement Area No. 17A 2021 Bonds and any such related Local Obligation Parity Bonds when due, the Administrative Expenses and any amounts required to replenish such District's allocable share of the Reserve Requirement for Improvement Area No. 17A and to pay all Policy Costs and any other amounts owed the Insurer under the Insurance Policy pursuant to the Indenture, to the extent such amounts are owed as a result of payments made under the Insurance Policy resulting from a default on the Improvement Area No. 17A 2021 Bonds. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy for Improvement Area No. 17A or the District's authority to levy the Special Tax for so long as the Improvement Area No. 17A 2021 Bonds and any related Local Obligation Parity Bonds are outstanding.

Improvement Area No. 19C Indenture. The City Council, on behalf of the District, will, levy the Special Tax in Improvement Area No. 19C in an amount sufficient to pay the principal or Accreted Value of and interest on the Improvement Area No. 19C Bonds and any related Local Obligation Parity Bonds as provided in the proceedings and the Administrative Expenses relating to Improvement Area No. 19C due or coming due, plus the amount, if any, necessary to replenish the Reserve Account to an amount equal to the Reserve Requirement allocated to Improvement Area No. 19C, if any, and to pay all Policy Costs and any other amounts owed the Insurer under the Insurance Policy pursuant to the Indenture, to the extent such amounts are owed as a result of payments made under the Insurance Policy resulting from a default on the Improvement Area No. 19C 2021 Bonds, so long as any Improvement Area No. 19C Bonds and any related Local Obligation Parity Bonds are Outstanding; provided, that the amount of the Special Tax will not exceed the maximum amounts specified in the Rate and Method for Improvement Area No. 19C Bonds.

Improvement Area No. 20 Indenture. So long as any Improvement Area No. 20 2021 Bonds or related Local Obligation Parity Bonds are Outstanding, the legislative body of the District will levy the related Special Tax in Improvement Area No. 20 (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 the principal of and interest on such Improvement Area No. 20 2021 Bonds and any such related Local Obligation Parity Bonds when due, the Administrative Expenses and any amounts required to replenish such District's allocable share of the Reserve Requirement for Improvement Area No. 20 and to pay all Policy Costs and any other amounts owed the Insurer under the Insurance Policy pursuant to the Indenture, to the extent such amounts are owed as a result of payments made under the Insurance Policy resulting from a default on the Improvement Area No. 20 2021 Bonds. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy for Improvement Area No. 20 or the District's authority to levy the Special Tax for so long as the Improvement Area No. 20 2021 Bonds and any related Local Obligation Parity Bonds are outstanding.

***Commence Foreclosure Proceedings.***

Improvement Area No. 7B Indenture. The District covenants with and for the benefit of the Owners of the Improvement Area No. 7B Bonds and the landowners of Improvement Area No. 7B securing the Improvement Area No. 7B Bonds that it will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies within Improvement Area No. 7B, if the District determines that any single property owner subject to the Special Tax within Improvement Area No. 7B is delinquent in the payment of Special Taxes in the aggregate of \$2,500 or more or that as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within Improvement Area No. 7B, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) the District will cause judicial foreclosure proceedings to be filed in the superior court within ninety (90) days of such determination against all properties for which the Special Taxes remain delinquent.

Improvement Area No. 7C Indenture. The District covenants for the benefit of the Owners of the Improvement Area No. 7C 2021 Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$2,500 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due, (ii) will commence judicial foreclosure proceedings against all parcels in Improvement Area No. 7C 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, and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District may, but is not obligated to, advance funds from any source of legally available funds in order to maintain any Reserve Account of the Reserve Fund. The District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the applicable Special Tax Fund. See "SPECIAL RISK FACTORS — Special Tax Delinquencies" herein for a discussion of the City's current foreclosure proceedings.

The District covenants that it will deposit the net proceeds of any foreclosure into the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Improvement Area No. 7C 2021 Bonds and any related Local Obligation Parity Bonds, to bring the amount on deposit in the Improvement Area No. 7C Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Improvement Area No. 7C 2021 Bonds and any related Local Obligation Parity Bonds

Improvement Area No. 17A Indenture. The District covenants for the benefit of the Owners of the Improvement Area No. 17A 2021 Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$2,500 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due, (ii) will commence judicial foreclosure proceedings against all parcels in Improvement Area No. 17A 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, and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District may, but is not obligated to, advance funds from any source of legally available funds in order to maintain any Reserve Account of the Reserve Fund. The District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the applicable Special Tax Fund. See “SPECIAL RISK FACTORS — Special Tax Delinquencies” herein for a discussion of the City’s current foreclosure proceedings.

The District covenants that it will deposit the net proceeds of any foreclosure to the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Improvement Area No. 17A 2021 Bonds and any related Local Obligation Parity Bonds, to bring the amount on deposit in the Improvement Area No. 17A Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Improvement Area No. 17A 2021 Bonds and any related Local Obligation Parity Bonds

Improvement Area No. 19C Indenture. The District covenants with and for the benefit of the Owners of the Improvement Area No. 19C Bonds and the landowners of Improvement Area No. 19C securing the Improvement Area No. 19C Bonds that it will review the public records of the County of Riverside, California, in connection with the collection of the Special Tax not later than July 1 of each year to determine the amount of Special Tax collected in the prior Fiscal Year; and with respect to individual delinquencies within Improvement Area No. 19C, if the District determines that any single property owner subject to the Special Tax within Improvement Area No. 19C is delinquent in the payment of Special Taxes in the aggregate of \$2,500 or more or that as to any single parcel the delinquent Special Taxes represent more than 5% of the aggregate Special Taxes within Improvement Area No. 19C, then the District will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereat) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) the District will cause judicial foreclosure proceedings to be filed in the superior court within ninety (90) days of such determination against all properties for which the Special Taxes remain delinquent.

Improvement Area No. 20 Indenture. The District covenants for the benefit of the Owners of the Improvement Area No. 20 2021 Bonds that it (i) will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes in excess of \$2,500 by the October 1 following the close of each Fiscal Year in which such Special Taxes were due, (ii) will commence judicial foreclosure proceedings against all parcels in Improvement Area No. 20 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, and (iii) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The District may, but is not obligated to, advance funds from any source of legally available funds in order to maintain any Reserve Account of the Reserve Fund. The District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the City for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the applicable Special Tax Fund. See “SPECIAL RISK FACTORS — Special Tax Delinquencies” herein for a discussion of the City’s current foreclosure proceedings.

The District covenants that it will deposit the net proceeds of any foreclosure to the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Improvement Area No. 20 2021 Bonds and any related Local Obligation Parity Bonds, to bring the amount on deposit in the Improvement Area No. 20 Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Improvement Area No. 20 2021 Bonds and any related Local Obligation Parity Bonds

***Reduction of Maximum Special Taxes.*** The District will find and determine under each Local Obligation Bond Indenture that, historically, delinquencies in the payment of special taxes authorized pursuant to the Mello-Roos 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 shall determine under each Local Obligation Bond Indenture that a reduction in the maximum Special Tax rates authorized to be levied on parcels in the applicable Improvement Area below the levels provided under the Local Obligation Bond Indenture would interfere with the timely retirement of the Local Obligations and Parity Local Obligations. The District will determine it to be necessary in order to preserve the security for the Local Obligations and Parity Local Obligations to covenant, and, to the maximum extent that the law permits it to do so, the District does covenant, that it will not initiate proceedings to reduce the maximum Special Tax rates in each Improvement Area, 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 applicable Improvement Area as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing taxable property in each Bond Year for any Local Obligations and Parity Local Obligations Outstanding will equal at least the sum of Administrative Expenses for such Bond Year (which is \$20,000 for Improvement Area No. 7B and \$30,000 each for the other Improvement Areas) plus 110% of the gross debt service in such 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 Parity Local Obligations, and (iii) the District is not delinquent in the payment of the principal of or interest on the Local Obligations or any Parity Local Obligations.

### **Special Taxes Are Not Within Teeter Plan**

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

## **THE DISTRICT**

The District was formed by the City on August 11, 1993, and its improvement areas are located throughout the City.

## **THE IMPROVEMENT AREAS**

### **The Improvement Areas in the Aggregate**

***Introduction.*** Set forth under this caption is certain information describing the Improvement Areas in the aggregate and separate sections on each of them. Although the Authority believes the information with respect to the Improvement Areas, 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 each Improvement Area are taxed according to the applicable Rate and Method, and the applicable Special Taxes may only be applied to pay the debt service on the Local Obligations related to the Improvement Area in which such Special Taxes are levied and not on the debt service of any other Local Obligations.

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

***Property Values & Development Status.*** The most recent aggregate assessed value reported by the County Assessor for the property in the Improvement Areas subject to the Special Taxes for the Fiscal Year 2020-21 was \$597,686,057. Each of the Improvement Areas is built-out, with a total of 1,813 single family residences subject to the Special Taxes, though the Special Taxes recorded against 11 parcels within Improvement Area No. 7B have been partially prepaid.

***Value-To-Lien Ratios.*** The aggregate assessed value of all of the taxable property in the Improvement Areas, as established by the County Assessor for Fiscal Year 2020-21, was \$597,686,057. The aggregate principal amount of the Local Obligations is \$18,880,000\*. The following tables set forth the aggregate assessed value-to-lien ratios of all the taxable property in the Improvement Areas based on Fiscal Year 2020-21 assessed values of the Improvement Areas and the total direct and overlapping land-secured debt allocable to the Improvement Areas, including the Local Obligations.

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\* *Preliminary, subject to change*

**TABLE 3**

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY  
VALUE-TO-LIEN STRATIFICATION BASED ON  
ASSESSED VALUE OF THE IMPROVEMENT AREAS IN THE AGGREGATE\***

<i>Assessed Value-to-Lien<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy</i>	<i>Percent of Projected Fiscal Year 2021-22 Levy</i>	<i>Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2020-21 Assessed Value</i>	<i>Percent of Fiscal Year 2020-21 Assessed Value</i>	<i>Allocation of 2021 Series Proposed Debt</i>	<i>Parity Bonds<sup>(4)</sup></i>	<i>Total Bonds</i>	<i>Aggregate Value-to-Lien Ratio</i>
Less than 5.00:1 <sup>(2)</sup>	4	0.22%	\$ 8,629	0.27%	\$ 13,406	0.29%	\$ 398,741	0.07%	\$ 32,794	\$ 60,555	\$ 93,349	4.27:1
5.00:1 to 9.99:1	104	5.74	245,082	7.75	353,602	7.60	22,001,405	3.68	1,433,134	1,073,049	2,506,183	8.78:1
10.00:1 to 19.99:1	974	53.72	2,165,755	68.48	3,245,438	69.71	321,941,452	53.86	10,228,667	12,061,226	22,289,893	14.44:1
20.00:1 to 29.99:1	405	22.34	604,026	19.10	867,967	18.64	150,423,969	25.17	5,693,527	959,658	6,653,186	22.61:1
30.00:1 to 39.99:1	1	0.06	419	0.01	524	0.01	143,915	0.02	4,537	0	4,537	31.72:1
40.00:1 to 49.99:1	6	0.33	2,872	0.09	3,589	0.08	1,503,081	0.25	31,081	0	31,081	48.36:1
50.00:1 to 59.99:1	64	3.53	28,080	0.89	35,278	0.76	17,098,566	2.86	301,079	3,660	304,739	56.11:1
Greater than 59.99:1 <sup>(3)</sup>	<u>255</u>	<u>14.07</u>	<u>107,913</u>	<u>3.41</u>	<u>135,696</u>	<u>2.91</u>	<u>84,174,928</u>	<u>14.08</u>	<u>1,155,182</u>	<u>16,470</u>	<u>1,171,651</u>	<u>71.84:1</u>
<b>Totals</b>	<b>1813</b>	<b>100.00%</b>	<b>\$ 3,162,777</b>	<b>100.00%</b>	<b>\$ 4,655,500</b>	<b>100.00%</b>	<b>\$ 597,686,057</b>	<b>100.00%</b>	<b>\$18,880,000</b>	<b>\$14,174,618</b>	<b>\$33,054,618</b>	<b>18.08:1</b>

\* Preliminary, subject to change

(1) Assessed value-to-lien based upon the par amount of the Bonds.

(2) Minimum estimated value-to-lien is 4.08:1\*.

(3) Highest estimated value-to-lien is 97.34:1\*.

(4) Consists of the Improvement Area No. 7B 2018 Bonds and the Improvement Area No. 19C Series 2017 Bonds.

Source: Webb Municipal Finance, LLC.



Table 4 sets forth the total number of dwelling units will be levied to pay debt service on the Local Obligations by Bond Year through September 1, 2039, the final maturity of the Bonds.

**TABLE 4**

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY  
THE IMPROVEMENT AREAS IN THE AGGREGATE  
BY BOND YEAR**

<i>Bond Year Ending September 1,</i>	<i>No. of Improvement Areas</i>	<i>Share of Bonds</i>	<i>Dwelling Units</i>	<i>Fiscal Year 2020-21 Assessed Value</i>	<i>Total Overlapping Debt<sup>(1)*</sup></i>	<i>Assessed Value-to-Lien Ratio*</i>
2021	5	100%	1,813	\$597,686,057	\$33,054,618	18.08:1
2022	5	100	1,813	597,686,057	33,054,618	18.08:1
2023	5	100	1,813	597,686,057	33,054,618	18.08:1
2024	5	100	1,813	597,686,057	33,054,618	18.08:1
2025	5	100	1,813	597,686,057	33,054,618	18.08:1
2026	5	100	1,813	597,686,057	33,054,618	18.08:1
2027	5	100	1,813	597,686,057	33,054,618	18.08:1
2028	5	100	1,813	597,686,057	33,054,618	18.08:1
2029	5	100	1,813	597,686,057	33,054,618	18.08:1
2030	5	100	1,813	597,686,057	33,054,618	18.08:1
2031	5	100	1,813	597,686,057	33,054,618	18.08:1
2032	5	100	1,813	597,686,057	33,054,618	18.08:1
2033	5	100	1,813	597,686,057	33,054,618	18.08:1
2034	5	100	1,813	597,686,057	33,054,618	18.08:1
2035	4	57	1,328	433,454,820	24,934,618	17.38:1
2036	3	43	1,222	404,013,699	22,304,618	18.11:1
2037	2	17	554	172,695,003	5,170,000	33.40:1
2038	2	17	554	172,695,003	5,170,000	33.40:1
2039	2	17	554	172,695,003	5,170,000	33.40:1

\* Preliminary, subject to change

<sup>(1)</sup> Includes the Local Obligations and all other outstanding and overlapping land secured debt, which consists of the Improvement Area No. 7B 2018 Bonds and the Improvement Area No. 19C 2017 Bonds.

Source: Webb Municipal Finance, LLC.

TABLE 5

**BEAUMONT PUBLIC IMPROVEMENT AUTHORITY  
IMPROVEMENT AREAS IN THE AGGREGATE  
ASSESSED VALUE-TO-LIEN RATIOS**

<i>Community Facilities District No. 93-1 Improvement Area</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy</i>	<i>Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Fiscal Year 2020-21 Assessed Value</i>	<i>Percent of Fiscal Year 2020-21 Assessed Value</i>	<i>Allocation of Bonds*</i>	<i>Allocation of Parity Bonds</i>	<i>Total Allocation of Outstanding Debt<sup>(1)*</sup></i>	<i>Percent of Debt*</i>	<i>Aggregate Value-to-Lien Ratio*</i>
Improvement Area 7B	236	\$ 298,065	\$ 475,196	\$ 71,950,712	12.04%	\$ 1,635,000	\$ 2,045,000	\$ 3,680,000	11.13%	19.55:1
Improvement Area 7C	318	137,663	172,051	100,744,291	16.86	1,490,000	0	1,490,000	4.51	67.61:1
Improvement Area 17A	485	764,003	1,062,050	164,231,237	27.48	8,120,000	0	8,120,000	24.57	20.23:1
Improvement Area 19C	668	1,708,843	2,618,795	231,318,696	38.70	5,005,000	12,129,618	17,134,618	51.84	13.50:1
Improvement Area 20	106	254,203	327,409	29,441,121	4.93	2,630,000	0	2,630,000	7.96	11.19:1
<b>Total</b>	<b>1813</b>	<b>\$ 3,162,777</b>	<b>\$4,655,500</b>	<b>\$597,686,057</b>	<b>100.00%</b>	<b>\$18,880,000</b>	<b>\$14,174,618</b>	<b>\$33,054,618</b>	<b>100.00%</b>	<b>18.08:1</b>

\* Preliminary, subject to change.

<sup>(1)</sup> Outstanding debt for Improvement Area No. 7B includes the Improvement Area No. 7B 2018 Bonds, and the Improvement Area No. 7B 2021 Bonds. The outstanding debt for Improvement Area No. 19C includes the Improvement Area No. 19C 2017 Bonds, and the Improvement Area No. 19C 2021 Bonds.

Source: Webb Municipal Finance, LLC.

**Average Effective Tax Rates.** The projected average effective tax rate for the parcels within the Improvement Areas ranges from approximately 1.60% to 2.35%.

**Top Taxpayers within the Improvement Areas.** One entity, B&F Commercial Properties, owns 17 parcels within Improvement Area No. 17A and is projected to be responsible for 3.84% of the Fiscal Year 2021-22 Special Tax levy within Improvement Area No. 17A. No other entity owns more than 3 parcels within any one Improvement Area and no single taxpayer is projected to be responsible for more than 0.94% of Fiscal Year 2021-22 Special Taxes within any one Improvement Area. See Appendix A — “INFORMATION REGARDING THE IMPROVEMENT AREAS.”

**Delinquencies.** Special Taxes were levied against 1,813 parcels in the Improvement Areas in Fiscal Year 2020-21. As of May 12, 2021, 37 of the property owners were delinquent in the payment of the Fiscal Year 2020-21 Special Tax levy. For the Special Tax levies, collections and delinquency rates for the last five fiscal years in each of the Improvement Areas see Appendix A — “INFORMATION REGARDING THE IMPROVEMENT AREAS.”

## The Local Obligations

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

**TABLE 6**

**Beaumont Public Improvement Authority  
Summary of the Local Obligations**

<i>District</i>	<i>Maturity Date (September 1)</i>	<i>Principal Amount*</i>
Improvement Area No. 7B	2039	\$ 1,635,000
Improvement Area No. 7C	2039	1,490,000
Improvement Area No. 17A	2034	8,120,000
Improvement Area No. 19C	2036	5,005,000
Improvement Area No. 20	2035	<u>2,630,000</u>
<b>Total</b>		<b>\$ 18,880,000</b>

### SPECIAL RISK FACTORS

The purchase of the Bonds involves significant risks and is not a suitable investment for all investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the Improvement Areas to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Local Obligations which comprise the Revenues available to pay debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the Improvement Areas. See “—Property Values” and “—Limited Secondary Market.”

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\* Preliminary, subject to change

## **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 Improvement Areas, 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 Improvement Areas, 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, floods, drought and windstorms), which may result in uninsured losses; and (iv) adverse changes in local market conditions.

## **COVID-19 (Coronavirus) Pandemic**

The spread of the novel strain of coronavirus called COVID-19 is having significant negative impacts throughout the world, including in the State, the County and the City. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the County, State and the United States. The purposes behind these declarations are to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus. There have been thousands of confirmed cases of COVID-19 in the County, and confirmed cases of COVID-19 are growing throughout the State and health officials are expecting the number of confirmed cases to continue to grow.

The COVID-19 outbreak is ongoing, and the ultimate duration and severity of the outbreak and actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate adverse impact of COVID-19 on the City, the District and homeowners' willingness and ability to pay Special Tax when due, and the real estate market in general is currently unknown, however such impacts could be material and adverse if the pandemic has a lasting impact the economy.

## **Tax Cuts and Jobs Act**

H.R. 1 of the 115th U.S. Congress, known as the "Tax Cuts and Jobs Act," was enacted into law on December 22, 2017 (the "Tax Act"). The Tax Act makes significant changes to many aspects of the Code. For example, the Tax Act reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within the District. However, neither the City nor the District can predict the effect that the Tax Act may have on the cost of home ownership or the price of homes in the District or the ability or willingness of homeowners to pay Special Taxes or property taxes.

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

The Bonds are limited obligations of the Authority payable only from amounts pledged under the Indenture, which consist primarily of payments made to the Trustee on the Local Obligations and the Reserve Fund. Funds for the payment of the principal of and the interest on the Local Obligations are derived only from payments of Special Taxes. The amount of Special Taxes that are collected could be insufficient to pay principal of and interest on the Local Obligations due to non-payment of the Special Taxes levied or due to insufficient proceeds received from a judicial foreclosure sale of land within the Improvement Areas following delinquency. The 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 Improvement Areas to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the District 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 District to make full or timely payments of debt service on the Local Obligations, which may, in turn, result in the depletion of the Reserve Fund and the inability of the Authority to make full or timely payment on the Bonds.

### **No Obligation of the City**

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

### **No Cross-Collateralization Between Improvement Areas**

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

### **Varying Maturities of the Local Obligations**

The Local Obligations mature at different times. Because the Bonds are payable solely from moneys received by the Authority as debt service on the Local Obligations, the credit quality of the Bonds at any one time depends upon the credit quality of the remaining outstanding Local Obligations. Additionally, because certain Local Obligations mature earlier than others, the Bonds remaining outstanding at that time would be payable from Local Obligations secured by fewer Improvement Areas (for example, only Improvement Areas No. 7B and 7C after 2036). See Table 6 for the varying maturities of each issue of Local Obligations. See also "THE IMPROVEMENT AREAS."

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

Property owners within the Improvement Areas 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*."

### **Cybersecurity**

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City is 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 City's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, the City has not experienced an attack on its computer operating systems which resulted in a breach of its cybersecurity systems that are in place. However, no assurances can be given that the City's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City.

## **Property Values**

The value of property within the Improvement Areas 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 Improvement Areas could be sold for the assessed values or minimum market values described herein at a foreclosure sale for delinquent Special Tax installments or for an amount adequate to pay delinquent Special Tax installments.

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

**The actual market value of the property is subject to future events such as downturn in the economy, occurrences of certain acts of nature and the decisions of various governmental agencies as to land use, all of which could adversely impact the value of the land in the Improvement Areas which is the security for the Local Obligations, which secure the Bonds. As discussed herein, many factors could adversely affect property values within the Improvement Areas. See “—COVID-19 (Coronavirus) Pandemic” above.**

## **Natural Disasters**

The land within the Improvement Areas, 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 Improvement Areas. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within the Improvement Areas is not located in an Alquist Priolo Earthquake Study Zone though it is located in close proximity to the San Andreas Fault. The Improvement Areas are not located in a flood plain 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. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. Additionally, wildfires increase the risk of mudslides in areas like the Improvement Areas that are surrounded by hillsides. In general, property damage due to wildfire or mudslides could result in a significant decrease in the market value of property in the Improvement Areas and in the ability or willingness of property owners to pay Special Taxes.

Western Riverside County, in which the Improvement Areas are located, has previously experienced large scale wildfires that resulted in the destruction of homes and businesses. According to the City's Municipal Code, which incorporates portions of the County's Ordinance 787 and the California Fire Code by reference, none of the Improvement Areas are located in a Very High Fire Hazard Severity Zone. More

information regarding Fire Hazard Severity Zones, including the most recent Fire Hazard Severity Zone Maps, can be found at the California Department of Forestry and Fire Protection website at <http://frap.fire.ca.gov/index>, though such website is not incorporated herein by reference. Homeowner's insurance is available to property owners within the Improvement Areas, and the coverage provided by such insurance typically insures against fire damage, although there is no assurance that homeowners within the Improvement Areas will purchase or maintain such insurance.

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 Improvement Areas. 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 Improvement Areas could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

### **Hazardous Substances**

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 District or the City has knowledge of any hazardous substances being located on the property within the Improvement Areas; however, such entities have not conducted any investigation with respect to hazardous substances within the Improvement Areas.

### **Parity Taxes and Special Assessments**

Property within the Improvement Areas 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 IMPROVEMENT AREAS." Neither the Authority, the District nor the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes or assessments payable from all or a portion of the property within the Improvement Areas.

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 District or the City has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the Improvement Areas. In addition, the landowners within the Improvement Areas may, without the consent or knowledge of the Authority, the District or the City, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within the Improvement Areas 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 District has no recourse against the owner of the parcel.

### **Disclosures to Future Purchasers**

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

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

### **Special Tax Delinquencies**

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

See the delinquency tables in Appendix A — “INFORMATION REGARDING THE IMPROVEMENT AREAS” for the delinquency history of each Improvement Area over the last five Fiscal Years.

See “SECURITY FOR THE LOCAL OBLIGATIONS — Covenants of the District — *Commence Foreclosure Proceedings*,” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Local Obligation Bond 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.

The District has the authority and the obligation, subject to the Mello-Roos Act and the maximum Special Tax rates set forth in each Rate and Method, to increase the levy of Special Taxes against non-delinquent property owners in the applicable Improvement Area in the event other owners within such Improvement Area are delinquent. Pursuant to each Rate and Method, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Improvement Area. Thus, the 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.

### **Insufficiency of Special Taxes**

Notwithstanding that the maximum Special Taxes that may be levied in the Improvement Areas 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 of Apportionment of Special Tax governing the levy of the Special Taxes within each Improvement Area 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 an Improvement Area 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 Improvement Area. This could result in certain owners of property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Mello-Roos Act provides that, if any property within an Improvement Area not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Mello-Roos Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Mello-Roos Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within an Improvement Area became owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the related Local Obligations when due, or if a substantial portion of land within an Improvement Area became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Taxes which could be levied upon the remaining taxable property therein might not be sufficient to pay principal of and interest on the related Local Obligations when due, and in either case a default could occur with respect to the payment of such principal and interest, and, in turn, a default could occur in the payment of the principal and interest on the Bonds.

Moreover, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued within an Improvement Area be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within such Improvement Area. Thus, the District may not be able to increase Special Tax levies in an

Improvement Area in future fiscal years by enough to make up for delinquencies within such Improvement Area for prior fiscal years. This may result in draws on the Reserve Fund, and if delinquencies continue and in the aggregate exceed the Reserve Fund balance, defaults would occur in the payment of principal and interest on the Bonds. See “SECURITY FOR THE LOCAL OBLIGATIONS.”

### **Risks Associated with Bond Insurance**

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

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

None of the Authority, the District, the City or the Underwriter has made an independent investigation of the claims-paying ability of the Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is being made by the Authority, the District, the City or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the Bonds, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Bonds, assuming that the Policy is not available to pay principal and interest on the Bonds, and the claims-paying ability of the Insurer through final maturity of the Bonds.

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

### **FDIC/Federal Government Interests in Properties**

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

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

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

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent

taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

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

**FDIC.** In the event that any financial institution making any loan which is secured by real property within the Improvement Areas is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

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

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

### **Bankruptcy and Foreclosure**

In the event of a delinquency in the payment of the Special Taxes, the District, under certain circumstances, is required to commence enforcement proceedings as described under the heading "SECURITY FOR THE LOCAL OBLIGATIONS — Covenants of the District." However, prosecution of such proceedings could be delayed due to crowded local court calendars, dilatory legal tactics, or bankruptcy. It is also possible

that the District will be unable to realize proceeds in an amount sufficient to pay the applicable delinquency. Moreover, the ability of the District to commence and prosecute enforcement proceedings may be limited by bankruptcy, insolvency and other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940) and by the laws of the State relating to judicial and non-judicial foreclosure. Although bankruptcy proceedings would not cause the liens of the Special Taxes to become extinguished, the amount and priority of any Special Tax liens could be modified if the value of the property falls below the value of the lien. If the value of the property is less than the lien, such excess amount could be treated as an unsecured claim by the bankruptcy court. In addition, bankruptcy of a property owner could result in a delay in the enforcement proceedings because federal bankruptcy laws provide for an automatic stay of foreclosure and tax sale proceedings. Any such delay could increase the likelihood of delay or default in payment of the principal of and interest on the Local Obligations, and the possibility of delinquent tax installments not being paid in full. The various legal opinions delivered in connection with the issuance of the Bonds, including Bond Counsel's approving legal opinion, are qualified as to the enforceability of the Bonds, the Indenture, the Local Obligations and the Local Obligation Bond Indentures by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public corporations such as the District.

### **Funds Invested in the County Investment Pool**

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

### **No Acceleration Provision**

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture. Pursuant to the Indenture, an Owner of the Bonds is given the right for the equal benefit and protection of all owners similarly situated to pursue certain remedies described in Appendix B — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — SUMMARY OF AUTHORITY INDENTURE — EVENTS OF DEFAULT AND REMEDIES."

### **Limitations on Remedies**

Remedies available to the Owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds.

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.

## **Limited Secondary Market**

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

## **Proposition 218**

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

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

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

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

It may be possible, however, for voters or the City Council of the City, acting as the legislative body of the District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the 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, the District will covenant in each Local Obligation Bond Indenture that it will not initiate proceedings under the Mello-Roos Act to reduce the maximum Special Tax rates in an Improvement Area below an amount equal to 110% of the debt service plus

Administrative Expenses for the Local Obligations of such Improvement Area in each Bond Year. The District also will covenant in each Local Obligation Bond Indenture executed by it that, in the event an initiative is adopted which purports to alter the Rate and Method of Apportionment of Special Tax for its Improvement Areas, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

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 Mello-Roos 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 Mello-Roos 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 Improvement Areas had less than 12 registered voters within each Improvement Area 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 Mello-Roos 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 Improvement Areas. Moreover, Section 53341 of the Mello-Roos 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 Mello-Roos Act provides that any action to determine the validity of bonds issued pursuant to the Mello-Roos Act be brought within 30 days of the voters approving the issuance of such bonds. Voters within the Improvement Areas approved the Special Tax and the issuance of bonds years ago, and bonds issued on behalf of the Improvement Areas secured by the Special Taxes have been issued years ago. Based on Sections 53341 and 53359 of the Mello-Roos Act and analysis of existing laws, regulations, rulings and court decisions, Bond Counsel is of the opinion that no successful challenge to the Special Tax being levied in accordance with the Rate and Methods 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.”

## **Ballot Initiatives**

Articles XIII A, XIII B, XIII C and XIII D, all of which placed certain limitations on the power of local agencies to tax, collect and expend revenues, were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation

enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, or the District to increase revenues or to increase appropriations or on the ability of the landowners within the Improvement Areas to complete proposed future development.

## **LEGAL MATTERS**

### **State and Federal Investigations and Criminal Charges Involving Former City Officials**

On April 22, 2015, the Federal Bureau of Investigation and the Riverside County District Attorney's Office served search warrants on Beaumont City Hall and two other locations. The search warrants and the subsequent investigation resulted in charges for corruption and embezzlement being brought against seven (7) former City officials: former City Manager Alan Kapanicas, former Economic Development Director David Dillon, former City Planner Ernest Egger, former Finance Director William Aylward, former Police Chief Francis Dennis Coe Jr., former Public Works Director Deepak Moorjani and former City Attorney Joseph Sandy Aklufi. Six (6) of these former City officials have pled guilty to date with several of them having agreed to pay restitution in connection with their plea arrangements. City Attorney Joseph Sandy Aklufi pleaded not guilty and his trial has not yet commenced. All of the former officials either resigned or were terminated by 2015.

In addition to the SEC Order described under the caption "INTRODUCTION- SEC Order" and attached as Appendix I, in August 2017, the SEC entered into settlements with former City Manager Alan Kapanicas, the BFA's former underwriter, O'Connor & Company Securities, Inc., and former investment banker Anthony Wetherbee in connection with the BFA's failure to meet its annual continuing disclosure obligations from 2003 to 2013. In consenting to the SEC settlement without admitting or denying the findings, Mr. Kapanicas agreed to be barred from participating in any future municipal offerings and pay a penalty of \$37,500. Additionally, in consenting to the SEC settlement without admitting or denying the findings, O'Connor & Company Securities, Inc., agreed to comply with a number of undertakings and pay a \$150,000 penalty, and Mr. Wetherbee agreed to serve a suspension from the securities industry for six (6) months and pay a \$15,000 penalty.

On May 11, 2017, the Riverside County District Attorney on behalf of the Criminal Grand Jury of the County of Riverside filed an indictment against former Beaumont City Councilmember Mark Orozco accusing him of ten (10) felony counts, including attempting to solicit a bribe from Pardee Homes. On September 28, 2017, Mr. Orozco pleaded guilty to one (1) felony count of bribery and one (1) felony count of perjury. Mr. Orozco resigned from the City Council on October 24, 2017, and agreed not to seek another public office.

### **State Controller Investigation**

In May 2015, the State Controller began an investigation into the City's internal accounting controls. In November 2015, the State Controller published its report that included a determination that 75 of the 79 internal control elements evaluated were found to be inadequate. In response, the City immediately took action to address the concerns of the State Controller, and the City has revised its internal control practices to align with the State Controller's recommendations. As a result of issuing its audit for Fiscal Year 2016-17, the City is in compliance with all 79 internal control elements.

### **Tax Matters**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, interest with respect to the Bonds is exempt from State of California personal income tax. Interest on the Bonds is not excluded from gross income for federal income tax purposes.

In the event of a legal defeasance of a Bond, such Bond might be treated as retired and “reissued” for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Beneficial Owner generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance and the Beneficial Owner’s adjusted tax basis in such Bond.

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

### **Absence of Litigation**

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

### **Legal Opinion**

Certain proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel for the Authority in connection with the issuance of the Bonds. The opinion of Bond Counsel approving the validity of the Bonds substantially in the form attached as Appendix E hereto will be attached to each Bond. Bond Counsel’s employment is limited to a review of legal procedures required for the approval of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from State 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 has assigned the rating of “\_\_” to the Bonds based upon the delivery of the Policy by the Insurer at the time of issuance of the Bonds. See “BOND INSURANCE” herein.

In addition, S&P has assigned its underlying rating of “\_\_” to the Bonds, independent of the delivery of the Policy. There is no assurance that any credit rating given to the Bonds will be maintained for any period of time or that the 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 rating may have an adverse effect on the market price of the Bonds. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the City, the Authority or the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.



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

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

### **Verification of Mathematical Accuracy**

Causey, Demgen & Moore, P.C., 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, and interest requirements of the Prior Improvement Area Bonds and the Prior Authority Bonds.

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

### **Underwriting**

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), at a purchase price of \$ \_\_\_\_\_ (representing the par amount of the Bonds, less underwriter’s discount of \$ \_\_\_\_\_).

The purchase agreement relating to the Bonds among the Authority, the District 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.

### **Continuing Disclosure**

The Authority will execute a continuing disclosure agreement by and between the Authority and Webb Municipal Finance, LLC, as Dissemination Agent, in the form attached hereto as Appendix F for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Authority and the Improvement Areas (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events (the “Listed Events”). The Annual Report will be filed by the Dissemination Agent with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board (“EMMA”) and notices of Listed Events will be filed by the Dissemination Agent with EMMA. The specific nature of the information to be included in the Annual Reports and the notices of Listed Events is set forth in Appendix F — “FORM OF DISTRICT CONTINUING DISCLOSURE AGREEMENT.”

The Continuing Disclosure Agreement will be executed and delivered by the Authority in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the “Rule”). The Annual Reports are to be filed by the Authority no later than the April 1 after the end of the Authority’s fiscal year, which is currently June 30. The first Annual Report will be due April 1, 2022.

The City Council of the City serves as the governing board of the Authority and all of the City’s community facilities districts. In connection with the SEC Order, the BFA conducted a review of noncompliance with all existing continuing disclosure undertakings of the District with respect to bonds issued by the BFA. See the caption “INTRODUCTION — SEC Order.” The BFA identified omissions and deficiencies in prior continuing disclosure filings for Fiscal Years 2003 through 2017. Such omissions and deficiencies included the late filing of annual reports, the late filing of or failure to file the City’s audited financial statements, the failure to file completed information on the status of facilities being constructed with bond proceeds, and information concerning the certificates of occupancy and certificates of final inspection. Such omissions and deficiencies also included the failure to report certain information concerning the special tax delinquency data and reserve fund balances, cash flow management fund balances, rate stabilization fund balances, improvement fund balances, residual fund balances, special escrow fund balances, the aggregate number of building permits issued and statements of the reserve requirement, cash flow management fund requirement and rate stabilization fund requirement.

The BFA has caused the District to make corrective filings for Fiscal Years 2014 through 2018 with EMMA, including the filing of audited and unaudited financial statements for Fiscal Years 2014 through 2018, supplements to certain prior continuing disclosure annual reports and notices of the failure to file certain continuing disclosure annual reports and audited financial statements.

In connection with the issuance of the Bonds, the City conducted a review of compliance with its continuing disclosure undertakings. With respect to the Authority’s Wastewater Revenue Bonds, Series 2018A, certain information required to be updated was not included in the annual report for Fiscal Year 2019. The Authority filed a supplemental report on July 13, 2020 to include such information.

It should be noted that the Authority is required to file certain financial statements with the Annual Reports. This requirement has been included in the Continuing Disclosure Agreement solely to satisfy the provisions of the Rule. The inclusion of this information does not mean that the Bonds are secured by any resources or property of the Authority other than as described hereinabove. See “SECURITY FOR THE BONDS,” “SECURITY FOR THE LOCAL OBLIGATIONS” and “SPECIAL RISK FACTORS.” It should also be noted that the list of significant events which the Authority has agreed to report includes three items which have absolutely no application whatsoever to the Bonds. These items have been included in the list solely to satisfy the requirements of the Rule. Thus, any implication from the inclusion of these items in the list to the contrary notwithstanding, there are no credit or liquidity providers with respect to the Bonds.

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

### **Additional Information**

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

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

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

BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

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

**APPENDIX A**

**INFORMATION REGARDING THE IMPROVEMENT AREAS**

**Improvement Area No. 7B**

**Location and Description.** Improvement Area No. 7B was formed by the City on April 5, 2005 and is located in the southeast portion of the City, south of the I-10 freeway and west of Highland Springs Boulevard. Improvement Area No. 7B consists of 236 individually owned detached single family residences subject to the special tax. The Special Tax obligation for 11 of the 236 homes has been partially prepaid. All 236 taxable parcels are owned by individual homeowners. All 236 taxable parcels will be classified as Developed Property for the Fiscal Year 2021-22 Special Tax levy.

**Assigned Special Taxes.** Table A-1 below sets forth the Special Taxes that are projected to be levied on taxable property within Improvement Area No. 7B in Fiscal Year 2021-22. The Special Taxes in Improvement Area No. 7B may not be levied after Fiscal Year 2049-50. The final maturity of the Improvement Area No. 7B 2021 Bonds is September 1, 2039.

**TABLE A-1**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7B  
OF THE CITY OF BEAUMONT  
ASSIGNED SPECIAL TAXES**

<i>Land Use</i>	<i>Tax Class</i>	<i>Building Square Footage</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2021-22 Assigned Special Tax Per Parcel</i>	<i>Fiscal Year 2021-22 Projected Special Tax Per Parcel<sup>(1)*</sup></i>	<i>Total Projected Fiscal Year 2021-22 Special Tax Levy<sup>(1)*</sup></i>	<i>Percent of Total</i>
Residential	D2	Less than 1,700 sq. ft.	69	\$1,678	\$1,053	\$ 72,637	24.37%
Residential	D2 PP <sup>(2)</sup>	Less than 1,700 sq. ft.	11	425	267	2,934	0.98
Residential	D3	1,700 sq. ft. to 1,999 sq. ft.	69	1,895	1,189	82,015	27.52
Residential	D4	2,000 sq. ft. to 2,125 sq. ft.	15	2,149	1,348	20,223	6.78
Residential	D5	2,126 sq. ft. to 2,399 sq. ft.	20	2,322	1,456	29,125	9.77
Residential	D6	Greater than 2,399 sq. ft.	<u>52</u>	2,794	1,753	<u>91,132</u>	<u>30.57</u>
<b>Totals</b>			<b>236</b>			<b>\$298,065</b>	<b>100.00%</b>

\* Preliminary, subject to change

<sup>(1)</sup> Assumes annual Administrative Expenses in the amount of \$20,000.

<sup>(2)</sup> 11 parcels within Tax Class D2 were partially prepaid by the developer.

Source: Webb Municipal Finance, LLC.

For the complete text of the Improvement Area No. 7B Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE IMPROVEMENT AREAS.”

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property (236 taxable parcels) in Improvement Area No. 7B, as established by the County Assessor for Fiscal Year 2020-21, which totals \$71,950,712.

Improvement Area No. 7B is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and

assessments that may be levied upon the property within Improvement Area No. 7B is shown in Table A-2 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within Improvement Area No. 7B; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within Improvement Area No. 7B, based on the Fiscal Year 2020-21 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within Improvement Area No. 7B, and assuming that the Improvement Area No. 7B 2021 Bonds have been issued to refund the Prior Improvement Area No. 7B Bonds, equals approximately 19.55-to-1\*. This ratio does not include other overlapping debt within Improvement Area No. 7B, including the Improvement Area No. 7B 2018 Bonds. Taking that direct and overlapping debt into account, the ratio of the aggregate assessed value of the Taxable Property within Improvement Area No. 7B to the total principal amount of all direct and overlapping debt (including general obligation bonded debt) for Improvement Area No. 7B is approximately 12.76-to-1\*.

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\* *Preliminary, subject to change*

**TABLE A-2**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7B  
OF THE CITY OF BEAUMONT  
DIRECT AND OVERLAPPING DEBT**

**I. ASSESSED VALUE**

Fiscal Year 2020-21 Assessed Valuation<sup>(1)</sup> \$ 71,950,712

**II. LAND SECURED BOND INDEBTEDNESS**

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding<sup>(2)</sup></i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 7B	CFD	236	\$ 4,285,000	\$ 3,680,000 <sup>(2)</sup>	100.00%	\$ 3,680,000*
<b>TOTAL OUTSTANDING LAND SECURED BONDED DEBT<sup>(3)</sup></b>						<b>\$ 3,680,000*</b>

<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued<sup>(4)</sup></i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 7B	CFD	236	\$ 25,000,000	\$ 0	100.00%	\$ 0
<b>TOTAL UNISSUED LAND SECURED INDEBTEDNESS<sup>(4)</sup></b>						<b>\$ 0</b>

**TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS \$ 3,680,000\***

**III. GENERAL OBLIGATION BOND INDEBTEDNESS**

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable<sup>(5)</sup></i>	<i>Amount Applicable</i>
Beaumont Unified School B&I (0.074380%)	GO	236	\$ 102,948,583	\$ 90,172,486	1.139068%	\$ 1,027,126
MT San Jacinto Comm (0.01320%)	GO	236	190,000,000	157,750,000	0.070438	111,116
San Gorgonio Memorial Healthcare District (0.06990%)	GO	236	108,000,000	102,730,000	0.799099	820,914
San Gorgonio Pass Water Agency (0.17750%)	GO	236	0	0	0.740409	0
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT</b>						<b>\$ 1,959,156</b>

<i>Authorized and Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable<sup>(5)</sup></i>	<i>Amount Applicable</i>
Beaumont Unified School B&I (0.074380%)	GO	236	\$ 141,000,000	\$ 61,641,417	1.139068%	\$ 702,138
MT San Jacinto Comm (0.01320%)	GO	236	295,000,000	105,000,000	0.070438	73,960
San Gorgonio Memorial Healthcare District (0.06990%)	GO	236	108,000,000	0	0.799099	0
San Gorgonio Pass Water Agency (0.17750%)	GO	236	0	0	0.740409	0
<b>TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS<sup>(3)</sup></b>						<b>\$ 776,098</b>

**TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS \$ 2,735,254**

**TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT \$ 5,639,156\***  
**TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS \$ 6,415,254\***

**IV. Ratios to 2020-21 Assessed Valuation**

Outstanding Land Secured Bonded Debt	19.55:1*
Total Outstanding Bonded Debt	12.76:1*

\* Preliminary, subject to change

(1) Fiscal Year 2020-21 Assessed Valuation data as of January 1, 2020, Riverside County Assessor's Office.

(2) Amount outstanding is equal to the outstanding principal amounts of the Improvement Area No. 7B 2021 Bonds, based on the principal amount of the Improvement Area No. 7B 2021 Bonds.

(3) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2020-21.

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

(5) Percentage applicable determined by Fiscal Year 2020-21 Equalized Roll Assessed Value information.

Source: Webb Municipal Finance, LLC.

***Value-to-Lien.*** Construction of homes has been completed on all 236 taxable parcels within Improvement Area No. 7B and all homes have been transferred to individual homeowners. Eleven parcels have partially prepaid their Special Tax obligation. Table A-3 below allocates the Special Tax lien and share of the Improvement Area No. 7B 2021 Bonds by owner based on the projected Fiscal Year 2021-22 Special Tax levy.

Table A-4 below sets forth the stratification of value-to-liens of the developed parcels within Improvement Area No. 7B based on Fiscal Year 2020-21 assessed value and each parcel's respective share of the principal amount of the Improvement Area No. 7B 2021 Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2021-22) and the ratio of the assessed value to its share of the Improvement Area No. 7B 2021 Bonds. The ratio of the value of an individual lot within Improvement Area No. 7B to its respective share of the principal amount of the Improvement Area No. 7B Bonds can be expected to vary.

**TABLE A-3**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7B  
OF THE CITY OF BEAUMONT  
ESTIMATED VALUE-TO-LIEN RATIOS FOR TOP TEN TAXPAYERS**

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy<sup>(1)</sup></i>	<i>Percent of Projected Fiscal Year 2021-22 Levy</i>	<i>Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2020-21 Assessed Value</i>	<i>Percent of Fiscal Year 2020-21 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 7B 2021 Bonds*</i>	<i>Allocation of CFD 93-1 IA 7B 2018 Bonds</i>	<i>Total Debt*</i>	<i>Aggregate Value-to-Lien Ratio<sup>(2)*</sup></i>
Individual Owner	1	\$ 1,752.54	0.59%	\$ 2,794	0.59%	\$ 568,606	0.79%	\$ 9,613	\$ 12,024	\$ 21,637	26.28:1
Individual Owner	1	1,752.54	0.59	2,794	0.59	561,201	0.78	9,613	12,024	21,637	25.94:1
Individual Owner	1	1,752.54	0.59	2,794	0.59	509,903	0.71	9,613	12,024	21,637	23.57:1
Individual Owner	1	1,752.54	0.59	2,794	0.59	498,780	0.69	9,613	12,024	21,637	23.05:1
Individual Owner	1	1,752.54	0.59	2,794	0.59	488,472	0.68	9,613	12,024	21,637	22.58:1
Individual Owner	1	1,752.54	0.59	2,794	0.59	467,733	0.65	9,613	12,024	21,637	21.62:1
Individual Owner	1	1,752.54	0.59	2,794	0.59	458,473	0.64	9,613	12,024	21,637	21.19:1
Individual Owner	1	1,752.54	0.59	2,794	0.59	453,117	0.63	9,613	12,024	21,637	20.94:1
Individual Owner	1	1,752.54	0.59	2,794	0.59	452,046	0.63	9,613	12,024	21,637	20.89:1
Individual Owner	1	1,752.54	0.59	2,794	0.59	451,519	0.63	9,613	12,024	21,637	20.87:1
All Others	226	280,540.00	94.12	447,256	94.12	67,040,862	93.18	1,538,866	1,924,760	3,463,626	19.36:1
<b>Total</b>	<b>236</b>	<b>\$ 298,065.00</b>	<b>100.00%</b>	<b>\$ 475,196</b>	<b>100.00%</b>	<b>\$ 71,950,712</b>	<b>100.00%</b>	<b>\$ 1,635,000</b>	<b>\$ 2,045,000</b>	<b>\$ 3,680,000</b>	<b>19.55:1</b>

\* Preliminary, subject to change

(1) Assumes annual Administrative Expenses in the amount of \$20,000.

(2) Assessed value-to-lien based upon the par amount of the Improvement Area No. 7B Bonds. Excludes non-land secured direct and overlapping debt shown in Table A-2.

Source: Webb Municipal Finance, LLC.



**TABLE A-4**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7B  
OF THE CITY OF BEAUMONT  
VALUE-TO-LIEN STRATIFICATION\***

<i>Assessed Value-to-Lien<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy<sup>(4)</sup></i>	<i>Percent of Projected Fiscal Year 2021-22</i>	<i>Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2020- 21 Assessed Value</i>	<i>Percent of Fiscal Year 2020-21 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 7B 2018 Bonds</i>	<i>Allocation of CFD 93-1 IA 7B 2021 Bonds</i>	<i>Total Bonds</i>	<i>Aggregate Value-to-Lien Ratio<sup>(2)</sup></i>
Less than 5.00:1 <sup>(2)</sup>	2	0.85%	\$ 2,941	0.99%	\$ 4,689	0.99%	\$ 164,762	0.23%	\$ 20,179	\$ 16,133	\$ 36,312	4.54:1
5.00:1 to 9.99:1	5	2.12	7,498	2.52	11,954	2.52	747,927	1.04	51,444	41,130	92,574	8.08:1
10.00:1 to 14.99:1	20	8.47	24,260	8.14	38,676	8.14	3,754,891	5.22	166,443	133,073	299,515	12.54:1
15.00:1 to 19.99:1	92	38.98	123,571	41.46	197,006	41.46	27,621,479	38.39	847,811	677,834	1,525,645	18.10:1
20.00:1 to 24.99:1	94	39.83	121,882	40.89	194,312	40.89	32,426,089	45.07	836,221	668,568	1,504,790	21.55:1
Greater than 24.99:1 <sup>(3)</sup>	<u>23</u>	<u>9.75</u>	<u>17,913</u>	<u>6.01</u>	<u>28,559</u>	<u>6.01</u>	<u>7,235,564</u>	<u>10.06</u>	<u>\$ 122,902</u>	<u>98,261</u>	<u>221,163</u>	<u>32.72:1</u>
<b>Total</b>	<b>236</b>	<b>100.00%</b>	<b>\$298,065</b>	<b>100.00%</b>	<b>\$475,196</b>	<b>100.00%</b>	<b>\$71,950,712</b>	<b>100.00%</b>	<b>\$ 2,045,000</b>	<b>\$ 1,635,000</b>	<b>\$ 3,680,000</b>	<b>19.55:1</b>

\* Preliminary, subject to change

(1) Assessed value-to-lien based upon par amount of the Improvement Area No. 7B 2021 Bonds. Excludes non-land secured direct and overlapping debt shown in Table A-2.

(2) Minimum estimated assessed value-to-lien is 4.26:1\*.

(3) Highest estimated assessed value-to-lien is 83.63:1\*. The 11 partially prepaid parcels have an aggregate value-to-lien ranging from 57.52:1\* to 83.63:1\*.

(4) Based on the debt service requirement of the Improvement Area No. 7B 2021 Bonds plus Administrative Expenses in the amount of \$20,000.

Source: Webb Municipal Finance, LLC.

**Historical Assessed Values.** The following table summarizes the historical and current assessed values within Improvement Area No. 7B over the past 5 Fiscal Years.

**TABLE A-5**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7B  
OF THE CITY OF BEAUMONT  
ASSESSED VALUATION HISTORY  
FISCAL YEARS 2016-17 THROUGH 2020-21**

<i>Fiscal Year</i>	<i>Total Parcels</i>	<i>Parcels with Improvement Assessed Value</i>	<i>Land Assessed Value</i>	<i>Improvement Assessed Value</i>	<i>Total Assessed Valuation<sup>(1)</sup></i>	<i>Annual Percent Change</i>
2016-17	238	238	\$13,792,464	\$50,887,944	\$64,680,408	N/A
2017-18	238	238	14,259,318	52,359,042	66,618,260	3.00%
2018-19	237 <sup>(2)</sup>	237	14,675,458	54,441,666	69,117,124	3.75
2019-20	236 <sup>(3)</sup>	236	14,801,835	56,030,027	70,831,862	2.48
2020-21	236	236	14,931,226	57,019,486	71,950,712	1.58

<sup>(1)</sup> As of January 1 of each year as shown on the County Assessor's Rolls.

<sup>(2)</sup> 1 parcel prepaid its Special Tax obligation effective Fiscal Year 2018-19.

<sup>(3)</sup> 1 parcel prepaid its Special Tax obligation effective Fiscal Year 2019-20.

Sources: Webb Municipal Finance, LLC; County Assessor.

**Effective Tax Rate.** Based on the estimated Fiscal Year 2021-22 Special Tax levy, and Fiscal Year 2020-21 tax rates for all other taxing jurisdictions within Improvement Area No. 7B, the total estimated average effective tax rate for Developed Property in Improvement Area No. 7B is approximately 1.89%\* of the Fiscal Year 2020-21 average assessed value for parcels with improvement value.

The following Table A-6 sets forth the estimated total tax obligation of property in Improvement Area No. 7B based on average assessed value of a parcel with a completed home (as provided by the County) in Improvement Area No. 7B.

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\* Preliminary, subject to change

**TABLE A-6**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7B  
OF THE CITY OF BEAUMONT  
ESTIMATED AVERAGE FISCAL YEAR TAX OBLIGATION<sup>(1)</sup>  
FOR PARCELS OF DEVELOPED PROPERTY**

Average Home Value <sup>(2)</sup>	\$ 304,876
<i>Ad Valorem</i> Property Taxes:	
Basic Levy (1.0000%)	\$ 3,048.76
Beaumont Unified School B & I (0.07438%)	226.77
MT San Jacinto Comm (0.01320%)	40.24
San Gorgonio Memorial Healthcare District (0.06990%)	213.11
San Gorgonio Pass Water District (0.17750%)	<u>541.15</u>
<b>Total General Property Taxes</b>	<b>\$ 4,070.03</b>
Assessment, Special Taxes & Parcel Charges:	
FLD CNTRL STORMWATER/CLEANWATER	\$ 3.74
CFD 93-1 IA 7B CITY OF BEAUMONT <sup>(3)</sup>	1,262.99*
CFD 93-1 IA 7B SRV CITY OF BEAUMONT <sup>(4)</sup>	356.96
SAN GORGONIO HOSPITAL MEASURE D	<u>56.70</u>
<b>Total Assessment Charges</b>	<b>\$ 1,680.39*</b>
<b>Average Total Property Tax</b>	<b>\$ 5,750.42*</b>
<b>Average Effective Tax Rate</b>	<b>1.89%*</b>

\* Preliminary, subject to change

<sup>(1)</sup> Average Fiscal Year 2021-22 tax rates based upon Fiscal Year 2020-21 Overlapping Taxes and Assessment Rates.

<sup>(2)</sup> Average Home Value is based upon average Assessed Values for Developed Property with Improvement Value for Fiscal Year 2020-21 per County Equalized Roll data.

<sup>(3)</sup> Reflects Improvement Area No. 7B average projected Fiscal Year 2021-22 Special Tax Levy for facilities for Developed Property.

<sup>(4)</sup> Reflects Improvement Area No. 7B projected Fiscal Year 2021-22 Special Tax Levy for services for Developed Property.

Source: Webb Municipal Finance, LLC; based on home value information provided by the County.

**Delinquencies.** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-7 below summarizes the Special Tax delinquencies within Improvement Area No. 7B for the past five Fiscal Years and as of May 12, 2021.

**TABLE A-7**  
**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7B**  
**OF THE CITY OF BEAUMONT**  
**SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES**  
**FISCAL YEARS 2016-17 THROUGH FISCAL YEAR 2020-21**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies Following Fiscal Year End</i>			<i>Delinquencies as of May 12, 2021</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2016-17	\$425,549.66	238	1	\$1,682.68	0.40%	0	\$ 0.00	0.00%
2017-18	434,060.82	238	2	2,574.51	0.59	0	0.00	0.00
2018-19 <sup>(1)</sup>	330,565.20	237	3	2,937.43	0.89	0	0.00	0.00
2019-20 <sup>(2)</sup>	328,722.70	236	1	966.40	0.29	1	966.40	0.29
2020-21	329,147.68	236	N/A	N/A	N/A	3	2,574.77	0.78

<sup>(1)</sup> 1 parcel prepaid its Special Tax obligation effective Fiscal Year 2018-19.

<sup>(2)</sup> 1 parcel prepaid its Special Tax obligation effective Fiscal Year 2019-20.

Source: Webb Municipal Finance, LLC.

**Local Obligation Coverage.** According to the Special Tax Consultant, based on the annual debt service for the Improvement Area No. 7B Bonds, Special Taxes levied in Improvement Area No. 7B, less estimated Administrative Expenses of \$20,000 annually, and assuming no delinquencies, if levied at the Assigned Special Tax rates would generate in each Fiscal Year not less than 110% of debt service with respect to the Improvement Area No. 7B Bonds. The District does not expect to levy the Special Tax at the Assigned Special Tax rate and will levy the amount necessary to pay debt service on the Improvement Area No. 7B 2021 Bonds and Administrative Expenses.

Under the Mello-Roos Act, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Improvement Area. Thus, the District may not be able to increase Special Tax levies in Improvement Area No. 7B in future fiscal years by enough to make up for delinquencies in Improvement Area No. 7B for prior fiscal years.

### **Improvement Area No. 7C**

**Location and Description.** Improvement Area No. 7C was formed by the City on April 5, 2005 and is located in the southeast portion of the City, south of the I-10 freeway and west of Highland Springs Boulevard. Improvement Area No. 7C consists of 318 individually owned detached single family residences subject to the Special Tax. All 318 parcels are owned by individual homeowners. All 318 taxable parcels will be classified as Developed Property for the Fiscal Year 2021-22 Special Tax levy,

**Assigned Special Taxes.** Table A-8 below sets forth the Special Taxes that to be levied on taxable property within Improvement Area No. 7C in Fiscal Year 2021-22. The Special Taxes in Improvement Area No. 7C may not be levied after Fiscal Year 2049-50. The final maturity of the Improvement Area No. 7C 2021 Bonds is September 1, 2039.

**TABLE A-8**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7C  
OF THE CITY OF BEAUMONT  
ASSIGNED SPECIAL TAXES**

<i>Land Use</i>	<i>Tax Class</i>	<i>Building Square Footage</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2021-22 Assigned Special Tax Per Parcel</i>	<i>Fiscal Year 2021-22 Projected Special Tax Per Parcel<sup>(1)*</sup></i>	<i>Total Projected Fiscal Year 2021-22 Special Tax Levy<sup>(1)*</sup></i>	<i>Percent of Total</i>
Residential	D2	Less than 1,700 sq. ft.	27	\$417	\$334	\$ 9,008	6.54%
Residential	D3	1,700 sq. ft. to 1,999 sq. ft.	97	463	371	35,945	26.11
Residential	D4	2,000 sq. ft. to 2,125 sq. ft.	58	524	419	24,310	17.66
Residential	D5	2,126 sq. ft. to 2,399 sq. ft.	92	587	470	43,223	31.40
Residential	D6	Greater than 2,399 sq. ft.	<u>44</u>	715	572	<u>25,178</u>	<u>18.29</u>
<b>Totals</b>			<b>318</b>			<b>\$137,663</b>	<b>100.00%</b>

\* Preliminary, subject to change

<sup>(1)</sup> Assumes annual Administrative Expenses in the amount of \$30,000.

Source: Webb Municipal Finance, LLC.

For the complete text of the Improvement Area No. 7C Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE IMPROVEMENT AREAS.”

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property (318 taxable parcels) in Improvement Area No. 7C, as established by the County Assessor for Fiscal Year 2020-21, which totals \$100,744,291.

Improvement Area No. 7C is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within Improvement Area No. 7C is shown in Table A-9 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within Improvement Area No. 7C; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within Improvement Area No. 7C, based on the Fiscal Year 2020-21 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within Improvement Area No. 7C, and assuming that the Improvement Area No. 7C 2021 Bonds have been issued to refund the Prior Improvement Area No. 7C Bonds, equals approximately 67.61-to-1\*. This ratio does not include other overlapping debt within Improvement Area No. 7C. Taking that direct and overlapping debt into account, the ratio of the aggregate assessed value of the Taxable Property within Improvement Area No. 7C to the total principal amount of all direct and overlapping debt (including general obligation bonded debt) for Improvement Area No. 7C is approximately 23.80-to-1\*.

\* Preliminary, subject to change

**TABLE A-9**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7C  
OF THE CITY OF BEAUMONT  
DIRECT AND OVERLAPPING DEBT**

**I. ASSESSED VALUE**

Fiscal Year 2020-21 Assessed Valuation<sup>(1)</sup> \$ 100,744,291

**II. LAND SECURED BOND INDEBTEDNESS**

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding<sup>(2)</sup></i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 7C	CFD	318	\$ 1,740,000	\$ 1,490,000	100.00%	\$ 1,490,000*
<b>TOTAL OUTSTANDING LAND SECURED BONDED DEBT<sup>(3)</sup></b>						<b>\$ 1,490,000*</b>

<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued<sup>(4)</sup></i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 7C	CFD	318	\$ 25,000,000	\$ 0	100.00%	\$ 0
<b>TOTAL UNISSUED LAND SECURED INDEBTEDNESS<sup>(3)</sup></b>						<b>\$ 0</b>

**TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS** **\$ 1,490,000\***

**III. GENERAL OBLIGATION BOND INDEBTEDNESS**

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable<sup>(5)</sup></i>	<i>Amount Applicable</i>
Beaumont Unified School B&I (0.074380%)	GO	318	\$ 102,948,583	\$ 90,172,486	1.594905%	\$ 1,438,165
MT San Jacinto Comm (0.01320%)	GO	318	190,000,000	157,750,000	0.098626	155,583
San Gorgonio Memorial Healthcare District (0.06990%)	GO	318	108,000,000	102,730,000	1.118886	1,149,432
San Gorgonio Pass Water Agency (0.17750%)	GO	318	0	0	1.036709	0
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT</b>						<b>\$ 2,743,180</b>

<i>Authorized and Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable<sup>(5)</sup></i>	<i>Amount Applicable</i>
Beaumont Unified School B&I (0.074380%)	GO	318	\$ 141,000,000	\$ 61,641,417	1.594905%	\$ 983,122
MT San Jacinto Comm (0.01320%)	GO	318	295,000,000	105,000,000	0.098626	103,557
San Gorgonio Memorial Healthcare District (0.06990%)	GO	318	108,000,000	0	1.118886	0
San Gorgonio Pass Water Agency (0.17750%)	GO	318	0	0	1.036709	0
<b>TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS<sup>(3)</sup></b>						<b>\$ 1,086,679</b>

**TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS** **\$ 3,829,859**

**TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT** **\$ 4,233,180\***

**TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS** **\$ 5,319,859\***

**IV. Ratios to 2020-21 Assessed Valuation**

Outstanding Land Secured Bonded Debt	67.61:1*
Total Outstanding Bonded Debt	23.80:1*

\* Preliminary, subject to change

(1) Fiscal Year 2020-21 Assessed Valuation data as of January 1, 2020, Riverside County Assessor's Office.

(2) Amount outstanding is equal to the initial principal of the Improvement Area No. 7C 2021 Bonds.

(3) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2020-21.

(4) Additional Bonds may be issued for refunding purposes only

(5) Percentage applicable determined by Fiscal Year 2020-21 Equalized Roll Assessed Value information.

Source: Webb Municipal Finance, LLC.

***Value-to-Lien.*** Construction of homes has been completed on all 318 taxable parcels within Improvement Area No. 7C and all homes have been transferred to individual homeowners. Table A-10 below allocates the Special Tax lien and share of the Improvement Area No. 7C 2021 Bonds by owner based on the projected Fiscal Year 2021-22 Special Tax levy.

Table A-11 below sets forth the stratification of value-to-liens of the developed parcels within Improvement Area No. 7C based on Fiscal Year 2020-21 assessed value and each parcel's respective share of the principal amount of the Improvement Area No. 7C 2021 Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2021-22) and the ratio of the assessed value to its share of the Improvement Area No. 7C 2021 Bonds. The ratio of the value of an individual lot within Improvement Area No. 7C to its respective share of the principal amount of the Improvement Area No. 7C Bonds can be expected to vary.

**TABLE A-10**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7C  
OF THE CITY OF BEAUMONT  
ESTIMATED VALUE-TO-LIEN RATIOS FOR TOP TEN TAXPAYERS**

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy<sup>(1)</sup></i>	<i>Percent of Projected Fiscal Year 2021-22 Levy</i>	<i>Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2020-21 Assessed Value</i>	<i>Percent of Fiscal Year 2020-21 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 7C 2021 Bonds</i>	<i>Aggregate Value-to-Lien Ratio<sup>(2)*</sup></i>
Individual Owner	1	\$ 572.22	0.42%	\$ 715	0.42%	\$ 510,000	0.51%	\$ 6,193	82.35:1
Individual Owner	1	572.22	0.42	715	0.42	505,990	0.50	6,193	81.70:1
Individual Owner	1	572.22	0.42	715	0.42	485,253	0.48	6,193	78.35:1
Individual Owner	1	572.22	0.42	715	0.42	483,786	0.48	6,193	78.11:1
Individual Owner	1	572.22	0.42	715	0.42	476,826	0.47	6,193	76.99:1
Individual Owner	1	572.22	0.42	715	0.42	461,862	0.46	6,193	74.57:1
Individual Owner	1	572.22	0.42	715	0.42	458,473	0.46	6,193	74.03:1
Individual Owner	1	572.22	0.42	715	0.42	458,000	0.45	6,193	73.95:1
Individual Owner	1	572.22	0.42	715	0.42	455,062	0.45	6,193	73.47:1
Individual Owner	1	572.22	0.42	715	0.42	444,463	0.44	6,193	71.76:1
All Others	<u>308</u>	<u>131,941.00</u>	<u>95.84</u>	<u>164,899</u>	<u>95.84</u>	<u>96,004,576</u>	<u>95.30</u>	<u>1,428,066</u>	<u>67.23:1</u>
<b>Total</b>	<b>318</b>	<b>\$ 137,663.00</b>	<b>100.00%</b>	<b>\$ 172,051</b>	<b>100.00%</b>	<b>\$ 100,744,291</b>	<b>100.00%</b>	<b>\$ 1,490,000</b>	<b>67.61:1</b>

\* Preliminary, subject to change

(1) Assumes annual Administrative Expenses in the amount of \$30,000.

(2) Assessed value-to-lien based upon the par amount of the Improvement Area No. 7C Bonds. Excludes non-land secured direct and overlapping debt shown in Table A-9.

Source: Webb Municipal Finance, LLC.



**TABLE A-11**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7C  
OF THE CITY OF BEAUMONT  
VALUE-TO-LIEN STRATIFICATION\***

<i>Assessed Value-to-Lien<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy<sup>(4)</sup></i>	<i>Percent of Projected Fiscal Year 2021-22</i>	<i>Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2020- 21 Assessed Value</i>	<i>Percent of Fiscal Year 2020-21 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 7C 2021 Bonds*</i>	<i>Aggregate Value-to-Lien Ratio</i>
Less than 10.00:1 <sup>(2)</sup>	1	0.31%	\$ 371	0.27%	\$ 463	0.27%	\$ 32,823	0.03%	\$ 4,011	8.18:1
10.00:1 to 29.99:1	2	0.63	943	0.68	1,178	0.68	192,985	0.19	10,204	18.91:1
30.00:1 to 49.99:1	7	2.20	3,291	2.39	4,113	2.39	1,646,996	1.63	35,618	46.24:1
50.00:1 to 69.99:1	170	53.46	74,961	54.45	93,686	54.45	49,868,864	49.50	811,339	61.46:1
70.00:1 to 89.99:1	124	38.99	52,566	38.18	65,697	38.18	43,429,251	43.11	568,950	76.33:1
Greater than 89.99:1 <sup>(3)</sup>	<u>14</u>	<u>4.40</u>	<u>5,532</u>	<u>4.02</u>	<u>6,914</u>	<u>4.02</u>	<u>5,573,372</u>	<u>5.53</u>	<u>59,877</u>	<u>93.08:1</u>
<b>Total</b>	<b>318</b>	<b>100.00%</b>	<b>\$137,663</b>	<b>100.00%</b>	<b>\$172,051</b>	<b>100.00%</b>	<b>\$100,744,291</b>	<b>100.00%</b>	<b>\$ 1,490,000</b>	<b>67.61:1</b>

\* Preliminary, subject to change

(1) Assessed value-to-lien based upon par amount of the Improvement Area No. 7C 2021 Bonds. Excludes non-land secured direct and overlapping debt shown in Table A-9.

(2) Minimum estimated assessed value-to-lien is 8.18:1\*.

(3) Highest estimated assessed value-to-lien is 97.34:1\*.

(4) Based on the debt service requirement of the Improvement Area No. 7C 2021 Bonds plus Administrative Expenses in the amount of \$30,000.

Source: Webb Municipal Finance, LLC.

**Historical Assessed Values.** The following table summarizes the historical and current assessed values within Improvement Area No. 7C over the past 5 Fiscal Years.

**TABLE A-12**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7C  
OF THE CITY OF BEAUMONT  
ASSESSED VALUATION HISTORY  
FISCAL YEARS 2016-17 THROUGH 2020-21**

<i>Fiscal Year</i>	<i>Total Parcels</i>	<i>Parcels with Improvement Assessed Value</i>	<i>Land Assessed Value</i>	<i>Improvement Assessed Value</i>	<i>Total Assessed Valuation<sup>(1)</sup></i>	<i>Annual Percent Change</i>
2016-17	322	305	\$17,849,204	\$67,959,705	\$85,808,909	N/A
2017-18	322	305	18,209,023	70,095,324	88,304,347	2.91%
2018-19	318 <sup>(2)</sup>	301	18,403,355	71,162,422	89,565,777	1.43
2019-20	318	312	18,705,477	77,481,567	96,187,044	7.39
2020-21	318	318	19,010,557	81,733,734	100,744,291	4.74

<sup>(1)</sup> As of January 1 of each year as shown on the County Assessor's Rolls.

<sup>(2)</sup> 1 parcel prepaid its Special Tax obligation effective Fiscal Year 2018-19.

Sources: Webb Municipal Finance, LLC; County Assessor.

**Effective Tax Rate.** Based on the estimated Fiscal Year 2021-22 Special Tax levy, and Fiscal Year 2020-21 tax rates for all other taxing jurisdictions within Improvement Area No. 7C, the total estimated average effective tax rate for Developed Property in Improvement Area No. 7C is approximately 1.60%\* of the Fiscal Year 2020-21 average assessed value for parcels with improvement value.

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\* Preliminary, subject to change

The following Table A-13 sets forth the estimated total tax obligation of property in Improvement Area No. 7C based on average assessed value of a parcel with a completed home (as provided by the County) in Improvement Area No. 7C.

**TABLE A-13**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7C  
OF THE CITY OF BEAUMONT  
ESTIMATED AVERAGE FISCAL YEAR TAX OBLIGATION<sup>(1)</sup>  
FOR PARCELS OF DEVELOPED PROPERTY**

Average Home Value <sup>(2)</sup>	\$ 318,446
<i>Ad Valorem</i> Property Taxes:	
Basic Levy (1.0000%)	\$ 3,148.46
Beaumont Unified School B & I (0.07438%)	236.86
MT San Jacinto Comm (0.01320%)	42.03
San Gorgonio Memorial Healthcare District (0.06990%)	222.59
San Gorgonio Pass Water District (0.17750%)	<u>565.24</u>
<b>Total General Property Taxes</b>	<b>\$ 4,251.19</b>
Assessment, Special Taxes & Parcel Charges:	
FLD CNTRL STORMWATER/CLEANWATER	\$ 3.74
CFD 93-1 IA 7C CITY OF BEAUMONT <sup>(3)</sup>	433.30*
CFD 93-1 IA 7C SRV CITY OF BEAUMONT <sup>(4)</sup>	356.96
SAN GORGONIO HOSPITAL MEASURE D	<u>56.70</u>
<b>Total Assessment Charges</b>	<b>\$ 850.70*</b>
<b>Average Total Property Tax</b>	<b>\$ 5,101.89*</b>
<b>Average Effective Tax Rate</b>	<b>1.60%*</b>

\* Preliminary, subject to change

<sup>(1)</sup> Average Fiscal Year 2021-22 tax rates based upon Fiscal Year 2020-21 Overlapping Taxes and Assessment Rates.

<sup>(2)</sup> Average Home Value is based upon average Assessed Values for Developed Property with Improvement Value for Fiscal Year 2020-21.

<sup>(3)</sup> Reflects Improvement Area No. 7C average projected Fiscal Year 2021-22 Special Tax Levy for facilities for Developed Property.

<sup>(4)</sup> Reflects Improvement Area No. 7C projected Fiscal Year 2021-22 Special Tax Levy for services for Developed Property.

Source: Webb Municipal Finance, LLC; based on home value information provided by the County.

**Delinquencies.** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-14 below summarizes the Special Tax delinquencies within Improvement Area No. 7C for the past five Fiscal Years and as of May 12, 2021.

**TABLE A-14**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 7C  
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES  
FISCAL YEARS 2016-17 THROUGH FISCAL YEAR 2020-21**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies Following Fiscal Year End</i>			<i>Delinquencies as of May 12, 2021</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2016-17	\$149,901.60	305	3	\$799.49	0.53%	0	\$ 0.00	0.00%
2017-18	146,869.52	305	4	1,547.91	1.05	2	1,045.60	0.71
2018-19	139,326.20	312	0	0.00	0.00	2	971.62	0.70
2019-20	139,922.08	312	3	1,776.72	1.27	1	592.24	0.42
2020-21	138,796.42	318	N/A	N/A	N/A	12	4,297.21	3.10

Source: Webb Municipal Finance, LLC.

**Local Obligation Coverage.** According to the Special Tax Consultant, based on the annual debt service for the Improvement Area No. 7C 2021 Bonds, Special Taxes levied in Improvement Area No. 7C, less estimated Administrative Expenses of \$30,000 annually, and assuming no delinquencies, if levied at the Assigned Special Tax rates would generate in each Fiscal Year not less than 110% of debt service with respect to the Improvement Area No. 7C 2021 Bonds. The District does not expect to levy the Special Tax at the Assigned Special Tax rate and will levy the amount necessary to pay debt service on the Improvement Area No. 7C 2021 Bonds and Administrative Expenses.

Under the Mello-Roos Act, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Improvement Area. Thus, the District may not be able to increase Special Tax levies in Improvement Area No. 7C in future fiscal years by enough to make up for delinquencies in Improvement Area No. 7C for prior fiscal years.

**Improvement Area No. 17A**

**Location and Description.** Improvement Area No. 17A was formed by the City on November 4, 2003 and is located in the northwest portion of the City, bordered by Champions Drive to the north and the I-10 Freeway to the east. Improvement Area No. 17A consists of 485 detached single family residences subject to the Special Tax, 466 of which are owned by individual homeowners. All 485 taxable parcels will be classified as Developed Property for the Fiscal Year 2021-22 Special Tax levy,

**Assigned Special Taxes.** Table A-15 below sets forth the Special Taxes that to be levied on taxable property within Improvement Area No. 17A in Fiscal Year 2021-22. The Special Taxes in Improvement Area No. 17A may not be levied after Fiscal Year 2043-44. The final maturity of the Improvement Area No. 17A 2021 Bonds is September 1, 2034.

**TABLE A-15**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 17A  
OF THE CITY OF BEAUMONT  
ASSIGNED SPECIAL TAXES**

<i>Land Use</i>	<i>Tax Class</i>	<i>Building Square Footage</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2021-22 Assigned Special Tax Per Parcel</i>	<i>Fiscal Year 2021-22 Projected Special Tax Per Parcel<sup>(1)*</sup></i>	<i>Total Projected Fiscal Year 2021-22 Special Tax Levy<sup>(1)*</sup></i>	<i>Percent of Total</i>
Residential	D1	Less than 1,700 sq. ft.	13	\$1,642	\$1,182	\$ 15,360	2.01%
Residential	D2	1,701 sq. ft. to 2,100 sq. ft.	63	1,788	1,286	81,037	10.61
Residential;	D3	2,101 sq. ft. to 2,500 sq. ft.	94	1,934	1,391	130,760	17.12
Residential	D4	2,501 sq. ft. to 2,700 sq. ft.	38	2,030	1,461	55,502	7.26
Residential	D5	2,701 sq. ft. to 2,900 sq. ft.	148	2,371	1,705	252,390	33.04
Residential	D6	Greater than or equal to 2,901 sq. ft.	<u>129</u>	2,467	1,775	<u>228,954</u>	<u>29.97</u>
<b>Totals</b>			<b>485</b>			<b>\$764,003</b>	<b>100.00%</b>

\* Preliminary, subject to change.

<sup>(1)</sup> Assumes annual Administrative Expenses in the amount of \$30,000

Source: Webb Municipal Finance, LLC.

For the complete text of the Improvement Area No. 17A Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE IMPROVEMENT AREAS.”

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property (485 taxable parcels) in Improvement Area No. 17A, as established by the County Assessor for Fiscal Year 2020-21, which totals \$164,231,237.

Improvement Area No. 17A is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within Improvement Area No. 17A is shown in Table A-16 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within Improvement Area No. 17A; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within Improvement Area No. 17A, based on the Fiscal Year 2020-21 assessed values and all such estimated direct and overlapping special tax and assessment

indebtedness within Improvement Area No. 17A, and assuming that the Improvement Area No. 17A 2021 Bonds have been issued to refund the Prior Improvement Area No. 17A Bonds, equals approximately 20.23-to-1\*. This ratio does not include other overlapping debt within Improvement Area No. 17A. Taking that direct and overlapping debt into account, the ratio of the aggregate assessed value of the Taxable Property within Improvement Area No. 17A to the total principal amount of all direct and overlapping debt (including general obligation bonded debt) for Improvement Area No. 17A is approximately 13.04-to-1\*.

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\* *Preliminary, subject to change*

**TABLE A-16**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 17A  
OF THE CITY OF BEAUMONT  
DIRECT AND OVERLAPPING DEBT**

**I. ASSESSED VALUE**

Fiscal Year 2020-21 Assessed Valuation<sup>(1)</sup> \$ 164,231,237

**II. LAND SECURED BOND INDEBTEDNESS**

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding<sup>(2)</sup></i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 17A	CFD	485	\$ 10,930,000	\$ 8,120,000	100.00%	\$ 8,120,000*
<b>TOTAL OUTSTANDING LAND SECURED BONDED DEBT<sup>(3)</sup></b>						<b>\$ 8,120,000*</b>

<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued<sup>(4)</sup></i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 17A	CFD	485	\$ 12,000,000	\$ 0	100.00%	\$ 0
<b>TOTAL UNISSUED LAND SECURED INDEBTEDNESS<sup>(3)</sup></b>						<b>\$ 0</b>

**TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS \$ 8,120,000\***

**III. GENERAL OBLIGATION BOND INDEBTEDNESS**

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable<sup>(5)</sup></i>	<i>Amount Applicable</i>
Beaumont Unified School B&I (0.074380%)	GO	485	\$ 102,948,583	\$ 90,172,486	2.599981%	\$ 2,344,468
MT San Jacinto Comm (0.01320%)	GO	485	190,000,000	157,750,000	0.160779	253,629
San Gorgonio Memorial Healthcare District (0.06990%)	GO	485	108,000,000	102,730,000	1.823985	1,873,780
San Gorgonio Pass Water Agency (0.17750%)	GO	485	0	0	1.690021	0
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT</b>						<b>\$ 4,471,877</b>

<i>Authorized and Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable<sup>(5)</sup></i>	<i>Amount Applicable</i>
Beaumont Unified School B&I (0.074380%)	GO	485	\$ 141,000,000	\$ 61,641,417	2.599981%	\$ 1,602,665
MT San Jacinto Comm (0.01320%)	GO	485	295,000,000	105,000,000	0.160779	168,818
San Gorgonio Memorial Healthcare District (0.06990%)	GO	485	108,000,000	0	1.823985	0
San Gorgonio Pass Water Agency (0.17750%)	GO	485	0	0	1.690021	0
<b>TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS<sup>(3)</sup></b>						<b>\$ 1,771,483</b>

**TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS \$ 6,243,360**

**TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT \$ 12,591,877\***

**TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS \$ 14,363,360\***

**IV. Ratios to 2020-21 Assessed Valuation**

Outstanding Land Secured Bonded Debt	20.23:1*
Total Outstanding Bonded Debt	13.04:1*

\* Preliminary, subject to change

(1) Fiscal Year 2020-21 Assessed Valuation data as of January 1, 2020, Riverside County Assessor's Office.

(2) Amount outstanding is equal to the initial principal of the Improvement Area No. 17A 2021 Bonds.

(3) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2020-21.

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

(5) Percentage applicable determined by Fiscal Year 2020-21 Equalized Roll Assessed Value information.

Source: Webb Municipal Finance, LLC.

***Value-to-Lien.*** Construction of homes has been completed on all 485 taxable parcels within Improvement Area No. 17A and 466 homes have been transferred to individual homeowners. Table A-17 below allocates the Special Tax lien and share of the Improvement Area No. 17A Bonds by owner based on the projected Fiscal Year 2021-22 Special Tax levy.

Table A-18 below sets forth the stratification of value-to-liens of the developed parcels within Improvement Area No. 17A based on Fiscal Year 2020-21 assessed value and each parcel's respective share of the principal amount of the Improvement Area No. 17A 2021 Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2021-22) and the ratio of the assessed value to its share of the Improvement Area No. 17A 2021 Bonds. The ratio of the value of an individual lot within Improvement Area No. 17A to its respective share of the principal amount of the Improvement Area No. 17A 2021 Bonds can be expected to vary.



**TABLE A-17**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 17A  
OF THE CITY OF BEAUMONT  
ESTIMATED VALUE-TO-LIEN RATIOS FOR TOP TEN TAXPAYERS**

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy<sup>(1)</sup></i>	<i>Percent of Projected Fiscal Year 2021-22 Levy</i>	<i>Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2020-21 Assessed Value</i>	<i>Percent of Fiscal Year 2020-21 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 17A 2021 Bonds*</i>	<i>Aggregate Value-to-Lien Ratio<sup>(2)*</sup></i>
B&F Commercial Properties	17	\$ 29,335	3.84%	\$ 40,779	3.84%	\$ 5,973,152	3.64%	\$ 311,781	19.16:1
Individual Owner	3	4,871	0.64	6,772	0.64	1,022,595	0.62	51,773	19.75:1
Individual Owner	2	3,550	0.46	4,934	0.46	643,758	0.39	37,727	17.06:1
Individual Owner	2	3,480	0.46	4,838	0.46	545,067	0.33	36,988	14.74:1
Individual Owner	2	3,480	0.46	4,838	0.46	524,386	0.32	36,988	14.18:1
Individual Owner	2	3,235	0.42	4,498	0.42	506,055	0.31	34,387	14.72:1
RUTICK	2	3,166	0.41	4,401	0.41	546,082	0.33	33,648	16.23:1
Individual Owner	2	3,096	0.41	4,304	0.41	442,966	0.27	32,909	13.46:1
Individual Owner	2	2,992	0.39	4,159	0.39	610,338	0.37	31,796	19.20:1
Individual Owner	2	2,992	0.39	4,159	0.39	527,479	0.32	31,796	16.59:1
All Others	449	703,805	92.12	978,368	92.12	152,889,359	93.09	7,480,207	20.44:1
<b>Total</b>	<b>485</b>	<b>\$ 764,003</b>	<b>100.00%</b>	<b>\$1,062,050</b>	<b>100.00%</b>	<b>\$ 164,231,237</b>	<b>100.00%</b>	<b>\$ 8,120,000</b>	<b>20.23:1</b>

\* Preliminary, subject to change

(1) Assumes annual Administrative Expenses in the amount of \$30,000.

(2) Assessed value-to-lien based upon the par amount of the Improvement Area No. 17A Bonds. Excludes non-land secured direct and overlapping debt shown in Table A-16.

Source: Webb Municipal Finance, LLC.

**TABLE A-18**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 17A  
OF THE CITY OF BEAUMONT  
VALUE-TO-LIEN STRATIFICATION\***

<i>Assessed Value-to-Lien<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy<sup>(4)</sup></i>	<i>Percent of Projected Fiscal Year 2021-22</i>	<i>Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2020- 21 Assessed Value</i>	<i>Percent of Fiscal Year 2020-21 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 17A 2021 Bonds</i>	<i>Aggregate Value-to-Lien Ratio</i>
Less than 9.00:1 <sup>(2)</sup>	3	0.62%	\$ 4,557	0.60%	\$ 6,335	0.60%	\$ 382,810	0.23%	\$ 48,432	7.90:1
9.00:1 to 11.99:1	1	0.21	1,286	0.17	1,788	0.17	160,782	0.10	13,671	11.76:1
12.00:1 to 14.99:1	59	12.16	94,465	12.36	131,317	12.36	14,018,537	8.54	1,004,000	13.96:1
15.00:1 to 17.99:1	71	14.64	113,631	14.87	157,960	14.87	19,686,394	11.99	1,207,697	16.30:1
18.00:1 to 20.99:1	92	18.97	146,791	19.21	204,056	19.21	30,694,178	18.69	1,560,128	19.67:1
21.00:1 to 23.99:1	194	40.00	306,786	40.16	426,467	40.16	73,342,818	44.66	3,260,596	22.49:1
24.00:1 to 25.99:1	57	11.75	83,893	10.98	116,621	10.98	22,239,075	13.54	891,633	24.94:1
Greater than 26.00:1 <sup>(3)</sup>	8	1.65	12,593	1.65	17,506	1.65	3,706,643	2.26	133,842	27.69:1
<b>Total</b>	<b>485</b>	<b>100.00%</b>	<b>\$764,003</b>	<b>100.00%</b>	<b>\$1,062,050</b>	<b>100.00%</b>	<b>\$164,231,237</b>	<b>100.00%</b>	<b>\$ 8,120,000</b>	<b>20.23:1</b>

\* Preliminary, subject to change

<sup>(1)</sup> Assessed value-to-lien based upon par amount of the Improvement Area No. 17A 2021 Bonds. Excludes non-land secured direct and overlapping debt shown in Table A-16.

<sup>(2)</sup> Minimum estimated assessed value-to-lien is 6.98:1\*.

<sup>(3)</sup> Highest estimated assessed value-to-lien is 28.66:1\*.

<sup>(4)</sup> Based on the debt service requirement of the Improvement Area No. 17A 2021 Bonds plus Administrative Expenses in the amount of \$30,000.

Source: Webb Municipal Finance, LLC.

**Historical Assessed Values.** The following table summarizes the historical and current assessed values within Improvement Area No. 17A over the past 5 Fiscal Years.

**TABLE A-19**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 17A  
OF THE CITY OF BEAUMONT  
ASSESSED VALUATION HISTORY  
FISCAL YEARS 2016-17 THROUGH 2020-21**

<i>Fiscal Year</i>	<i>Total Parcels</i>	<i>Parcels with Improvement Assessed Value</i>	<i>Land Assessed Value</i>	<i>Improvement Assessed Value</i>	<i>Total Assessed Valuation<sup>(1)</sup></i>	<i>Annual Percent Change</i>
2016-17	486	486	\$31,233,758	\$109,123,399	\$140,357,157	N/A
2017-18	486	486	31,856,214	114,707,020	146,563,234	4.42%
2018-19	485 <sup>(2)</sup>	485	32,096,911	119,579,771	151,676,682	3.49
2019-20	485	485	32,380,710	126,240,508	158,621,218	4.58
2020-21	485	485	32,255,649	131,975,588	164,231,237	3.54

<sup>(1)</sup> As of January 1 of each year as shown on the County Assessor's Rolls.

<sup>(2)</sup> 1 parcel prepaid its Special Tax obligation effective Fiscal Year 2018-19.

Sources: Webb Municipal Finance, LLC; County Assessor.

**Effective Tax Rate.** Based on the estimated Fiscal Year 2021-22 Special Tax levy, and Fiscal Year 2020-21 tax rates for all other taxing jurisdictions within Improvement Area No. 17A, the total estimated average effective tax rate for Developed Property in Improvement Area No. 17A is approximately 1.92%\* of the Fiscal Year 2020-21 average assessed value for parcels with improvement value.

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\* Preliminary, subject to change

The following Table A-20 sets forth the estimated total tax obligation of property in Improvement Area No. 17A based on average assessed value of a parcel with a completed home (as provided by the County) in Improvement Area No. 17A.

**TABLE A-20**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 17A  
OF THE CITY OF BEAUMONT  
ESTIMATED AVERAGE FISCAL YEAR TAX OBLIGATION<sup>(1)</sup>  
FOR PARCELS OF DEVELOPED PROPERTY**

Average Home Value <sup>(2)</sup>	\$ 338,621
<i>Ad Valorem</i> Property Taxes:	
Basic Levy (1.0000%)	\$3,386.21
Beaumont Unified School B & I (0.07438%)	251.87
MT San Jacinto Comm (0.01320%)	44.70
San Gorgonio Memorial Healthcare District (0.06990%)	236.70
San Gorgonio Pass Water District (0.17750%)	<u>601.05</u>
<b>Total General Property Taxes</b>	<b>\$4,520.52</b>
Assessment, Special Taxes & Parcel Charges:	
FLD CNTRL STORMWATER/CLEANWATER	\$ 3.74
CFD 93-1 IA 17A CITY OF BEAUMONT <sup>(3)</sup>	1,575.26*
CFD 93-1 IA 17A SRV CITY OF BEAUMONT <sup>(4)</sup>	356.96
SAN GORGONIO HOSPITAL MEASURE D	<u>56.70</u>
<b>Total Assessment Charges</b>	<b>\$1,992.66*</b>
<b>Average Total Property Tax</b>	<b>\$6,513.19*</b>
<b>Average Effective Tax Rate</b>	<b>1.92%*</b>

\* Preliminary, subject to change

<sup>(1)</sup> Average Fiscal Year 2021-22 tax rates based upon Fiscal Year 2020-21 Overlapping Taxes and Assessment Rates.

<sup>(2)</sup> Average Home Value is based upon average Assessed Values for Developed Property with Improvement Value for Fiscal Year 2020-21.

<sup>(3)</sup> Reflects Improvement Area No. 17A average projected Fiscal Year 2021-22 Special Tax Levy for facilities for Developed Property.

<sup>(4)</sup> Reflects Improvement Area No. 17A projected Fiscal Year 2021-22 Special Tax Levy for services for Developed Property.

Source: Webb Municipal Finance, LLC; based on home value information provided by the County.

**Delinquencies.** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-21 below summarizes the Special Tax delinquencies within Improvement Area No. 17A for the past five Fiscal Years and as of May 12, 2021.

**TABLE A-21**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 17A  
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES  
FISCAL YEARS 2016-17 THROUGH FISCAL YEAR 2020-21**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies Following Fiscal Year End</i>			<i>Delinquencies as of May 12, 2021</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2016-17	\$963,766.68	486	3	\$5,190.90	0.54%	1	\$ 1,117.32	0.12%
2017-18	906,866.78	486	2	3,112.88	0.34	0	0.00	0.00
2018-19	839,500.10	485	10	9,748.34	1.16	2	1,950.22	0.23
2019-20	845,110.82	485	4	6,408.45	0.76	1	1,963.26	0.23
2020-21	862,921.08	485	N/A	N/A	N/A	10	11,039.69	1.28

Source: Webb Municipal Finance, LLC.

**Local Obligation Coverage.** According to the Special Tax Consultant, based on the annual debt service for the Improvement Area No. 17A 2021 Bonds, Special Taxes levied in Improvement Area No. 17A, less estimated Administrative Expenses of \$30,000 annually, and assuming no delinquencies, if levied at the Assigned Special Tax rates would generate in each Fiscal Year not less than 110% of debt service with respect to the Improvement Area No. 17A 2021 Bonds. The District does not expect to levy the Special Tax at the Assigned Special Tax rate and will levy the amount necessary to pay debt service on the Improvement Area No. 17A 2021 Bonds and Administrative Expenses.

Under the Mello-Roos Act, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Improvement Area. Thus, the District may not be able to increase Special Tax levies in Improvement Area No. 17A in future fiscal years by enough to make up for delinquencies in Improvement Area No. 17A for prior fiscal years.

**Improvement Area No. 19C**

**Location and Description.** Improvement Area No. 19C was formed by the City on November 16, 2004 and is located in the northwest portion of the City, and is located south of the I-10 freeway and north of the S-60 highway. Improvement Area No. 19C consists of 668 detached single family residences subject to the Special Tax, of which 664 parcels are owned by individual homeowners. All 668 taxable parcels will be classified as Developed Property for the Fiscal Year 2020-21 Special Tax levy,

**Assigned Special Taxes.** Table A-22 below sets forth the Special Taxes that to be levied on taxable property within Improvement Area No. 19C in Fiscal Year 2021-22. The Special Taxes in Improvement Area No. 19C may not be levied after Fiscal Year 2043-44. The final maturity of the Improvement Area No. 19C 2021 Bonds is September 1, 2036.

**TABLE A-22**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 19C  
OF THE CITY OF BEAUMONT  
ASSIGNED SPECIAL TAXES**

<i>Land Use</i>	<i>Tax Class</i>	<i>Planning Area</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2021-22 Assigned Special Tax Per Parcel</i>	<i>Fiscal Year 2021-22 Projected Special Tax Per Parcel<sup>(1)*</sup></i>	<i>Total Projected Fiscal Year 2021-22 Special Tax Levy<sup>(1)*</sup></i>	<i>Percent of Total</i>
Residential	Z1-D1	3B/7B/11A	8	\$5,011	\$3,270	\$ 26,157	1.53%
Residential	Z1-D2	11B	19	4,915	3,207	60,931	3.57
Residential	Z2-D1	3B/7B/11A	75	4,462	2,911	218,347	12.78
Residential	Z2-D2	11B	67	4,365	2,849	190,856	11.17
Residential	Z2-D3	1	133	3,157	2,060	274,020	16.04
Residential	Z2-D4	2A/3A/4	137	3,816	2,490	341,168	19.96
Residential	Z2-D5	2B	63	3,157	2,060	129,799	7.60
Residential	Z2-D6	6	74	4,256	2,777	205,493	12.03
Residential	Z2-D7	8A	<u>92</u>	4,365	2,849	<u>262,071</u>	<u>15.34</u>
<b>Totals</b>			<b>668</b>			<b>\$ 1,708,843</b>	<b>100.00%</b>

\* Preliminary, subject to change

<sup>(1)</sup> Assumes annual Administrative Expenses in the amount of \$30,000

Source: Webb Municipal Finance, LLC.

For the complete text of the Improvement Area No. 19C Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE IMPROVEMENT AREAS.”

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property (668 taxable parcels) in Improvement Area No. 19C, as established by the County Assessor for Fiscal Year 2020-21, which totals \$231,318,696.

Improvement Area No. 19C is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within Improvement Area No. 19C is shown in Table A-23 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within Improvement Area No. 19C; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within Improvement Area No. 19C, based on the

Fiscal Year 2020-21 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within Improvement Area No. 19C, and assuming that the Improvement Area No. 19C 2021 Bonds have been issued to refund the Prior Improvement Area No. 19C 2021 Bonds, equals approximately 13.50-to-1\*. This ratio does not include other overlapping debt within Improvement Area No. 19C, including the Improvement Area No. 19C 2017 Bonds. Taking that direct and overlapping debt into account, the ratio of the aggregate assessed value of the Taxable Property within Improvement Area No. 19C to the total principal amount of all direct and overlapping debt (including general obligation bonded debt) for Improvement Area No. 19C is approximately 9.87-to-1\*.

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\* *Preliminary, subject to change*

**TABLE A-23**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 19C  
OF THE CITY OF BEAUMONT  
DIRECT AND OVERLAPPING DEBT**

**I. ASSESSED VALUE**

Fiscal Year 2020-21 Assessed Valuation<sup>(1)</sup> \$ 231,318,696

**II. LAND SECURED BOND INDEBTEDNESS**

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding<sup>(2)</sup></i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 19C	CFD	668	\$ 27,120,000	\$17,134,618	100.00%	\$ 17,134,618*
<b>TOTAL OUTSTANDING LAND SECURED BONDED DEBT<sup>(3)</sup></b>						<b>\$ 17,134,618*</b>

<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued<sup>(4)</sup></i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 19C	CFD	668	\$ 35,000,000	\$ 0	100.00%	\$ 0
<b>TOTAL UNISSUED LAND SECURED INDEBTEDNESS<sup>(3)</sup></b>						<b>\$ 0</b>

**TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS** **\$ 17,134,618\***

**III. GENERAL OBLIGATION BOND INDEBTEDNESS**

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable<sup>(5)</sup></i>	<i>Amount Applicable</i>
Beaumont Unified School B&I (0.074380%)	GO	668	\$ 102,948,583	\$ 90,172,486	3.662058%	\$ 3,302,169
MT San Jacinto Comm (0.01320%)	GO	668	190,000,000	157,750,000	0.226456	357,234
San Gorgonio Memorial Healthcare District (0.06990%)	GO	668	108,000,000	102,730,000	2.569072	2,639,208
San Gorgonio Pass Water Agency (0.17750%)	GO	668	0	0	2.380385	0
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT</b>						<b>\$ 6,298,611</b>

<i>Authorized and Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable<sup>(5)</sup></i>	<i>Amount Applicable</i>
Beaumont Unified School B&I (0.074380%)	GO	668	\$ 141,000,000	\$ 61,641,417	3.662058%	\$ 2,257,344
MT San Jacinto Comm (0.01320%)	GO	668	295,000,000	105,000,000	0.226456	237,779
San Gorgonio Memorial Healthcare District (0.06990%)	GO	668	108,000,000	0	2.569072	0
San Gorgonio Pass Water Agency (0.17750%)	GO	668	0	0	2.380385	0
<b>TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS<sup>(3)</sup></b>						<b>\$ 2,495,123</b>

**TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS** **\$ 8,793,734**

**TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT** **\$ 23,433,229\***

**TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS** **\$ 25,928,352\***

**IV. Ratios to 2020-21 Assessed Valuation**

Outstanding Land Secured Bonded Debt	13.50:1*
Total Outstanding Bonded Debt	9.87:1*

\* Preliminary, subject to change

(1) Fiscal Year 2020-21 Assessed Valuation data as of January 1, 2020, Riverside County Assessor's Office.

(2) Amount outstanding is equal to the outstanding principal amounts of the Improvement Area 19C Bonds, based on the principal amount of the Improvement Area 19C 2021 Bonds.

(3) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2020-21.

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

(5) Percentage applicable determined by Fiscal Year 2020-21 Equalized Roll Assessed Value information.

Source: Webb Municipal Finance, LLC.



***Value-to-Lien.*** Construction of homes has been completed on all 668 taxable parcels within Improvement Area No. 19C and 664 homes have been transferred to individual homeowners. Table A-24 below allocates the Special Tax lien and share of the Improvement Area No. 19C 2021 Bonds by owner based on the projected Fiscal Year 2021-22 Special Tax levy.

Table A-25 below sets forth the stratification of value-to-liens of the developed parcels within Improvement Area No. 19C based on Fiscal Year 2020-21 assessed value and each parcel's respective share of the principal amount of the Improvement Area No. 19C 2021 Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2020-21) and the ratio of the assessed value to its share of the Improvement Area No. 19C 2021 Bonds. The ratio of the value of an individual lot within Improvement Area No. 19C to its respective share of the principal amount of the Improvement Area No. 19C 2021 Bonds can be expected to vary.

**TABLE A-24**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 19C  
OF THE CITY OF BEAUMONT  
ESTIMATED VALUE-TO-LIEN RATIOS FOR TOP TEN TAXPAYERS**

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy<sup>(1)</sup></i>	<i>Percent of Projected Fiscal Year 2021-22 Levy</i>	<i>Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2020-21 Assessed Value</i>	<i>Percent of Fiscal Year 2020-21 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 19C 2021 Bonds*</i>	<i>Allocation of CFD 93-1 IA 19C 2017 Bonds</i>	<i>Total Debt*</i>	<i>Aggregate Value-to-Lien Ratio<sup>(2)*</sup></i>
2018-3 IH BORROWER LP	4	\$ 8,671	0.51%	\$ 13,289	0.51%	\$ 1,233,649	0.53%	\$ 25,397	\$ 61,549	\$ 86,946	14.19:1
Individual Owner	1	3,270	0.19	5,011	0.19	523,817	0.23	9,576	23,208	32,785	15.98:1
Individual Owner	1	3,270	0.19	5,011	0.19	520,379	0.22	9,576	23,208	32,785	15.87:1
Individual Owner	1	3,270	0.19	5,011	0.19	517,949	0.22	9,576	23,208	32,785	15.80:1
Individual Owner	1	3,270	0.19	5,011	0.19	509,379	0.22	9,576	23,208	32,785	15.54:1
Individual Owner	1	3,270	0.19	5,011	0.19	497,037	0.21	9,576	23,208	32,785	15.16:1
Individual Owner	1	3,270	0.19	5,011	0.19	493,823	0.21	9,576	23,208	32,785	15.06:1
Individual Owner	1	3,270	0.19	5,011	0.19	487,093	0.21	9,576	23,208	32,785	14.86:1
Individual Owner	1	3,270	0.19	5,011	0.19	477,500	0.21	9,576	23,208	32,785	14.56:1
Individual Owner	1	3,207	0.19	4,915	0.19	460,031	0.20	9,393	22,763	32,156	14.31:1
All Others	<u>655</u>	<u>1,670,808</u>	<u>97.77</u>	<u>2,560,506</u>	<u>97.77</u>	<u>225,598,039</u>	<u>97.53</u>	<u>4,893,600</u>	<u>11,859,640</u>	<u>16,753,240</u>	<u>13.47:1</u>
<b>Total</b>	<b>668</b>	<b>\$ 1,708,843</b>	<b>100.00%</b>	<b>\$2,618,795</b>	<b>100.00%</b>	<b>\$ 231,318,696</b>	<b>100.00%</b>	<b>\$ 5,005,000</b>	<b>\$ 12,129,618</b>	<b>\$ 17,134,618</b>	<b>13.50:1</b>

\* Preliminary, subject to change

(1) Assumes annual Administrative Expenses in the amount of \$30,000.

(2) Assessed value-to-lien based upon the par amount of the Improvement Area No. 19C Bonds. Excludes non-land secured direct and overlapping debt shown in Table A-23.

Source: Webb Municipal Finance, LLC.

**TABLE A-25**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 19C  
OF THE CITY OF BEAUMONT  
VALUE-TO-LIEN STRATIFICATION\***

<i>Assessed Value-to-Lien<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy<sup>(4)</sup></i>	<i>Percent of Projected Fiscal Year 2021-22</i>	<i>Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2020- 21 Assessed Value</i>	<i>Percent of Fiscal Year 2020-21 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 19C 2017 Bonds</i>	<i>Allocation of CFD 93-1 IA 19C 2021 Bonds</i>	<i>Total Bonds</i>	<i>Aggregate Value-to-Lien Ratio</i>
Less than 5.00:1 <sup>(2)</sup>	2	0.30%	\$ 5,688	0.33%	\$ 8,717	0.33%	\$ 233,979	0.10%	\$ 40,376	\$ 16,660	\$ 57,036	4.10:1
5.00:1 to 8.99:1	27	4.04	68,384	4.00	104,798	4.00	5,738,105	2.48	485,401	200,289	685,690	8.37:1
9.00:1 to 12.99:1	191	28.59	500,170	29.27	766,509	29.27	57,681,128	24.94	3,550,281	1,464,939	5,015,220	11.50:1
13.00:1 to 16.99:1	427	63.92	1,074,314	62.87	1,646,382	62.87	156,943,741	67.85	7,625,639	3,146,540	10,772,179	14.57:1
Greater than 16.99:1 <sup>(3)</sup>	21	3.14	60,286	3.53	92,388	3.53	10,721,743	4.64	427,921	176,571	604,492	17.74:1
<b>Total</b>	<b>668</b>	<b>100.00%</b>	<b>\$1,708,843</b>	<b>100.00%</b>	<b>\$ 2,618,795</b>	<b>100.00%</b>	<b>\$ 231,318,696</b>	<b>100.00%</b>	<b>\$ 12,129,618</b>	<b>\$ 5,005,000</b>	<b>\$ 17,134,618</b>	<b>13.50:1</b>

\* Preliminary, subject to change

<sup>(1)</sup> Assessed value-to-lien based upon par amount of the Improvement Area No. 19C 2021 Bonds. Excludes non-land secured direct and overlapping debt shown in Table A-23.

<sup>(2)</sup> Minimum estimated assessed value-to-lien is 4.08:1\*.

<sup>(3)</sup> Highest estimated assessed value-to-lien is 20.62:1\*.

<sup>(4)</sup> Based on the debt service requirement of the Improvement Area No. 19C 2021 Bonds plus Administrative Expenses in the amount of \$30,000.

Source: Webb Municipal Finance, LLC.

**Historical Assessed Values.** The following table summarizes the historical and current assessed values within Improvement Area No. 19C over the past 5 Fiscal Years.

**TABLE A-26**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 19C  
OF THE CITY OF BEAUMONT  
ASSESSED VALUATION HISTORY  
FISCAL YEARS 2016-17 THROUGH 2020-21**

<i>Fiscal Year</i>	<i>Total Parcels</i>	<i>Parcels with Improvement Assessed Value</i>	<i>Land Assessed Value</i>	<i>Improvement Assessed Value</i>	<i>Total Assessed Valuation<sup>(1)</sup></i>	<i>Annual Percent Change</i>
2016-17	669	669	\$47,285,589	\$153,292,818	\$200,578,407	N/A
2017-18	669	669	47,110,443	162,116,596	209,227,039	4.31%
2018-19	669	669	47,404,258	169,487,721	216,891,979	3.66
2019-20	668 <sup>(2)</sup>	668	47,560,206	176,523,460	224,083,666	3.32
2020-21	668	668	47,488,247	183,830,449	231,318,696	3.23

<sup>(1)</sup> As of January 1 of each year as shown on the County Assessor's Rolls.

<sup>(2)</sup> 1 parcel prepaid its Special Tax obligation effective Fiscal Year 2019-20.

Sources: Webb Municipal Finance, LLC; County Assessor.

**Effective Tax Rate.** Based on the estimated Fiscal Year 2021-22 Special Tax levy, and Fiscal Year 2020-21 tax rates for all other taxing jurisdictions within Improvement Area No. 19C, the total estimated average effective tax rate for Developed Property in Improvement Area No. 19C is approximately 2.20%\* of the Fiscal Year 2020-21 average assessed value for parcels with improvement value.

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\* Preliminary, subject to change

The following Table A-27 sets forth the estimated total tax obligation of property in Improvement Area No. 19C based on average assessed value of a parcel with a completed home (as provided by the County) in Improvement Area No. 19C.

**TABLE A-27**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 19C  
OF THE CITY OF BEAUMONT  
ESTIMATED AVERAGE FISCAL YEAR TAX OBLIGATION<sup>(1)</sup>  
FOR PARCELS OF DEVELOPED PROPERTY**

Average Home Value <sup>(2)</sup>	\$ 346,285
<i>Ad Valorem</i> Property Taxes:	
Basic Levy (1.0000%)	\$ 3,462.85
Beaumont Unified School B & I (0.07438%)	257.57
MT San Jacinto Comm (0.01320%)	45.71
San Gorgonio Memorial Healthcare District (0.06990%)	242.05
San Gorgonio Pass Water District (0.17750%)	<u>614.66</u>
<b>Total General Property Taxes</b>	<b>\$ 4,622.84</b>
Assessment, Special Taxes & Parcel Charges:	
FLD CNTRL STORMWATER/CLEANWATER	\$ 3.74
CFD 93-1 IA 19C CITY OF BEAUMONT <sup>(3)</sup>	2,558.15*
CFD 93-1 IA 19C SRV CITY OF BEAUMONT <sup>(4)</sup>	359.90
SAN GORGONIO HOSPITAL MEASURE D	<u>56.70</u>
<b>Total Assessment Charges</b>	<b>\$ 2,978.49*</b>
<b>Average Total Property Tax</b>	<b>\$ 7,601.33*</b>
<b>Average Effective Tax Rate</b>	<b>2.20%*</b>

\* Preliminary, subject to change

<sup>(1)</sup> Average Fiscal Year 2021-22 tax rates based upon Fiscal Year 2020-21 Overlapping Taxes and Assessment Rates.

<sup>(2)</sup> Average Home Value is based upon average Assessed Values for Developed Property with Improvement Value for Fiscal Year 2020-21.

<sup>(3)</sup> Reflects Improvement Area No. 19C average projected Fiscal Year 2021-22 Special Tax Levy for facilities for Developed Property.

<sup>(4)</sup> Reflects Improvement Area No. 19C projected Fiscal Year 2021-22 Special Tax Levy for services for Developed Property.

Source: Webb Municipal Finance, LLC; based on home value information provided by the County.

**Delinquencies.** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-28 below summarizes the Special Tax delinquencies within Improvement Area No. 19C for the past five Fiscal Years and as of May 12, 2021.

**TABLE A-28**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 19C  
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES  
FISCAL YEARS 2016-17 THROUGH FISCAL YEAR 2020-21**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies Following Fiscal Year End</i>			<i>Delinquencies as of May 12, 2021</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2016-17	\$2,375,874.00	669	12	\$31,438.69	1.32%	0	\$ 0.00	0.00%
2017-18	2,069,254.16	669	9	20,304.68	0.98	0	0.00	0.00
2018-19	1,889,992.32	669	6	15,237.02	0.81	2	5,148.24	0.27
2019-20	1,832,291.56	668	6	10,978.48	0.60	4	8,385.14	0.46
2020-21	1,805,076.74	668	N/A	N/A	N/A	12	24,687.17	1.37

Source: Webb Municipal Finance, LLC.

**Local Obligation Coverage.** According to the Special Tax Consultant, based on the annual debt service for the Improvement Area No. 19C Bonds, Special Taxes levied in Improvement Area No. 19C, less estimated Administrative Expenses of \$30,000 annually, and assuming no delinquencies, if levied at the Assigned Special Tax rates would generate in each Fiscal Year not less than 110% of debt service with respect to the Improvement Area No. 19C Bonds. The District does not expect to levy the Special Tax at the Assigned Special Tax rate and will levy the amount necessary to pay debt service on the Improvement Area No. 19C 2021 Bonds and Administrative Expenses.

Under the Mello-Roos Act, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Improvement Area. Thus, the District may not be able to increase Special Tax levies in Improvement Area No. 19C in future fiscal years by enough to make up for delinquencies in Improvement Area No. 19C for prior fiscal years.

**Improvement Area No. 20**

**Location and Description.** Improvement Area No. 20 was formed by the City on December 6, 2005 and is located in the southeast portion of the City, south of First Street and east of SR-79. Improvement Area No. 20 consists of 106 individually owned detached single family residences subject to the Special Tax. All 106 parcels are owned by individual homeowners. All 106 taxable parcels will be classified as Developed Property for the Fiscal Year 2021-22 Special Tax levy,

**Assigned Special Taxes.** Table A-29 below sets forth the Special Taxes that to be levied on taxable property within Improvement Area No. 20 in Fiscal Year 2021-22. The Special Taxes in Improvement Area No. 20 may not be levied after Fiscal Year 2043-44. The final maturity of the Improvement Area No. 20 2021 Bonds is September 1, 2035.

**TABLE A-29**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 20  
OF THE CITY OF BEAUMONT  
ASSIGNED SPECIAL TAXES**

<i>Land Use</i>	<i>Tax Class</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2021-22 Assigned Special Tax Per Dwelling Unit</i>	<i>Fiscal Year 2021-22 Projected Special Tax Per Parcel<sup>(1)*</sup></i>	<i>Total Projected Fiscal Year 2021-22 Special Tax Levy<sup>(1)*</sup></i>	<i>Percent of Total</i>
Residential	D1	<u>106</u>	\$3,089	\$2,398	<u>\$254,203</u>	<u>100.00%</u>
<b>Totals</b>		<b>106</b>			<b>\$254,203</b>	<b>100.00%</b>

\* Preliminary, subject to change

<sup>(1)</sup> Assumes annual Administrative Expenses in the amount of \$30,000.

Source: Webb Municipal Finance, LLC.

For the complete text of the Improvement Area No. 20 Rate and Method, see Appendix D — “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE IMPROVEMENT AREAS.”

**Direct and Overlapping Debt.** The Authority has obtained the assessed values of all of the taxable property (106 taxable parcels) in Improvement Area No. 20, as established by the County Assessor for Fiscal Year 2020-21, which totals \$29,441,121.

Improvement Area No. 20 is included within the boundaries of overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing and authorized indebtedness payable from taxes and assessments that may be levied upon the property within Improvement Area No. 20 is shown in Table A-30 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within Improvement Area No. 20; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments. The assessed value-to-lien ratio of the property within Improvement Area No. 20, based on the Fiscal Year 2020-21 assessed values and all such estimated direct and overlapping special tax and assessment indebtedness within Improvement Area No. 20, and assuming that the Improvement Area No. 20 2021 Bonds have been issued to refund the Prior Improvement Area No. 20 2021 Bonds, equals approximately 11.19-to-1\*. This ratio does not include other overlapping debt within Improvement Area No. 20. Taking that direct and overlapping debt into account, the ratio of the aggregate assessed value of the Taxable Property within

\* Preliminary, subject to change

Improvement Area No. 20 to the total principal amount of all direct and overlapping debt (including general obligation bonded debt) for Improvement Area No. 20 is approximately 8.51-to-1\*.

**TABLE A-30**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 20  
OF THE CITY OF BEAUMONT  
DIRECT AND OVERLAPPING DEBT**

**I. ASSESSED VALUE**

Fiscal Year 2020-21 Assessed Valuation<sup>(1)</sup> \$ 29,441,121

**II. LAND SECURED BOND INDEBTEDNESS**

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding<sup>(2)</sup></i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 20	CFD	106	\$ 3,265,000	\$ 2,630,000	100.00%	\$ <u>2,630,000*</u>
<b>TOTAL OUTSTANDING LAND SECURED BONDED DEBT<sup>(3)</sup></b>						<b>\$ <u>2,630,000*</u></b>

<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued<sup>(4)</sup></i>	<i>% Applicable</i>	<i>Amount Applicable</i>
BEAUMONT CFD 93-1 IA 20	CFD	106	\$ 10,000,000	\$ 0 <sup>(4)</sup>	100.00%	\$ <u>0</u>
<b>TOTAL UNISSUED LAND SECURED INDEBTEDNESS<sup>(3)</sup></b>						<b>\$ <u>0</u></b>

**TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS \$ 2,630,000\***

**III. GENERAL OBLIGATION BOND INDEBTEDNESS**

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable<sup>(5)</sup></i>	<i>Amount Applicable</i>
Beaumont Unified School B&I (0.074380%)	GO	106	\$ 102,948,583	\$ 90,172,486	0.466089%	\$ 420,284
MT San Jacinto Comm (0.01320%)	GO	106	190,000,000	157,750,000	0.028822	45,467
San Gorgonio Memorial Healthcare District (0.06990%)	GO	106	108,000,000	102,730,000	0.326979	3335,906
San Gorgonio Pass Water Agency (0.17750%)	GO	106	0	0	0.302964	<u>0</u>
<b>TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT</b>						<b>\$ <u>801,657</u></b>

<i>Authorized and Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>No. of Parcels</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable<sup>(5)</sup></i>	<i>Amount Applicable</i>
Beaumont Unified School B&I (0.074380%)	GO	106	\$ 141,000,000	\$ 61,641,417	0.466089%	\$ 287,304
MT San Jacinto Comm (0.01320%)	GO	106	295,000,000	105,000,000	0.028822	30,263
San Gorgonio Memorial Healthcare District (0.06990%)	GO	106	108,000,000	0	0.326979	0
San Gorgonio Pass Water Agency (0.17750%)	GO	106	0	0	0.302964	<u>0</u>
<b>TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS<sup>(3)</sup></b>						<b>\$ <u>317,567</u></b>

**TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS \$ 1,119,224**

**TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT \$ 3,431,657\***

**TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS \$ 3,749,224\***

**IV. Ratios to 2020-21 Assessed Valuation**

Outstanding Land Secured Bonded Debt	11.19:1*
Total Outstanding Bonded Debt	8.58:1*

\* Preliminary, subject to change

(1) Fiscal Year 2020-21 Assessed Valuation data as of January 1, 2020, Riverside County Assessor's Office.

(2) Amount outstanding is equal to the initial principal of the Improvement Area No. 20 2021 Bonds.

(3) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2020-21.

(4) Refunding bonds may be issued for refunding purposes only

(5) Percentage applicable determined by Fiscal Year 2020-21 Equalized Roll Assessed Value information.

Source: Webb Municipal Finance, LLC.



***Value-to-Lien.*** Construction of homes has been completed on all 106 taxable parcels within Improvement Area No. 20 and all homes have been transferred to individual homeowners. 106 parcels have prepaid their Special Tax obligation. Table A-31 below allocates the Special Tax lien and share of the Improvement Area No. 20 2021 Bonds by owner based on the projected Fiscal Year 2021-22 Special Tax levy.

Table A-32 below sets forth the stratification of value-to-liens of the developed parcels within Improvement Area No. 20 based on Fiscal Year 2020-21 assessed value and each parcel's respective share of the principal amount of the Improvement Area No. 20 2021 Bonds (allocated to each parcel based upon its respective share of the total projected Special Tax levy for Fiscal Year 2021-22) and the ratio of the assessed value to its share of the Improvement Area No. 20 2021 Bonds. The ratio of the value of an individual lot within Improvement Area No. 20 to its respective share of the principal amount of the Improvement Area No. 20 2021 Bonds can be expected to vary.

**TABLE A-31**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 20  
OF THE CITY OF BEAUMONT  
ESTIMATED VALUE-TO-LIEN RATIOS FOR TOP TEN TAXPAYERS**

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy<sup>(1)</sup></i>	<i>Percent of Projected Fiscal Year 2021-22 Levy</i>	<i>Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2020-21 Assessed Value</i>	<i>Percent of Fiscal Year 2020-21 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 20 2021 Bonds*</i>	<i>Aggregate Value-to-Lien Ratio<sup>(2)*</sup></i>
Individual Owner	1	\$ 2,398	0.94%	\$ 3,089	0.94%	\$ 401,594	1.36%	\$ 24,811	16.19:1
Individual Owner	1	2,398	0.94	3,089	0.94	369,900	1.26	24,811	14.91:1
Individual Owner	1	2,398	0.94	3,089	0.94	360,978	1.23	24,811	14.55:1
Individual Owner	1	2,398	0.94	3,089	0.94	358,852	1.22	24,811	14.46:1
Individual Owner	1	2,398	0.94	3,089	0.94	358,852	1.22	24,811	14.46:1
Individual Owner	1	2,398	0.94	3,089	0.94	358,852	1.22	24,811	14.46:1
Individual Owner	1	2,398	0.94	3,089	0.94	358,852	1.22	24,811	14.46:1
Individual Owner	1	2,398	0.94	3,089	0.94	357,000	1.21	24,811	14.39:1
Individual Owner	1	2,398	0.94	3,089	0.94	355,000	1.21	24,811	14.31:1
Individual Owner	1	2,398	0.94	3,089	0.94	355,000	1.21	24,811	14.31:1
All Others	<u>96</u>	<u>230,221</u>	<u>90.57</u>	<u>296,522</u>	<u>90.57</u>	<u>25,806,241</u>	<u>87.65</u>	<u>2,381,887</u>	<u>10.83:1</u>
<b>Total</b>	<b>106</b>	<b>\$ 254,203</b>	<b>100.00%</b>	<b>\$ 327,409</b>	<b>100.00%</b>	<b>\$ 29,441,121</b>	<b>100.00%</b>	<b>\$ 2,630,000</b>	<b>11.19:1</b>

\* Preliminary, subject to change

(1) Assumes annual Administrative Expenses in the amount of \$30,000.

(2) Assessed value-to-lien based upon the par amount of the Improvement Area No. 20 Bonds. Excludes non-land secured direct and overlapping debt shown in Table A-30.

Source: Webb Municipal Finance, LLC.

**TABLE A-32**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 20  
OF THE CITY OF BEAUMONT  
VALUE-TO-LIEN STRATIFICATION\***

<i>Assessed Value-to-Lien<sup>(1)</sup></i>	<i>No. of Parcels</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy<sup>(4)</sup></i>	<i>Percent of Projected Fiscal Year 2021-22</i>	<i>Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Percent of Total Assigned Special Tax</i>	<i>Fiscal Year 2020- 21 Assessed Value</i>	<i>Percent of Fiscal Year 2020-21 Assessed Value</i>	<i>Allocation of CFD 93-1 IA 20 2021 Bonds</i>	<i>Aggregate Value-to-Lien Ratio</i>
Less than 8.00:1 <sup>(2)</sup>	5	4.72%	\$ 11,991	4.72%	\$ 15,444	4.72%	\$ 838,994	2.85%	\$ 124,057	6.76:1
8.00:1 to 9.99:1	32	30.19	76,740	30.19	98,841	30.19	7,114,761	24.17	793,962	8.96:1
10.00:1 to 11.99:1	26	24.53	62,352	24.53	80,308	24.53	7,186,735	24.41	645,094	11.14:1
12.00:1 to 13.99:1	31	29.25	74,342	29.25	95,752	29.25	9,968,721	33.86	769,151	12.96:1
Greater than 13.99:1 <sup>(3)</sup>	12	11.32	28,778	11.32	37,065	11.32	4,331,910	14.71	297,736	14.55:1
<b>Total</b>	<b>106</b>	<b>100.00%</b>	<b>\$254,203</b>	<b>100.00%</b>	<b>\$327,409</b>	<b>100.00%</b>	<b>\$29,441,121</b>	<b>100.00%</b>	<b>\$ 2,630,000</b>	<b>11.19:1</b>

\* Preliminary, subject to change

<sup>(1)</sup> Assessed value-to-lien based upon par amount of the Improvement Area No. 20 Bonds. Excludes non-land secured direct and overlapping debt shown in Table A-30.

<sup>(2)</sup> Minimum estimated assessed value-to-lien is 5.05:1\*.

<sup>(3)</sup> Highest estimated assessed value-to-lien is 16.19:1\*.

<sup>(4)</sup> Based on the debt service requirement of the Improvement Area No. 2021 Bonds plus Administrative Expenses in the amount of \$30,000.

Source: Webb Municipal Finance, LLC.

**Historical Assessed Values.** The following table summarizes the historical and current assessed values within Improvement Area No. 20 over the past 5 Fiscal Years.

**TABLE A-33**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 20  
OF THE CITY OF BEAUMONT  
ASSESSED VALUATION HISTORY  
FISCAL YEARS 2016-17 THROUGH 2020-21**

<i>Fiscal Year</i>	<i>Total Parcels</i>	<i>Parcels with Improvement Assessed Value</i>	<i>Land Assessed Value</i>	<i>Improvement Assessed Value</i>	<i>Total Assessed Valuation<sup>(1)</sup></i>	<i>Annual Percent Change</i>
2016-17	106	106	\$5,388,457	\$18,559,435	\$23,947,892	N/A
2017-18	106	106	5,430,414	20,470,931	25,901,345	8.16%
2018-19	106	106	5,555,344	21,767,541	27,322,885	5.49
2019-20	106	106	5,689,013	23,004,666	28,693,679	5.02
2020-21	106	106	5,729,509	23,711,612	29,441,121	2.60

<sup>(1)</sup> As of January 1 of each year as shown on the County Assessor's Rolls.  
Sources: Webb Municipal Finance, LLC; County Assessor.

**Effective Tax Rate.** Based on the estimated Fiscal Year 2021-22 Special Tax levy, and Fiscal Year 2020-21 tax rates for all other taxing jurisdictions within Improvement Area No. 20, the total estimated average effective tax rate for Developed Property in Improvement Area No. 20 is approximately 2.35%\* of the Fiscal Year 2020-21 average assessed value for parcels with improvement value.

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\* Preliminary, subject to change

The following Table A-34 sets forth the estimated total tax obligation of property in Improvement Area No. 20 based on average assessed value of a parcel with a completed home (as provided by the County) in Improvement Area No. 20.

**TABLE A-34**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 20  
OF THE CITY OF BEAUMONT  
ESTIMATED AVERAGE FISCAL YEAR TAX OBLIGATION<sup>(1)</sup>  
FOR PARCELS OF DEVELOPED PROPERTY**

Average Home Value <sup>(2)</sup>	\$ 277,746
<i>Ad Valorem</i> Property Taxes:	
Basic Levy (1.0000%)	\$ 2,777.46
Beaumont Unified School B & I (0.07438%)	206.59
MT San Jacinto Comm (0.01320%)	36.66
San Gorgonio Memorial Healthcare District (0.06990%)	194.14
San Gorgonio Pass Water District (0.17750%)	<u>493.00</u>
<b>Total General Property Taxes</b>	<b>\$ 3,707.86</b>
Assessment, Special Taxes & Parcel Charges:	
FLD CNTRL STORMWATER/CLEANWATER	\$ 3.74
CFD 93-1 IA 20 CITY OF BEAUMONT <sup>(3)</sup>	2,398.14*
CFD 93-1 IA 20 SRV CITY OF BEAUMONT <sup>(4)</sup>	359.90
SAN GORGONIO HOSPITAL MEASURE D	<u>56.70</u>
<b>Total Assessment Charges</b>	<b>\$ 2,818.48*</b>
<b>Average Total Property Tax</b>	<b>\$ 6,526.34*</b>
<b>Average Effective Tax Rate</b>	<b>2.35%*</b>

\* Preliminary, subject to change

<sup>(1)</sup> Average Fiscal Year 2021-22 tax rates based upon Fiscal Year 2020-21 Overlapping Taxes and Assessment Rates.

<sup>(2)</sup> Average Home Value is based upon average Assessed Values for Developed Property with Improvement Value for Fiscal Year 2020-21.

<sup>(3)</sup> Reflects Community Facilities District No. 93-1 Improvement Area No. 20 average projected Fiscal Year 2021-22 Special Tax Levy for facilities for Developed Property.

<sup>(4)</sup> Reflects Community Facilities District No. 93-1 Improvement Area No. 20 projected Fiscal Year 2021-22 Special Tax Levy for services for Developed Property.

Source: Webb Municipal Finance, LLC; based on home value information provided by the County.

**Delinquencies.** Unpaid amounts of the Special Taxes become delinquent after December 10 and April 10 of each Fiscal Year. Table A-35 below summarizes the Special Tax delinquencies within Improvement Area No. 20 for the past five Fiscal Years and as of May 12, 2021.

**TABLE A-35**

**COMMUNITY FACILITIES DISTRICT NO. 93-1 IMPROVEMENT AREA NO. 20  
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES  
FISCAL YEARS 2016-17 THROUGH FISCAL YEAR 2020-21**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies Following Fiscal Year End</i>			<i>Delinquencies as of May 12, 2021</i>		
			<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>	<i>Parcels Delinquent</i>	<i>Amount Delinquent</i>	<i>Percent Delinquent</i>
2016-17	\$296,543.48	106	0	\$0.00	0.00%	0	0.00%	0.00%
2017-18	289,335.48	106	0	0.00	0.00	0	0.00	0.00
2018-19	276,738.44	106	0	0.00	0.00	0	0.00	0.00
2019-20	283,456.72	106	0	0.00	0.00	0	0.00	0.00
2020-21	289,632.28	106	N/A	N/A	N/A	0	0.00	0.00

Source: Webb Municipal Finance, LLC.

**Local Obligation Coverage.** According to the Special Tax Consultant, based on the annual debt service for the Improvement Area No. 20 2021 Bonds, Special Taxes levied in Improvement Area No. 20, less estimated Administrative Expenses of \$30,000 annually, and assuming no delinquencies, if levied at the Assigned Special Tax rates would generate in each Fiscal Year not less than 110% of debt service with respect to the Improvement Area No. 20 2021 Bonds. The District does not expect to levy the Special Tax at the Assigned Special Tax rate and will levy the amount necessary to pay debt service on the Improvement Area No. 20 2021 Bonds and Administrative Expenses.

Under the Mello-Roos Act, under no circumstances may the Special Tax levied against any parcel for which an occupancy permit for private residential use has been issued be increased by more than 10% per fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Improvement Area. Thus, the District may not be able to increase Special Tax levies in Improvement Area No. 20 in future fiscal years by enough to make up for delinquencies in Improvement Area No. 20 for prior fiscal years.

**APPENDIX B**  
**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

**APPENDIX C**

**DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF RIVERSIDE  
AND THE CITY OF BEAUMONT**

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

**General**

The City was incorporated in 1912 under the General Laws of the State. The City is located approximately 78 miles east of Los Angeles and encompasses an area of 30.9 square miles. The City currently has an estimated population of approximately 51,475 persons.

**Population**

The following table offers population estimates for the City, the County and the State as of January 1 for the years 2016 through 2020.

<i>Area</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
City of Beaumont	44,685	46,025	47,776	49,630	51,475
County of Riverside	2,343,785	2,376,580	2,400,762	2,422,146	2,442,304
State of California	39,131,307	39,398,702	39,586,646	39,695,376	39,782,870

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2020, with 2010 Census Benchmark. Sacramento, California, May 2020.

**Building Activity**

The following tables provide summaries of the building permit valuations and the number of new dwelling units authorized in the City and County from 2015 through 2019.

**BUILDING PERMIT VALUATIONS  
City of Beaumont  
2015-2019**

	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Valuation (\$000):					
Residential	\$78,326	\$ 85,627	\$121,802	\$183,245	\$159,847
Non-residential	<u>6,911</u>	<u>33,002</u>	<u>10,219</u>	<u>271,487</u>	<u>30,157</u>
Total*	<u>\$85,237</u>	<u>\$118,629</u>	<u>\$132,021</u>	<u>\$454,732</u>	<u>\$196,004</u>
Residential Units:					
Single family	452	443	715	656	528
Multiple family	<u>0</u>	<u>38</u>	<u>2</u>	<u>112</u>	<u>0</u>
Total	452	481	717	768	528

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



**BUILDING PERMITS AND VALUATIONS**  
**2015 through 2019**  
**Riverside County**  
**(Dollars in Thousands)**

	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Valuation (\$000):					
Residential	\$1,536,742	\$1,759,535	\$1,903,417	\$2,558,081	\$2,275,405
Non-residential	<u>911,465</u>	<u>1,346,019</u>	<u>1,433,691</u>	<u>1,959,680</u>	<u>1,285,856</u>
Total*	<u>\$2,448,207</u>	<u>\$3,105,554</u>	<u>\$3,337,108</u>	<u>\$4,517,761</u>	<u>\$3,561,261</u>
Residential Units:					
Single family	5,007	5,662	6,265	7,540	6,563
Multiple family	<u>1,189</u>	<u>1,039</u>	<u>1,070</u>	<u>1,628</u>	<u>1,798</u>
Total	6,196	6,701	7,335	9,168	8,361

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

**Employment**

The following table shows the largest employers located in the County as of Fiscal Year ending June 30, 2020.

**LARGEST EMPLOYERS**  
**County of Riverside**  
**(As of June 30, 2020)**

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	21,672	County Government
2.	Amazon	10,500	Technology/E-Commerce
3.	University of California, Riverside	9,770	University
4.	March Air Reserve Base	9,600	Military Reserve Base
5.	Stater Brothers Markets	8,304	Supermarket
6.	Kaiser Permanente Riverside Medical Center	5,700	Medical Center
7.	Pechanga Resort and Casino	5,078	Casino & Resort
8.	Wal-Mart	4,931	Retail and Wholesale
9.	Corona-Norco Unified School District	4,903	School District
10.	Ross Dress for Less	4,321	Retail

Source: County of Riverside Comprehensive Annual Financial Report for the year ending June 30, 2020.

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## Employment and Industry

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

The following table represents the Annual Average Labor Force and Industry Employment for the period from 2016 through 2020.

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

	2016	2017	2018	2019	2020
Civilian Labor Force	1,983,300	2,017,700	2,053,400	2,071,800	2,073,900
Civilian Employment	1,865,200	1,914,900	1,966,800	1,988,600	1,872,600
Civilian Unemployment	118,000	102,800	86,600	83,200	201,300
Civilian Unemployment Rate	6.0%	5.1%	4.2%	4.0%	9.7%
Total Farm	14,600	14,500	14,500	15,100	13,900
Total Nonfarm	1,403,300	1,454,900	1,506,700	1,541,800	1,487,800
Total Private	1,161,000	1,203,900	1,249,500	1,281,300	1,238,700
Goods Producing	191,600	197,600	207,500	208,300	200,500
Mining and Logging	900	1,000	1,200	1,200	1,300
Construction	92,000	97,400	105,200	105,900	105,000
Manufacturing	98,700	99,200	101,100	101,200	94,300
Service Providing	1,211,700	1,257,300	1,299,300	1,333,500	1,287,400
Trade, Transportation and Utilities	347,900	365,500	379,600	390,700	403,800
Wholesale Trade	61,600	62,600	65,500	66,700	64,600
Retail Trade	178,300	180,900	181,200	181,300	168,800
Transportation, Warehousing and Utilities	108,000	122,100	132,900	142,800	170,500
Information	11,800	11,600	11,400	11,500	9,400
Financial Activities	44,300	43,900	43,800	44,200	43,700
Professional and Business Services	144,900	146,900	151,400	155,500	154,000
Educational and Health Services	215,700	226,700	239,500	250,100	248,700
Leisure and Hospitality	160,200	166,300	170,600	175,200	139,200
Other Services	44,600	45,400	45,800	45,800	39,600
Government	<u>242,300</u>	<u>251,000</u>	<u>257,200</u>	<u>260,500</u>	<u>249,100</u>
Total, All Industries	<u>1,417,900</u>	<u>1,469,400</u>	<u>1,521,200</u>	<u>1,556,900</u>	<u>1,501,800</u>

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

Source: State of California, Employment Development Department, March 2020 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for the period from 2016 through 2020 for the City, the County, the State and the nation as a whole.

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

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment<sup>(1)</sup></i>	<i>Unemployment<sup>(2)</sup></i>	<i>Unemployment Rate (%)<sup>(3)</sup></i>
<b>2016</b>				
Beaumont	20,600	19,600	1,000	4.8%
Riverside County	1,052,400	988,100	64,300	6.1
State of California	19,044,500	18,002,800	1,041,700	5.5
United States <sup>(4)</sup>	159,187,000	151,436,000	7,751,000	4.9
<b>2017</b>				
Beaumont	21,500	20,600	900	4.0%
Riverside County	1,073,400	1,017,100	56,300	5.2
State of California	19,205,300	18,285,500	919,800	4.8
United States <sup>(4)</sup>	160,320,000	153,337,000	6,982,000	4.4
<b>2018</b>				
Beaumont	22,700	21,900	800	3.3%
Riverside County	1,091,383	1,042,675	48,692	4.5
State of California	19,281,092	18,460,433	820,650	4.3
United States <sup>(4)</sup>	162,075,000	155,761,000	6,314,000	3.9
<b>2019</b>				
Beaumont	23,000	22,300	800	3.3%
Riverside County	1,104,025	1,057,883	46,158	4.2
State of California	19,408,271	18,623,000	784,375	4.0
United States <sup>(4)</sup>	163,539,000	157,538,000	6,001,000	3.7
<b>2020</b>				
Beaumont	23,600	21,600	2,000	8.6%
Riverside County	1,107,700	997,700	110,000	9.9
State of California	18,821,200	16,913,100	1,908,100	10.1
United States	160,742,000	147,795,000	12,947,000	8.1

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

(2) Includes all persons without jobs who are actively seeking work.

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

(4) Not strictly comparable with data for prior years.

Source: California Employment Development Department, March 2020 Benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

The following table summarizes the labor force, employment and unemployment figures for the period from 2015 through 2020 for the County, the State and the nation as a whole.

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

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment<sup>(1)</sup></i>	<i>Unemployment<sup>(2)</sup></i>	<i>Unemployment Rate (%)<sup>(3)</sup></i>
<b>2015</b>				
Riverside County	1,034,200	965,000	69,300	6.7%
State of California	18,896,500	17,724,800	1,171,700	6.2
United States <sup>(4)</sup>	157,130,000	148,834,000	8,296,000	5.3
<b>2016</b>				
Riverside County	1,052,400	988,100	64,300	6.1%
State of California	19,044,500	18,002,800	1,041,700	5.5
United States <sup>(4)</sup>	159,187,000	151,436,000	7,751,000	4.9
<b>2017</b>				
Riverside County	1,073,400	1,017,100	56,300	5.2%
State of California	19,205,300	18,285,500	919,800	4.8
United States <sup>(4)</sup>	160,320,000	153,337,000	6,982,000	4.4
<b>2018</b>				
Riverside County	1,091,383	1,042,675	48,692	4.5%
State of California	19,281,092	18,460,433	820,650	4.3
United States <sup>(4)</sup>	162,075,000	155,761,000	6,314,000	3.9
<b>2019</b>				
Riverside County	1,104,025	1,057,883	46,158	4.2%
State of California	19,408,271	18,623,000	784,375	4.0
United States <sup>(4)</sup>	163,539,000	157,538,000	6,001,000	3.7
<b>2020</b>				
Riverside County	1,107,700	997,700	110,000	9.9%
State of California	18,821,200	16,913,100	1,908,100	10.1
United States	160,742,000	147,795,000	12,947,000	8.1

<sup>(1)</sup> Includes persons involved in labor-management trade disputes.

<sup>(2)</sup> Includes all persons without jobs who are actively seeking work.

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

<sup>(4)</sup> Not strictly comparable with data for prior years.

Source: California Employment Development Department, March 2020 Benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

### **Personal Income**

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

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

Total personal income in Riverside County increased by approximately 29.7% between 2014 and 2019. The following table summarizes personal income for Riverside County for 2014 through 2019.

**PERSONAL INCOME**  
**Riverside County**  
**2014-2019**  
**(Dollars in Thousands)**

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2014	\$80,776,153	N/A
2015	86,196,663	6.7%
2016	90,713,807	5.2
2017	94,542,096	4.2
2018	99,266,122	5.0
2019	104,794,676	5.6

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

The following table summarizes per capita personal income for Riverside County, California and the United States for 2014-2019. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

**PER CAPITA PERSONAL INCOME**  
**Riverside County, State of California and the United States**  
**2014-2019<sup>(1)</sup>**

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2014	\$34,875	\$52,363	\$47,071
2015	36,745	55,833	49,019
2016	38,114	58,048	50,015
2017	39,148	60,549	52,118
2018	40,587	63,720	54,606
2019	42,418	66,619	56,490

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

**APPENDIX D**  
**RATES AND METHODS OF APPORTIONMENT**  
**OF SPECIAL TAXES FOR**  
**THE IMPROVEMENT AREAS**

**RATE AND METHOD OF APPORTIONMENT FOR  
IMPROVEMENT AREA NO. 7B OF  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
OF THE CITY OF BEAUMONT**

A Special tax as hereinafter defined shall be levied on and collected in Improvement Area No. 7B (“IA No. 7B”) of Community Facilities District No. 93-1 of the City of Beaumont (“CFD No. 93-1”) each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for “Developed Property,” “Final Map Property,” and “Undeveloped Property,” as described below. All of the real property in IA No. 7B of CFD No. 93-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

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

“**Act**” means the Mello-Roos Communities 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 any ordinary and necessary expense of the City to carry out the administration of IA No. 7B of CFD No. 93-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any City employee whose duties are directly related to the administration of IA No. 7B, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 7B.

“**Assessor’s Parcel**” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of CFD No. 93-1.

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

“**Assigned Special Tax for Facilities**” means the Special Tax of that name described in Section D below.

“**Backup Special Tax for Facilities**” means the Special Tax of that name described in Section F below.

“**Bonds**” means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-ten leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

“**Building Permit**” means a permit for new construction fora residential dwelling or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

“**Building Square Footage**” or “**BSF**” means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

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

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

“**CFD No. 93-1**” means Community Facilities District No. 93-1 established by the City under the Act.

“**City**” means the City of Beaumont.

“**City Council**” means the City Council of the City, acting as the Legislative Body of CFD No. 93-1, or its designee.

“**Condominium**” means a unit meeting the statutory definition of a condominium contained in California Civil Code, Section 1351.

“**Consumer Price Index**” means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

“**County**” means the County of Riverside.

“**Developed Property**” means all Assessor’s Parcels that: (i) were issued Building Permits on or before June 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied, and (ii) were created on or before the June 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied, and that each such Assessor’s Parcel is associated with a Lot, as reasonably determined by the City.

“**Dwelling Unit**” means one or more separate residence on a Parcel.

“**Exempt Property**” means all Assessors’ Parcels designated as being exempt from Special Tax as determined in Section J.

“**Final Map**” means a subdivision of property evidenced by the 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 the 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.

“**Final Map Property**” means all Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the June 1<sup>st</sup> preceding the Fiscal Year in which the Special tax is being levied, and (ii) for which a Building Permit was not issued prior on or before June 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

“**Improvement Area No. 7B**” or “**IA No. 7B**” means Improvement Area No. 7B as depicted on the boundary map of CFD No. 93-1.

“**Lot**” means an individual legal lot created by a Final Map for which a Building Permit could be issued.



**“Maximum Special Tax”** means the Maximum Special Tax for Facilities and Maximum Special Tax for Services.

**“Maximum Special Tax for Facilities”** means the maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

**“Maximum Special Tax for Services”** means the maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

**“Non Residential Property”** means all Assessors’ Parcels of (i) Developed Property for which a Building Permit was issued for any type of non-residential use, or (ii) Final Map Property.

**“Operating Fund”** means a fund that shall be maintained for IA No. 7B of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

**“Operating Fund Balance”** means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

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

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

**“Proportionately”** means that i) the ratio of the actual Special Tax for Facilities levy to the applicable Assigned Special Tax for Facilities is equal for all applicable Assessor’s Parcels and ii) the ratio of the actual Special Tax for Services levy to the applicable Maximum Special Tax for Services is equal for all applicable Assessor’s Parcels. In case of Developed Property subject to the apportionment of the Special Tax for Facilities under step four of Section F, “Proportionately” means that the quotient of (a) the actual Special Tax for Facilities levy less the Assigned Special Tax for Facilities divided by (b) the Backup Special Tax for Facilities less the Assigned Special Tax for Facilities, is equal for all applicable Assessor’s Parcels.

**“Residential Property”** means all Assessors’ Parcels of (i) Developed Property for which a Building Permit has been issued for purposes of constructing one or more residential dwelling units, or (ii) Parcels on a Final Map.

**“Service Area”** means the landscape parkways, neighborhood park, easements and green belts within the boundaries of IA No. 7B and the City of Beaumont, and IA No. 7B’s fair share of storm drain and flood control facilities.

**“Special Tax”** means Special Tax for Facilities and Special Tax for Services.

**“Special Tax Category”** means the classification for a Parcel by name and/or Building Square Footage.

**“Special Tax for Facilities”** means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

**“Special Tax for Services”** means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

**“Special Tax Requirement”** means Special Tax Requirement for Facilities and Special Tax Requirement for Services.

**“Special Tax Requirement for Facilities”** means the amount required in any Fiscal Year for IA No. 7B to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 7B provided that such amount shall not be levied later than the 2049-2050 Fiscal Year, and the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

**“Special Tax Requirement for Services”** means the amount determined in any Fiscal Year for IA No. 7B equal to (i) the budgeted costs of the maintenance, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 7B for the previous Fiscal Year, less (iv) the Operating Fund Balance.

**“Taxable Property”** means all Assessors’ Parcels within CFD No. 93-1 which are not Exempt Property.

**“Undeveloped Property”** means all Assessors’ Parcels of Taxable Property which are not Developed Property or Final Map Property.

## **SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2005-2006, each Assessor’s Parcel within IA No. 7B shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non Residential Property.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1. Developed Property**

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in Table 1 or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property that is classified as Developed Property for Fiscal Year 2004-2005 shall be \$240 per unit. The Maximum Special Tax for Services for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property for Fiscal Year 2004-2005 shall be \$1,600 per Acre. On each July 1, commencing July 1, 2005, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

**2. Final Map Property**

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Final Map Property shall be the Assigned Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor's Parcel classified as Final Map Property in Fiscal Year 2004-2005 shall be \$1,600 per Acre. On each July 1, commencing July 1, 2005, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

**3. Undeveloped Property**

- a. The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor's Parcel classified as Undeveloped Property in Fiscal Year 2004-2005 shall be \$1,600 per Acre. On each July 1, commencing July 1, 2005, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price index for the Calendar Year ending in December of the prior Fiscal Year.

**SECTION D  
ASSIGNED SPECIAL TAX FOR FACILITIES**

Each Fiscal Year, each Assessor's Parcel of Developed Property, Final Map Property, and Undeveloped Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property, Final Map Property, and Undeveloped Property for any Fiscal Year shall be determined pursuant to Table 1 below.

**TABLE 1  
ASSIGNED SPECIAL TAX RATES FOR FACILITIES**

<b>Special Tax Class</b>	<b>Land Use Designation</b>	<b>Square Footage Range</b>	<b>Assigned Special Tax for Fiscal Year 2004-2005</b>
1	1 Residential, Condominiums	N/A	\$1,570 per Dwelling Unit or Lot
2	Residential, Single Family Detached	Less than 1,700	\$1,850 per Dwelling Unit or Lot
3	Residential, Single Family Detached	1,700 to 1,999	\$2,090 per Dwelling Unit or Lot
4	Residential, Single Family Detached	2,000 to 2,125	\$2,370 per Dwelling Unit or Lot
5	Residential, Single Family Detached	2,126 to 2,399	\$2,560 per Dwelling Unit or Lot
6	Residential, Single Family Detached	More than 2,399	\$3,080 per Dwelling Unit or Lot
7	Non-Residential	N/A	\$23,000 per Acre
8	Final Map Property	N/A	\$23,000 per Acre
9	Undeveloped Property	N/A	\$18,000 per Acre

On each July 1, commencing on July 1, 2005, the Assigned Special Tax for Facilities for each Assessor's Parcel of Developed Property, Final Map Property, and Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION E  
BACKUP SPECIAL TAXES FOR FACILITIES**

Each Fiscal Year, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities rate for Developed Property classified as Residential Property within a Final Map shall be the rate per Dwelling Unit or Eat calculated according to the following formula:

$$B = \frac{T}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax for Facilities per Residential Property Dwelling Unit or Lot by Special Tax Category each Fiscal Year
- T = Total Special Tax for Facilities per Table 2 by Special Tax Category for the applicable Fiscal Year
- L = Dwelling Units and Lots in the Final Map per Special Tax Category which are classified or to be classified as Residential Property.

**TABLE 2  
BACKUP SPECIAL TAX FOR FACILITIES**

Special Tax Class	Land Use Designation/Square Footage Range	Expected Number of Dwelling Units	Total Special Tax for Fiscal Year 2004-2005	Anticipated Backup Special Tax per Dwelling Unit or Lot
1	Residential, Condominiums/N/A	106	\$151,050	\$1,570
2	Residential, Single Family Detached/ < 1,700	109	\$182,575	\$1,850
3	Residential, Single Family Detached/ 1,700 – 1,999	0	\$0	\$2,090
4	Residential, Single Family Detached/ 2,000 – 2,125	100	\$215,000	\$2,365
5	Residential, Single Family Detached/ 2,126 – 2,399	0	\$0	\$2,560
6	Residential, Single Family Detached/ 2,399	32	\$89,600	\$3,080

Each July 1, commencing on July 1, 2005, the Backup Special Tax for each Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year,

**SECTION F  
METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES AND  
THE SPECIAL TAX FOR SERVICES**

1. Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 7B until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

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

Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of

the Assigned Special 'fax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

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

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

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

2. Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 7B until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:

Step One: The Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.

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

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

Under no circumstances will the Special Tax for Facilities or the Special Tax for Services levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within CFD No. 93-1 by more than ten (10) percent of the Special Tax that would be levied in that Fiscal Year, if there were no delinquencies, pursuant to California Government Code Section 53321(d), as in effect on the date of formation of CFD No. 93-1.

**SECTION G**  
**PREPAYMENT OF SPECIAL TAX FOR FACILITIES**

The following definitions apply to this Section G:

**“CFD Public Facilities”** means \$15,000,000 expressed in 2004 dollars, which shall increase by the Construction Inflation Index on January 1, 2005, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

**“Construction Fund”** means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 93-1.

**“Construction Inflation Index”** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**“Future Facilities Costs”** means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

**“Outstanding Bonds”** means all previously issued bonds issued and secured by the levy of Special Tax for Facilities 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 the Maximum Special Tax for Facilities.

The Special Tax for Facilities obligation of an Assessor’s Parcel of Developed Property, an Assessor’s Parcel of Final Map Property or Undeveloped Property for which a Building Permit has been issued or an Assessor’s Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J. may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor’s Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor’s Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 93-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor’s Parcel.

The Prepayment Amount for each applicable Assessor’s Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Taxes for Facilities and the Backup Special Taxes for Facilities applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor's Parcel as though it was already designated as Developed Property based upon the Building Permit issued or to be issued for that Assessor's Parcel. For Assessor's Parcels classified as Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities.
2. For each Assessor's Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2 (a) or 2 (b) by the amount determined pursuant to paragraph 5. to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.
8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."

11. Calculate the “Reserve Fund Credit” as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CM No. 93-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

**SECTION H  
PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES**

The Special Tax for Facilities obligation of an Assessor’s Parcel of Developed Property or an Assessor’s Parcel of Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H. below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount.
- P<sub>G</sub> = the Prepayment Amount calculated according to Section G.
- F = the percent by which the owner of the Assessor’s Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor’s Parcel that is partially prepaid, the City Council shall indicate in the records of CM No. 93-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.



**MANDATORY PARTIAL PREPAYMENT:** Prior to the close of escrow for the first transfer of title of any Developed Parcel after the date on which a Certificate of Occupancy for such Parcel was issued by the City, the Maximum Special Tax shall be subject to mandatory partial prepayment in a amount necessary to bring the Total Property Tax Burden for the then-current Fiscal Year to an amount less than or equal to 2% of the sale price of the Parcel. The amount required shall be due and payable upon transfer of title. No prepayment shall be required if the Total Property Tax Burden is not in excess of the 2% limit. The Builder shall notify the City in writing of the mandatory partial repayment requirement at least 30 days prior to close of escrow. The City shall calculate and determine the prepayment amount using the methodology for a partial prepayment herein, such that use partial prepayment shall be in the exact percentage required for a Total Property Tax Burden not in excess of the 2% limit.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

## **SECTION I TERMINATION OF SPECIAL TAX**

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessors' Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 93-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2049-50 Fiscal Year. The Special Tax for Services shall be levied as long as it is needed to meet the Special Tax Requirement for Services, as determined at the sole discretion of the City Council.

## **SECTION J EXEMPTIONS**

The City shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than 67 Acres. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 67 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 67 Acres will continue to be classified as Undeveloped Property, and will continue to be subject to Special Taxes accordingly.

## **SECTION K APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 93-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

**SECTION L**  
**MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR  
IMPROVEMENT AREA NO. 7C OF  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
OF THE CITY OF BEAUMONT**

A Special tax as hereinafter defined shall be levied on and collected in Improvement Area No. 7C (“IA No. 7C”) of Community Facilities District No. 93-1 of the City of Beaumont (“CFD No. 93-1”) each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for “Developed Property,” “Final Map Property,” and “Undeveloped Property,” as described below. All of the real property in IA No. 7C of CFD No. 93-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A  
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

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

“**Act**” means the Mello-Roos Communities 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 any ordinary and necessary expense of the City to carry out the administration of IA No. 7C of CFD No. 93-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any City employee whose duties are directly related to the administration of IA No. 7C, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 7C.

“**Assessor’s Parcel**” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of CFD No. 93-1.

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

“**Assigned Special Tax for Facilities**” means the Special Tax of that name described in Section D below.

“**Backup Special Tax for Facilities**” means the Special Tax of that name described in Section E below.

“**Bonds**” means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

“**Building Permit**” means a permit for new construction for a residential dwelling or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

“**Building Square Footage**” or “**BSF**” means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

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

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

“**CFD No. 93-1**” means Community Facilities District No. 93-1 established by the City under the Act.

“**City**” means the City of Beaumont.

“**City Council**” means the City Council of the City, acting as the Legislative Body of CFD No. 93-1, or its designee.

“**Condominium**” means a unit meeting the statutory definition of a condominium contained in California Civil Code, Section 1351.

“**Consumer Price Index**” means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

“**County**” means the County of Riverside.

“**Developed Property**” means all Assessor’s Parcels that: (i) were issued Building Permits on or before June 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied, and (ii) were created on or before the June 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied, and that each such Assessor’s Parcel is associated with a Lot, as reasonably determined by the City.

“**Dwelling Unit**” means one or more separate residence on a Parcel.

“**Exempt Property**” means all Assessors’ Parcels designated as being exempt from Special Tax as determined in Section J.

“**Final Map**” means a subdivision of property evidenced by the 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 the 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.

“**Final Map Property**” means all Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the June 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior on or before June 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

“**Improvement Area No. 7C**” or “**IA No. 7C**” means Improvement Area No. 7C as depicted on the boundary map of CFD No. 93-1.

“**Lot**” means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the Maximum Special Tax for Facilities and Maximum Special Tax for Services.

**“Maximum Special Tax for Facilities”** means the maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

**“Maximum Special Tax for Services”** means the maximum Special Tax, determined in accordance with Section C that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

**“Non Residential Property”** means all Assessors’ Parcels of (i) Developed Property for which a Building Permit was issued for any type of non-residential use, or (ii) Final Map Property.

**“Operating Fund”** means a fund that shall be maintained for IA No. 7C of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

**“Operating Fund Balance”** means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

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

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

**“Proportionately”** means that i) the ratio of the actual Special Tax for Facilities levy to the applicable Assigned Special Tax for Facilities is equal for all applicable Assessor’s Parcels and ii) the ratio of the actual Special Tax for Services levy to the applicable Maximum Special Tax for Services is equal for all applicable Assessor’s Parcels. In case of Developed Property subject to the apportionment of the Special Tax for Facilities under step four of Section F, “Proportionately” means that the quotient of (a) the actual Special Tax for Facilities levy less the Assigned Special Tax for Facilities divided by (b) the Backup Special Tax for Facilities less the Assigned Special Tax for Facilities, is equal for all applicable Assessor’s Parcels.

**“Residential Property”** means all Assessors’ Parcels of (i) Developed Property for which a Building Permit has been issued for purposes of constructing one or more residential dwelling units, or (ii) Parcels on a Final Map.

**“Service Area”** means the landscape parkways, neighborhood park, easements and green belts within the boundaries of IA No. 7C and the City of Beaumont, and IA No. 7C’s fair share of storm drain and flood control facilities.

**“Special Tax”** means Special Tax for Facilities and Special Tax for Services.

**“Special Tax Category”** means the classification for a Parcel by name and/or Building Square Footage.

**“Special Tax for Facilities”** means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

**“Special Tax for Services”** means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

**“Special Tax Requirement”** means Special Tax Requirement for Facilities and Special Tax Requirement for Services.

**“Special Tax Requirement for Facilities”** means the amount required in any Fiscal Year for IA No. 7C to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 7C provided that such amount shall not be levied later than the 2049-2050 Fiscal Year, and the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

**“Special Tax Requirement for Services”** means the amount determined in any Fiscal Year for IA No. 7C equal to (i) the budgeted costs of the maintenance, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 7C for the previous Fiscal Year, less (iv) the Operating Fund Balance.

**“Taxable Property”** means all Assessors’ Parcels within CFD No. 93-1 which are not Exempt Property.

**“Undeveloped Property”** means all Assessors’ Parcels of Taxable Property which are not Developed Property or Final Map Property.

## **SECTION B CLASSIFICATION OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2005-2006, each Assessor’s Parcel within IA No. 7C shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non Residential Property.

## **SECTION C MAXIMUM SPECIAL TAXES**

### **1. Developed Property**

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in Table 1 or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property that is classified as Developed Property for Fiscal Year 2004-2005 shall be \$240 per unit. The Maximum Special Tax for Services for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property for Fiscal Year 2004-2005 shall be \$1,600 per Acre. On each July 1, commencing July 1, 2005, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

**2. Final Map Property**

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Final Map Property shall be the Assigned Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel classified as Final Map Property in Fiscal Year 2004-2005 shall be \$1,600 per Acre. On each July 1, commencing July 1, 2005, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price index for the Calendar Year ending in December of the prior Fiscal Year.

**3. Undeveloped Property**

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Undeveloped Property shall be the Assigned Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel classified as Undeveloped Property in Fiscal Year 2004-2005 shall be \$1,600 per Acre. On each July 1, commencing July 1, 2005, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

**SECTION D  
ASSIGNED SPECIAL TAX FOR FACILITIES**

Each Fiscal Year, each Assessor’s Parcel of Developed Property, Final Map Property, and Undeveloped Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor’s Parcel of Developed Property, Final Map Property, and Undeveloped Property for any Fiscal Year shall be determined pursuant to Table 1 below.

**TABLE 1  
ASSIGNED SPECIAL TAX RATES FOR FACILITIES**

<b>Special Tax Class</b>	<b>Land Use Designation</b>	<b>Square Footage Range</b>	<b>Assigned Special Tax for Fiscal Year 2004-2005</b>
1	Residential, Condominiums	N/A	\$1,730 per Dwelling Unit or Lot
2	Residential, Single Family Detached	Less than 1,700	\$2,030 per Dwelling Unit or Lot
3	Residential, Single Family Detached	1,700 to 1,999	\$2,300 per Dwelling Unit or Lot
4	Residential, Single Family Detached	2,000 to 2,125	\$2,610 per Dwelling Unit or Lot
5	Residential, Single Family Detached	2,126 to 2,399	\$2,820 per Dwelling Unit or Lot
6	Residential, Single Family Detached	More than 2,399	\$3,400 per Dwelling Unit or Lot
7	Non-Residential	N/A	\$26,000 per Acre
8	Final Map Property	N/A	\$26,000 per Acre
9	Undeveloped Property	N/A	\$20,000 per Acre

On each July 1, commencing on July 1, 2005, the Assigned Special Tax for Facilities for each Assessor’s Parcel of Developed Property, Final Map Property, and Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION E  
BACKUP SPECIAL TAXES FOR FACILITIES**

Each Fiscal Year, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities rate for Developed Property classified as Residential Property within a Final Map shall be the rate per Dwelling Unit or Lot calculated according to the following formula:

$$B = \frac{T}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax for Facilities per Residential Property Dwelling Unit or Lot by Special Tax Category each Fiscal Year
- T = Total Special Tax for Facilities per Table 2 by Special Tax Category for the applicable Fiscal Year
- L = Dwelling Units and Lots in the Final Map per Special Tax Category which are classified or to be classified as Residential Property.

**TABLE 2  
BACKUP SPECIAL TAX FOR FACILITIES**

Special Tax Class	Land Use Designation/Square Footage Range	Expected Number of Dwelling Units	Total Special Tax for Fiscal Year 2004-2005	Anticipated Backup Special Tax per Dwelling Unit or Lot
1	Residential, Condominiums/N/A	93	\$132,525	\$1,730
2	Residential, Single Family Detached/ <1,700	0	\$0	\$2,030
3	Residential, Single Family Detached/ 1,700 – 1,999	84	\$159,600	\$2,300
4	Residential, Single Family Detached/ 2,000 – 2,125	117	\$251,550	\$2,610
5	Residential, Single Family Detached/ 2,126 – 2,399	69	\$160,425	\$2,820
6	Residential, Single Family Detached/ 2,399	64	\$179,200	\$3,400

Each July 1, commencing on July 1, 2005, the Backup Special Tax for each Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION F  
METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES AND  
THE SPECIAL TAX FOR SERVICES**

1. Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 7C until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:

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

Step Two: If additional moneys are heeded to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of



the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

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

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

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

2. Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 7C until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:

Step One: The Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.

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

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

Under no circumstances will the Special Tax for Facilities or the Special Tax for Services levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Parcels within CFD No. 93-1 by more than ten (10) percent of the Special Tax that would be levied in that Fiscal Year, if there were no delinquencies, pursuant to California Government Code Section 53321(d) as in effect on the date of formation of CFD No. 93-1.

**SECTION G**  
**PREPAYMENT OF SPECIAL TAX FOR FACILITIES**

The following definitions apply to this Section G:

**“CFD Public Facilities”** means \$15,000,000 expressed in 2004 dollars, which shall increase by the Construction Inflation Index on January 1, 2005, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

**“Construction Fund”** means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 93-1.

**“Construction Inflation Index”** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**“Future Facilities Costs”** means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

**“Outstanding Bonds”** means all previously issued bonds issued and secured by the levy of Special Tax for Facilities 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 the Maximum Special Tax for Facilities.

The Special Tax for Facilities obligation of an Assessor’s Parcel of Developed Property, an Assessor’s Parcel of Final Map Property or Undeveloped Property for which a Building Permit has been issued or an Assessor’s Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J. may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor’s Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor’s Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 93-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor’s Parcel.

The Prepayment Amount for each applicable Assessor’s Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Taxes for Facilities and the Backup Special Taxes for Facilities applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor's Parcel as though it was already designated as Developed Property based upon the Building Permit issued or to be issued for that Assessor's Parcel. For Assessor's Parcels classified as Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities.
2. For each Assessor's Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by, the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout as reasonably determined by the City.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2 (a) or 2 (b) by the amount determined pursuant to paragraph 5. to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.
8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the "Defeasance."
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."

11. Calculate the “Reserve Fund Credit” as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 93-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

**SECTION H  
PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES**

The Special Tax for Facilities obligation of an Assessor’s Parcel of Developed Property or an Assessor’s Parcel of Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H. below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount.
- P<sub>G</sub> = the Prepayment Amount calculated according to Section G.
- F = the percent by which the owner of the Assessor’s Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor’s Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 93-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

**MANDATORY PARTIAL PREPAYMENT:** Prior to the close of escrow or the first transfer of title of any Developed Parcel after the date on which a Certificate of Occupancy for such Parcel was issued by the City, the Maximum Special Tax shall be subject to mandatory partial prepayment in a amount necessary to bring the Total Property Tax Burden for the then-current Fiscal Year to an amount less than or equal to 2% of the sale price of the Parcel. The amount required shall be due and payable upon transfer of title. No prepayment shall be required if the Total Property has Burden not in excess of the 2% limit. The Builder shall notify the City in writing of the mandatory partial repayment requirement at least 30 days prior to close of escrow. The City shall calculate and determine the prepayment amount using the methodology for a partial prepayment herein, such that the partial prepayment shall be in the exact percentage required for a Total Property Tax Burden not in excess of the 2% limit.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

### **SECTION I TERMINATION OF SPECIAL TAX**

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessors' Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 93-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2049-50 Fiscal Year. The Special Tax for Services shall be levied as long as it is needed to meet the Special Tax Requirement for Services, as determined at the sole discretion of the City Council.

### **SECTION J EXEMPTIONS**

The City shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than 114 Acres. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 114 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 114 Acres will continue to be classified as Undeveloped Property, and will continue to be subject to Special Taxes accordingly.

### **SECTION K APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 93-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

**SECTION L**  
**MANNER OF COLLECTION**

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR  
IMPROVEMENT AREA NO. 17A OF  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
OF THE CITY OF BEAUMONT**

A Special tax as hereinafter defined shall be levied on and collected in Improvement Area No. 17A (“IA No. 17A”) of Community Facilities District No. 93-1 of the City of Beaumont (“CFD No. 93-1”) each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for “Developed Property,” “Final Map Property,” “Undeveloped Property,” “Taxable Owner Association Property,” “Taxable Religious Property,” and “Taxable Public Property,” as described below. All of the real property in IA No. 17A of CFD No. 93-1, 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 parcel map. The square footage of an Assessor’s Parcel is equal to the Acreage multiplied by 43,560.

“**Act**” means the Mello-Roos Communities 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 any ordinary and necessary expense of the City to carry out the administration of IA No. 17A of CFD No. 93-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any City employee whose duties are directly related to the administration of IA No. 17A, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 17A.

“**Assessor’s Parcel**” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of CFD No. 93-1.

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

“**Assigned Special Tax for Facilities**” means the Special Tax of that name described in Section D below.

“**Backup Special Tax for Facilities**” means the Special Tax of that name described in Section E below.

“**Bonds**” means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

“**Building Permit**” means a permit for new construction for a residential dwelling or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“Building Square Footage” or “BSF”** means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

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

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

**“CFD No. 93-1”** means Community Facilities District No. 93-1 established by the City under the Act.

**“City”** means the City of Beaumont.

**“City Council”** means the City Council of the City, acting as the Legislative Body of CFD No. 93-1, or its designee.

**“Consumer Price Index”** means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

**“County”** means the County of Riverside.

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

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Tax as determined in Section J.

**“Final Map”** means a subdivision of property evidenced by the 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 the 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.

**“Final Map Property”** means all Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the January 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to the March 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

**“Improvement Area No. 17A”** means Improvement Area No. 17A as depicted on the boundary map of CFD No. 93-1.

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the Maximum Special Tax for Facilities and Maximum Special Tax for Services.

**“Maximum Special Tax for Facilities”** means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.



**“Maximum Special Tax for Services”** means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

**“Non Residential Property”** means all Assessors’ Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

**“Operating Fund”** means a fund that shall be maintained for IA No. 17A of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

**“Operating Fund Balance”** means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

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

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

**“Proportionately”** means that the ratio of the actual Annual Special Tax levy to the applicable Special Tax is equal for all applicable Assessor’s Parcels.

**“Residential Property”** means all Assessors’ Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

**“Service Area”** means the landscape parkways, neighborhood park, easements and green belts within the boundaries of IA No. 17A and the City of Beaumont, and IA No. 17A’s fair share of storm drain and flood control facilities.

**“Special Tax”** means Special Tax for Facilities and Special Tax for Services.

**“Special Tax for Facilities”** means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

**“Special Tax for Services”** means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

**“Special Tax Requirement for Facilities”** means the amount required in any Fiscal Year for IA No. 17A to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 17A provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

**“Special Tax Requirement for Services”** means the amount determined in any Fiscal Year for IA No. 17A equal to (i) the budgeted costs of the maintenance, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 17A for the previous Fiscal Year, less (iv) the Operating Fund Balance.

“**Taxable Property**” means all Assessors’ Parcels within CFD No. 93-1 which are not Exempt Property.

“**Undeveloped Property**” means all Assessors’ Parcels of Taxable Property which are not Developed Property or Final Map Property.

**SECTION B  
CLASSIFICATION OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2004-05, each Assessor’s Parcel within IA No. 17A shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non Residential Property.

**SECTION C  
MAXIMUM SPECIAL TAXES**

**1. Developed Property**

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in Table 1 or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Annual Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be \$240 per unit. The Maximum Special Tax for Services for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be \$1,585 per Acre. On each July 1, commencing July 1, 2005, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

**2. Final Map Property**

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Final Map Property shall be the Assigned Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel classified as Final Map Property in Fiscal Year 2004-05 shall be \$1,585 per Acre. On each July 1, commencing July 1, 2005, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

**3. Undeveloped Property**

The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Undeveloped Property shall be the Assigned Special Tax for Facilities in Table 1.

**SECTION D  
ASSIGNED SPECIAL TAX FOR FACILITIES**

**1. Developed Property**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 below.

**TABLE 1**

**ASSIGNED SPECIAL TAX RATES FOR FACILITIES**

<b>Land Use Type</b>	<b>Building Square Footage</b>	<b>Assigned Special Tax for Fiscal Year 2004-2005</b>
Residential Property	Less than or equal to 1,700	<b>\$1,173 per dwelling unit</b>
Residential Property	1,701 - 2,100	<b>\$1,277 per dwelling unit</b>
Residential Property	2,101 - 2,500	<b>\$1,381 per dwelling unit</b>
Residential Property	2,501 - 2,700	<b>\$1,450 per dwelling unit</b>
Residential Property	2,701 - 2,900	<b>\$1,693 per dwelling unit</b>
Residential Property	Greater than or equal to 2,901	<b>\$1,762 per dwelling unit</b>
Non Residential Property	N/A	<b>\$9,756 per Acre</b>
Final Map Property	N/A	<b>\$9,756 per Acre</b>
Undeveloped Property	N/A	<b>\$9,756 per Acre</b>

On each July 1, commencing on July 1, 2005, the Assigned Special Tax for each Assessor's Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION E  
BACKUP SPECIAL TAXES FOR FACILITIES**

Each Fiscal Year, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities rate for Developed Property classified as Residential Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{R \times A}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax for Facilities per Lot in each Fiscal Year
- R = Maximum Special Tax for Facilities rate per Acre for Undeveloped Property for the applicable Fiscal Year
- A = Acreage of Developed Property classified or to be classified as Residential Property in such Final Map.
- L = Lots in the Final Map which are classified or to be classified as Residential Property.

Each July 1, commencing on July 1, 2005, the Backup Special Tax for each Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

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 Facilities for each Assessor's Parcel of Developed Property classified or to be classified as 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 Tax for Facilities 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 Acreage of Developed Property classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the City.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax for Facilities 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 for Facilities may be levied.

**SECTION F**  
**METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES AND THE SPECIAL TAX FOR SERVICES**

1. Commencing Fiscal Year 2004-05 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 17A until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:
  - Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in Table 1 as needed to satisfy the Special Tax Requirement for Facilities.
  - Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
  - Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
  - Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Assigned Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.
  - Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property classified as

Undeveloped Property pursuant to Section J. at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

2. Commencing Fiscal Year 2004-05 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 17A until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:

Step One: The Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.

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

## **SECTION G PREPAYMENT OF SPECIAL TAX FOR FACILITIES**

The following definitions apply to this Section G:

**“CFD Public Facilities”** means **\$9,750,000** expressed in 2003 dollars, which shall increase by the Construction Inflation Index on January 1, 2004, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

**“Construction Fund”** means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 93-1.

**“Construction Inflation Index”** means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the Calendar Year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the City that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

**“Future Facilities Costs”** means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

**“Outstanding Bonds”** means all previously issued bonds issued and secured by the levy of Special Tax for Facilities 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 the Maximum Special Tax for Facilities.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property or Undeveloped Property for which a Building Permit has been issued or an Assessor's Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J. may be

prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 93-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
<u>less</u>	<u>Reserve Fund Credit</u>
equals	<u>Prepayment Amount</u>

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Taxes for Facilities and the Backup Special Taxes for Facilities applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor's Parcel as though it was already designated as Developed Property based upon the Building Permit issued or to be issued for that Assessor's Parcel. For Assessor's Parcels classified as Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities.
2. For each Assessor's Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at buildout, as reasonably determined by the City.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.

6. Multiply the larger quotient computed pursuant to paragraph 2 (a) or 2 (b) by the amount determined pursuant to paragraph 5. to determine the Future Facilities Cost to be prepaid (the “Future Facilities Amount”).
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.
8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the “Defeasance.”
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the “Administrative Fee.”
11. Calculate the “Reserve Fund Credit” as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 93-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

## **SECTION H PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES**

The Special Tax for Facilities obligation of an Assessor’s Parcel of Developed Property or an Assessor’s Parcel of Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H. below, may be partially prepaid,

provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount.
- P<sub>G</sub> = the Prepayment Amount calculated according to Section G.
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 93-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

### **SECTION I TERMINATION OF SPECIAL TAX**

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 93-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2043-44 Fiscal Year. The Special Tax for Services shall be levied as long as it is needed to meet the Special Tax Requirement for Services, as determined at the sole discretion of the City Council.

### **SECTION J EXEMPTIONS**

The City shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than 73.91 Acres. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 73.91 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 73.91 Acres will continue to be classified as Undeveloped Property, and will continue to be subject to Special Taxes accordingly.



**SECTION K  
APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 93-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

**SECTION L  
MANNER OF COLLECTION**

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR  
IMPROVEMENT AREA NO. 19C OF  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
OF THE CITY OF BEAUMONT**

A Special tax as hereinafter defined shall be levied on and collected in Improvement Area No. 19C (“IA No. 19C”) of Community Facilities District No. 93-1 of the City of Beaumont (“CFD No. 93-1”) each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for “Developed Property,” “Final Map Property,” “Undeveloped Property,” “Taxable Owner Association Property,” “Taxable Religious Property,” and “Taxable Public Property,” as described below. All of the real property in IA No. 19C of CFD No. 93-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A -DEFINITIONS**

The terms hereinafter set forth have the following meanings:

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

“**Act**” means the Mello-Roos Communities 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 any ordinary and necessary expense of the City to carry out the administration of IA No. 19C of CFD No. 93-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any City employee whose duties are directly related to the administration of IA No. 19C, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 19C.

“**Apartment**” means a single dwelling unit within a building or buildings comprised of attached residential units, all of which are made available for rental by the general public, exclusive of Condominiums.

“**Assessor’s Parcel**” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of CFD No. 93-1.

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

“**Assigned Special Tax**” means the Special Tax of that name described in Section D below.

“**Backup Special Tax for Facilities**” means the Special Tax of that name described in Section E below.

“**Bonds**” means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

“**Builder**” means a developer, merchant builder, or builder that converts a Parcel to Developed Parcel for sale to the initial buyer following the City issued Certificate of Occupancy.

**“Building Permit”** means a permit for new construction for a residential dwelling or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“Building Square Footage” or “BSF”** means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

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

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

**“CFD No. 93-1”** means Community Facilities District No. 93-1 established by the City under the Act.

**“City”** means the City of Beaumont.

**“City Council”** means the City Council of the City, acting as the Legislative Body of CFD No. 93-1, or its designee.

**“Condominium Unit”** means a unit meeting the statutory definition of a condominium contained in California Civil Code, Section 1351.

**“Consumer Price Index”** means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

**“County”** means the County of Riverside.

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

**“Dwelling Unit”** means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Tax as determined in Section J.

**“Final Map”** means a subdivision of property evidenced by the 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 the 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.

**“Final Map Property”** means all Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the January 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to the March 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

**“Improvement Area No. 19C”** means Improvement Area No. 19C as depicted on the boundary map of CFD No. 93-1.

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the Maximum Special Tax for Facilities and Maximum Special Tax for Services.

**“Maximum Special Tax for Facilities”** means the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

**“Maximum Special Tax for Services”** means the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

**“Minimum Acreage”** means the smallest allowable amount of taxable acreage. For CFD No. 19C shall not be less than 144.9 acres.

**“Non Residential Property”** means all Assessors’ Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

**“Operating Fund”** means a fund that shall be maintained for IA No. 19C of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

**“Operating Fund Balance”** means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

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

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

**“Proportionately”** means that the ratio of the actual Annual Special Tax levy to the applicable Special Tax is equal for all applicable Assessor’s Parcels.

**“Residential Property”** means all Assessors’ Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

**“Service Area”** means the streets, landscape parkways and medians, neighborhood, community and regional parks, street and landscape lighting and utilities, easements, public rights-of way, green belts and open space, storm drain, water quality and flood control facilities within the boundaries of IA No. 19C and the City.

**“Special Tax”** means Special Tax for Facilities and Special Tax for Services.

**“Special Tax for Facilities”** means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

**“Special Tax for Services”** means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

**“Special Tax Requirement for Facilities”** means the amount required in any Fiscal Year for IA No. 19C to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that

commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 19C provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

**“Special Tax Requirement for Services”** means the amount determined in any Fiscal Year for IA No. 19C equal to (i) the budgeted costs of the maintenance, utilities, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 19C for the previous Fiscal Year, less (iv) the Operating Fund Balance.

**“Taxable Property”** means all Assessors’ Parcels within CFD No. 93-1 which are not Exempt Property.

**“Undeveloped Property”** means all Assessors’ Parcels of Taxable Property which are not Developed Property or Final Map Property.

**“Zone(s)”** means Zone 1 or 2 as geographically identified on the zone map of IA No. 19C, attached as Exhibit 1.

**“Zone 1”** means the specific area identified on the Exhibit 1 map as Zone 1 of IA No. 19C.

**“Zone 2”** means the specific area identified on the Exhibit 1 map as Zone 2 of IA No. 19C.

## **SECTION B - CLASSIFICATION OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2005-2006, each Assessor’s Parcel within IA No. 19C shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non Residential Property.

## **SECTION C- MAXIMUM SPECIAL TAXES**

### **1. Developed Property**

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in Table 1 or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Annual Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be \$250 per unit. The Maximum Special Tax for Services for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be \$1,600 per Acre. On each July 1, commencing July 1, 2006, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

**2. Final Map Property**

The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Final Map Property shall be the Assigned Special Tax for Facilities in Table 1.

**3. Undeveloped Property**

The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Undeveloped Property shall be the Assigned Special Tax for Facilities in Table 1.

**SECTION D - ASSIGNED SPECIAL TAX FOR FACILITIES**

**1. Developed Property**

Each Fiscal Year, each Assessor’s Parcel of Developed Property shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor’s Parcel of Developed Property for any Fiscal Year shall be determined pursuant to Table 1 below.

**TABLE 1  
ASSIGNED SPECIAL TAX RATES**

<u>Land Use</u>		<u>Zone 1</u>		<u>Zone 2</u>	
<b>Category</b>	<b>Planning Area</b>	<b>Dwelling Units</b>	<b>Assigned Special Tax Rate per Dwelling Unit</b>	<b>Dwelling Units</b>	<b>Assigned Special Tax Rate per Dwelling Unit</b>
Residential	3B/7B/11A	9	\$ 3,650	76	\$ 3,250
Residential	11B	19	\$ 3,580	69	\$ 3,180
Residential	1	n/a	n/a	130	\$ 2,300
Residential	2A/3A/4	n/a	n/a	128	\$ 2,780
Residential	2B	n/a	n/a	67	\$ 2,300
Residential	6	n/a	n/a	71	\$ 3,100
Residential	8A	n/a	n/a	91	\$ 3,180
Final Map Property	All	n/a	\$ 3,700	n/a	\$ 2,900
Services	All	n/a	\$ 250	n/a	\$ 250
<b>Category</b>			<b>Assigned Special Tax Rate per Acre</b>		<b>Assigned Special Tax Rate per Acre</b>
Non Residential Property		n/a	\$ 8,800	n/a	\$ 8,800
Undeveloped Property		n/a	\$ 16,000	n/a	\$ 16,000
Undeveloped Property Services		n/a	\$ 1,600	n/a	\$ 1,600

On each July 1, commencing on July 1, 2006, the Assigned Special Tax for each Assessor’s Parcel of Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION E -BACKUP SPECIAL TAXES FOR FACILITIES**

Each Fiscal Year, each Assessor’s Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities rate for Developed Property classified as Residential Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{R \times A}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax for Facilities per Lot in each Fiscal Year
- R = Maximum Special Tax for Facilities rate per Acre for Undeveloped Property for the applicable Fiscal Year
- A = Acreage of Developed Property classified or to be classified as Residential Property in such Final Map.
- L = Lots in the Final Map which are classified or to be classified as Residential Property.

Each July 1, commencing on July 1, 2006, the Backup Special Tax for each Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

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 Facilities for each Assessor's Parcel of Developed Property classified or to be classified as 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 Tax for Facilities 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 Acreage of Developed Property classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the City.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax for Facilities 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 for Facilities may be levied.

**SECTION F - METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES AND THE SPECIAL TAX FOR SERVICES**

1. Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 19C until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:
  - Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in Table 1 as needed to satisfy the Special Tax Requirement for Facilities.
  - Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
  - Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax for Facilities shall be levied

Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.

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

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

2. Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 19C until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:

Step One: The Maximum Special Tax for Services shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax for Services as needed to satisfy the Special Tax Requirement for Services.

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

## SECTION G - PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following definitions apply to this Section G:

**"CFD Public Facilities"** means \$40,000,000 expressed in 2004 dollars, which shall increase by the Construction Inflation Index on January 1, 2005, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

**"Construction Fund"** means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 93-1.

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



**“Future Facilities Costs”** means the CFD Public Facilities minus public facility costs available to be funded through existing construction or escrow accounts or funded by the Outstanding Bonds, and minus public facility costs funded by interest earnings on the Construction Fund actually earned prior to the date of prepayment.

**“Outstanding Bonds”** means all previously issued bonds issued and secured by the levy of Special Tax for Facilities 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 the Maximum Special Tax for Facilities.

The Special Tax for Facilities obligation of an Assessor’s Parcel of Developed Property, an Assessor’s Parcel of Final Map Property or Undeveloped Property for which a Building Permit has been issued or an Assessor’s Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J. may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor’s Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor’s Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 93-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor’s Parcel.

The Prepayment Amount for each applicable Assessor’s Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
<u>less</u>	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor’s Parcels of Developed Property, compute the Assigned Special Taxes for Facilities and the Backup Special Taxes for Facilities applicable to the Assessor’s Parcel. For Assessor’s Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor’s Parcel as though it was already designated as Developed Property based upon the Building Permit issued or to be issued for that Assessor’s Parcel. For Assessor’s Parcels classified as Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities.
2. For each Assessor’s Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor’s Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor’s Parcels of Taxable Property at build out, as reasonably determined by the City, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor’s Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor’s Parcels of Taxable Property at build out, as reasonably determined by the City.

3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the “Bond Redemption Amount”.
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the “Redemption Premium.”
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2 (a) or 2 (b) by the amount determined pursuant to paragraph 5. to determine the Future Facilities Cost to be prepaid (the “Future Facilities Amount”).
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.
8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.
9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the “Defeasance.”
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the “Administrative Fee.”
11. Calculate the “Reserve Fund Credit” as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 93-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

## SECTION H- PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H. below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount.
- P<sub>G</sub> = the Prepayment Amount calculated according to Section G.
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor's Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 93-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

**MANDATORY PARTIAL PREPAYMENT:** Prior to the close of escrow for the first transfer of title of any Developed Parcel after the date on which a Certificate of Occupancy for such Parcel was issued by the City, the Maximum Special Tax shall be subject to mandatory partial prepayment in a amount necessary to bring the Total Property Tax Burden for the then-current Fiscal Year to an amount less than or equal to 2% of the sale price of the Parcel. The amount required shall be due and payable upon transfer of title. No prepayment shall be required if the Total Property Tax Burden is not in excess of the 2% limit. The Builder shall notify the City in writing of the mandatory partial repayment requirement at least 30 days prior to close of escrow. The City shall calculate and determine the prepayment amount using the methodology for a partial prepayment herein, such that the partial prepayment shall be in the exact percentage required for a Total Property Tax Burden not in excess of the 2% limit.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

## SECTION I - TERMINATION OF SPECIAL TAX

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 93-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2043-44 Fiscal Year. The Special Tax for Services shall be levied as long as it is needed to meet the Special Tax Requirement for Services, as determined at the sole discretion of the City Council.

## **SECTION J - EXEMPTIONS**

The City shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than the Minimum Acreage for CFD 19C. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than the Minimum Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Acreage will continue to be classified as Undeveloped Property, and will continue to be subject to Special Taxes accordingly.

## **SECTION K - APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 93-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

## **SECTION L - MANNER OF COLLECTION**

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**RATE AND METHOD OF APPORTIONMENT FOR  
IMPROVEMENT AREA NO. 20 OF  
COMMUNITY FACILITIES DISTRICT NO. 93-1  
OF THE CITY OF BEAUMONT**

A Special tax as hereinafter defined shall be levied on and collected in Improvement Area No. 20 (“IA No. 20”) of Community Facilities District No. 93-1 of the City of Beaumont (“CFD No. 93-1”) each Fiscal Year, in an amount determined by the City Council of the City of Beaumont through the application of the appropriate Special Tax for “Developed Property,” “Final Map Property,” “Undeveloped Property,” “Taxable Owner Association Property,” “Taxable Religious Property,” and “Taxable Public Property,” as described below. All of the real property in IA No. 20 of CFD No. 93-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A -DEFINITIONS**

The terms hereinafter set forth have the following meanings:

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

“**Act**” means the Mello-Roos Communities 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 any ordinary and necessary expense of the City to carry out the administration of IA No. 20 of CFD No. 93-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any City employee whose duties are directly related to the administration of IA No. 20, and costs otherwise incurred in order to carry out the authorized purposes of IA No. 20.

“**Apartment**” means a single dwelling unit within a building or buildings comprised of attached residential units, all of which are made available for rental by the general public, exclusive of Condominiums.

“**Assessor’s Parcel**” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number within the boundaries of CFD No. 93-1.

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

“**Assigned Special Tax**” means the Special Tax of that name described in Section D below.

“**Backup Special Tax for Facilities**” means the Special Tax of that name described in Section E below.

“**Bonds**” means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Taxes for Facilities have been pledged.

“**Builder**” means a developer, merchant builder, or builder that converts a Parcel to Developed Parcel for sale to the initial buyer following the City issued Certificate of Occupancy.

**“Building Permit”** means a permit for new construction for a residential dwelling or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits for construction or installation, retaining walls, utility improvements, or other such improvements not intended for human habitation.

**“Building Square Footage” or “BSF”** means the square footage of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the building permit application for such Assessor’s Parcel.

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

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

**“CFD No. 93-1”** means Community Facilities District No. 93-1 established by the City under the Act.

**“City”** means the City of Beaumont.

**“City Council”** means the City Council of the City, acting as the Legislative Body of CFD No. 93-1, or its designee.

**“Condominium Unit”** means a unit meeting the statutory definition of a condominium contained in California Civil Code, Section 1351.

**“Consumer Price Index”** means the index published monthly by the U.S. Department of Labor, Bureau of Labor Statistics for all urban consumers in the Los Angeles-Riverside-Orange County area.

**“County”** means the County of Riverside.

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

**“Dwelling Unit”** means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential dwelling units.

**“Exempt Property”** means all Assessor’s Parcels designated as being exempt from Special Tax as determined in Section J.

**“Final Map”** means a subdivision of property evidenced by the 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 the 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.

**“Final Map Property”** means all Assessor’s Parcels: (i) that are included in a Final Map that was recorded prior to the January 1<sup>st</sup> preceding the Fiscal Year in which the Special Tax is being levied, and (ii) for which a Building Permit was not issued prior to the June 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

**“Improvement Area No. 20”** means Improvement Area No. 20 as depicted on the boundary map of CFD No. 93-1.

**“Lot”** means an individual legal lot created by a Final Map for which a Building Permit could be issued.

**“Maximum Special Tax”** means the Maximum Special Tax for Facilities and Maximum Special Tax for Services.

**“Maximum Special Tax for Facilities”** means the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

**“Maximum Special Tax for Services”** means the maximum Special Tax, determined in accordance with Section C, which can be levied by CFD No. 93-1 in any Fiscal Year on any Assessor’s Parcel.

**“Minimum Acreage”** means the smallest allowable amount of taxable acreage. For CFD No. 20 shall not be less than 14.60 acres.

**“Non Residential Property”** means all Assessors’ Parcels of Developed Property for which a building permit was issued for any type of non-residential use.

**“Operating Fund”** means a fund that shall be maintained for IA No. 20 of CFD No. 93-1 for any Fiscal Year to pay for the actual costs of maintenance, repair, and replacement of the Service Area, and the Administrative Expenses.

**“Operating Fund Balance”** means the amount of funds in the Operating Fund at the end of the preceding Fiscal Year.

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

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

**“Proportionately”** means that the ratio of the actual Annual Special Tax levy to the applicable Special Tax is equal for all applicable Assessor’s Parcels.

**“Residential Property”** means all Assessors’ Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

**“Service Area”** means the streets, landscape parkways and medians, neighborhood, community and regional parks, street and landscape lighting and utilities, easements, public rights-of way, green belts and open space, storm drain, water quality and flood control facilities within the boundaries of IA No. 20 and the City.

**“Special Tax”** means Special Tax for Facilities and Special Tax for Services.

**“Special Tax for Facilities”** means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Facilities.

**“Special Tax for Services”** means any of the special taxes authorized to be levied by CFD No. 93-1 pursuant to the Act to fund the Special Tax Requirement for Services.

**“Special Tax Requirement for Facilities”** means the amount required in any Fiscal Year for IA No. 20 to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that

commences in such Fiscal Year, (ii) Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 20 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax for Facilities on Final Map Property or Undeveloped Property, less (vi) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

“**Special Tax Requirement for Services**” means the amount determined in any Fiscal Year for IA No. 20 equal to (i) the budgeted costs of the maintenance, utilities, repair and replacement of the Service Area which have been accepted and maintained or are reasonably expected to be accepted and maintained during the current Fiscal Year, (ii) Administrative Expenses, and (iii) anticipated delinquent Special Taxes for Services based on the delinquency rate in IA No. 20 for the previous Fiscal Year, less (iv) the Operating Fund Balance.

“**Taxable Property**” means all Assessors’ Parcels within CFD No. 93-1 which are not Exempt Property.

“**Undeveloped Property**” means all Assessors’ Parcels of Taxable Property which are not Developed Property or Final Map Property.

## **SECTION B - CLASSIFICATION OF ASSESSOR’S PARCELS**

Each Fiscal Year, beginning with Fiscal Year 2005-2006, each Assessor’s Parcel within IA No. 20 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Final Map Property or Undeveloped Property. Lastly, each Assessor’s Parcel of Developed Property shall further be classified as Residential Property or Non Residential Property.

## **SECTION C- MAXIMUM SPECIAL TAXES**

### **1. Developed Property**

- a. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Special Tax for Facilities in Table 1 or (ii) the application of the Backup Special Tax for Facilities. The Maximum Special Tax for Facilities for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be the Assigned Annual Special Tax for Facilities in Table 1.
- b. The Maximum Special Tax for Services for each Assessor’s Parcel of Residential Property that is classified as Developed Property in any Fiscal Year shall be \$250 per unit. The Maximum Special Tax for Services for each Assessor’s Parcel of Non-Residential Property that is classified as Developed Property in any Fiscal Year shall be \$1,600 per Acre. On each July 1, commencing July 1, 2006, the Maximum Special Tax for Services for the prior Fiscal Year shall be adjusted by an amount equal to the percentage change in the Consumer Price Index for the Calendar Year ending in December of the prior Fiscal Year.

### **2. Final Map Property**

The Maximum Special Tax for Facilities for each Assessor’s Parcel classified as Final Map Property shall be the Assigned Special Tax for Facilities in Table 1.



**3. Undeveloped Property**

The Maximum Special Tax for Facilities for each Assessor's Parcel classified as Undeveloped Property shall be the Assigned Special Tax for Facilities in Table 1.

**SECTION D - ASSIGNED SPECIAL TAX FOR FACILITIES**

**1. Assigned Special Tax Rates**

Each Fiscal Year, each Assessor's Parcel shall be subject to an Assigned Special Tax. The Assigned Special Tax applicable to an Assessor's Parcel for any Fiscal Year shall be determined pursuant to Table 1 below.

**TABLE 1**  
**Assigned Special Tax Rates For Facilities for 2005-2006**

<b>Category</b>	<b>Assigned Special Tax Rate</b>
Residential	\$2,250 per Dwelling Unit
Non Residential Property	\$14,600 per Acre
Undeveloped Property	\$10,000 per Acre

On each July 1, commencing on July 1, 2006, the Assigned Special Tax for Facilities for each Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

**SECTION E -BACKUP SPECIAL TAXES FOR FACILITIES**

Each Fiscal Year, each Assessor's Parcel of Developed Property classified as Residential Property shall be subject to a Backup Special Tax for Facilities. In each Fiscal Year, the Backup Special Tax for Facilities rate for Developed Property classified as Residential Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{R \times A}{L}$$

The terms above have the following meanings:

- B = Backup Special Tax for Facilities per Lot in each Fiscal Year
- R = Maximum Special Tax for Facilities rate per Acre for Undeveloped Property for the applicable Fiscal Year
- A = Acreage of Developed Property classified or to be classified as Residential Property in such Final Map.
- L = Lots in the Final Map which are classified or to be classified as Residential Property.

Each July 1, commencing on July 1, 2006, the Backup Special Tax for each Assessor's Parcel shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

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 Facilities for each Assessor's Parcel of Developed Property classified or to be classified as 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 Tax for Facilities 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 Acreage of Developed Property classified or to be classified as Residential Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the City.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Special Tax for Facilities 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 for Facilities may be levied.

**SECTION F - METHOD OF APPORTIONMENT OF THE SPECIAL TAX FOR FACILITIES AND THE SPECIAL TAX FOR SERVICES**

1. Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Facilities on all Taxable Property within IA No. 20 until the amount of Special Tax for Facilities equals the Special Tax Requirement for Facilities in accordance with the following steps:
  - Step One: The Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax for Facilities rates in Table 1 as needed to satisfy the Special Tax Requirement for Facilities.
  - Step Two: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first step has been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Final Map Property, at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
  - Step Three: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first two steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
  - Step Four: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first three steps have been completed, then for each Assessor's Parcel of Developed Property whose Assigned Special Tax for Facilities is the Backup Special Tax for Facilities shall be increased Proportionately from the Assigned Special Tax for Facilities up to 100% of the Backup Special Tax for Facilities as needed to satisfy the Special Tax Requirement for Facilities.
  - Step Five: If additional moneys are needed to satisfy the Special Tax Requirement for Facilities after the first four steps have been completed, the Special Tax for Facilities shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property classified as Undeveloped Property pursuant to Section J. at up to 100% of the Assigned Special Tax for Facilities applicable to each such Assessor's Parcel as needed to satisfy the Special Tax Requirement for Facilities.
2. Commencing Fiscal Year 2005-2006 and for each subsequent Fiscal Year, the City Council shall levy a Special Tax for Services on all Taxable Property within IA No. 20 until the amount of Special Tax for Services equals the Special Tax Requirement for Services in accordance with the following steps:

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

## SECTION G - PREPAYMENT OF SPECIAL TAX FOR FACILITIES

The following definitions apply to this Section G:

**"CFD Public Facilities"** means \$2,900,000 expressed in 2004 dollars, which shall increase by the Construction Inflation Index on January 1, 2005, and on each January 1 thereafter, or such lower number as (i) shall be determined by the City as sufficient to provide the public facilities under the authorized bonding program for CFD No. 93-1, or (ii) shall be determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

**"Construction Fund"** means an account specifically identified in the Indenture or functionally equivalent to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under CFD No. 93-1.

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

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

**"Outstanding Bonds"** means all previously issued bonds issued and secured by the levy of Special Tax for Facilities 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 the Maximum Special Tax for Facilities.

The Special Tax for Facilities obligation of an Assessor's Parcel of Developed Property, an Assessor's Parcel of Final Map Property or Undeveloped Property for which a Building Permit has been issued or an Assessor's Parcel of Undeveloped Property that is classified as Undeveloped Property pursuant to Section J. may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Special Tax for Facilities obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Special Tax for Facilities obligation shall provide the City with written notice of intent to prepay, and within 5 days of receipt of such notice, the City shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by

CFD No. 93-1 in calculating the proper amount of a prepayment. Within 15 days of receipt of such non-refundable deposit, the City shall notify such owner of the prepayment amount of such Assessor's Parcel.

The Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the Assigned Special Taxes for Facilities and the Backup Special Taxes for Facilities applicable to the Assessor's Parcel. For Assessor's Parcels of Final Map Property or Undeveloped Property, excluding any Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities and the Backup Special Tax for Facilities applicable to the Assessor's Parcel as though it was already designated as Developed Property based upon the Building Permit issued or to be issued for that Assessor's Parcel. For Assessor's Parcels classified as Undeveloped Property pursuant to Section J., compute the Assigned Special Tax for Facilities.
2. For each Assessor's Parcel of Developed Property, Final Map Property or Undeveloped Property to be prepaid, (a) divide the Assigned Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at build out, as reasonably determined by the City, and (b) divide the Backup Special Tax for Facilities computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Special Tax for Facilities applicable to all Assessor's Parcels of Taxable Property at build out, as reasonably determined by the City.
3. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by Outstanding Bonds. The product shall be the "Bond Redemption Amount".
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
5. Compute the Future Facilities Cost.
6. Multiply the larger quotient computed pursuant to paragraph 2 (a) or 2 (b) by the amount determined pursuant to paragraph 5. to determine the Future Facilities Cost to be prepaid (the "Future Facilities Amount").
7. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 11) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the Outstanding Bonds.
8. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the Outstanding Bonds.

9. Subtract the amount computed pursuant to paragraph 8 from the amount computed pursuant to paragraph 7. This difference is the “Defeasance.”
10. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the “Administrative Fee.”
11. Calculate the “Reserve Fund Credit” as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
12. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to the Special Tax for Facilities obligation that is prepaid pursuant to this Section G, the City Council shall indicate in the records of CFD No. 93-1 that there has been a prepayment of the Special Tax for Facilities obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Special Tax for Facilities obligation and the release of the Special Tax for Facilities lien on such Assessor’s Parcel, and the obligation of such Assessor’s Parcel to pay such Special Taxes for Facilities shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

#### **SECTION H- PARTIAL PREPAYMENT OF SPECIAL TAX FOR FACILITIES**

The Special Tax for Facilities obligation of an Assessor’s Parcel of Developed Property or an Assessor’s Parcel of Undeveloped Property for which a building permit has been issued and will be classified as Developed Property in the next Fiscal Year, as calculated in this Section H. below, may be partially prepaid, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor’s Parcel at the time the Special Tax for Facilities obligation would be prepaid.

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount.
- P<sub>G</sub> = the Prepayment Amount calculated according to Section G.
- F = the percent by which the owner of the Assessor’s Parcel is partially prepaying the Special Tax for Facilities obligation.

With respect to any Assessor’s Parcel that is partially prepaid, the City Council shall indicate in the records of CFD No. 93-1 that there has been a partial prepayment of the Special Tax for Facilities obligation and shall

cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such partial prepayment of the Special Tax for Facilities obligation, to indicate the partial prepayment of the Special Tax for Facilities obligation and the partial release of the Special Tax for Facilities lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Special Tax for Facilities shall cease.

**MANDATORY PARTIAL PREPAYMENT:** Prior to the close of escrow for the first transfer of title of any Developed Parcel, the Maximum Special Tax shall be subject to mandatory partial prepayment in a amount necessary to bring the Total Property Tax Burden for the then-current Fiscal Year to an amount less than or equal to 2% of the sale price of the Parcel. The amount required shall be due and payable upon transfer of title. No prepayment shall be required if the Total Property Tax Burden is not in excess of the 2% limit. The Builder shall notify the City in writing of the mandatory partial repayment requirement at least 30 days prior to close of escrow. The City shall calculate and determine the prepayment amount using the methodology for a partial prepayment herein, such that the partial prepayment shall be in the exact percentage required for a Total Property Tax Burden not in excess of the 2% limit.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Special Tax for Facilities that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently Outstanding Bonds in each future Fiscal Year.

#### **SECTION I - TERMINATION OF SPECIAL TAX**

For each Fiscal Year that any Bonds are outstanding the Special Tax for Facilities shall be levied on all Assessor's Parcels subject to the Special Tax for Facilities. If any delinquent Special Tax for Facilities remain uncollected prior to or after all Bonds are retired, the Special Tax for Facilities may be levied to the extent necessary to reimburse CFD No. 93-1 for uncollected Special Tax for Facilities associated with the levy of such Special Taxes for Facilities, but not later than the 2043-44 Fiscal Year. The Special Tax for Services shall be levied as long as it is needed to meet the Special Tax Requirement for Services, as determined at the sole discretion of the City Council.

#### **SECTION J - EXEMPTIONS**

The City shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, or (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, provided that no such classification would reduce the sum of all Taxable Property to less than the Minimum Acreage. Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than the Minimum Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Acreage will continue to be classified as Undeveloped Property, and will continue to be subject to Special Taxes accordingly.

#### **SECTION K - APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the City Council not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 93-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made

(except for the last year of levy), but an adjustment shall be made to the Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

#### **SECTION L - MANNER OF COLLECTION**

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 93-1 may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations.

**APPENDIX E**

**FORM OF BOND COUNSEL OPINION**

[Closing Date]

Beaumont Public Improvement Authority  
Beaumont, California

Re:     \$\_\_\_\_\_ Beaumont Public Improvement Authority Local Agency Refunding Bonds,  
          Series 2021A (Federally Taxable)

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Beaumont Public Improvement Authority (the "Authority") taken in connection with the issuance by the Authority of its Local Agency Refunding Bonds, Series 2021A (Federally Taxable) (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 City of Beaumont, the City of Beaumont Community Facilities District No. 93-1 (the "District"), 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 as of \_\_\_\_\_ 1, 2021 (the "Indenture"), by and between the Authority and Wilmington Trust, National Association, as Trustee, and an authorizing resolution adopted by the Board of Directors of the Authority (the "Board") on \_\_\_\_\_, 2021 (the "Resolution"). Capitalized terms not defined herein shall have the meaning set forth in the Indenture.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the preceding paragraphs of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Bonds and the Indenture. We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Bonds and the Indenture.

We call attention to the fact that the rights and obligations under the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities and public agencies in the State of California.

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



(1) The Bonds have been duly and validly authorized by the Authority and are legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture.

(2) The Indenture has been duly executed and delivered by the Authority. The Indenture creates a valid pledge of the Revenues to secure the Bonds and the amounts on deposit in certain funds and accounts established under the Indenture to secure the Bonds, as and to the extent provided in the Indenture. The Indenture constitutes the valid and binding agreement of the Authority and is enforceable in accordance with its terms.

(3) Interest on the Bonds is not excluded from gross income for federal income tax purposes but is exempt from State of California personal income tax.

Except as set forth in paragraph 3 above, we express no opinion as to any tax consequences related to the Bonds. Other provisions of the Code may give rise to adverse federal income tax consequences to particular Bondholders. The scope of this opinion is limited to matters addressed above and no opinion is expressed hereby regarding other federal tax consequences that may arise due to ownership of the Bonds. Before purchasing any of the Bonds, all potential purchasers should consult their independent tax advisors with respect to the tax consequences relating to the Bonds and the taxpayer's particular circumstances.

Our opinion is limited to matters governed by the laws of the State of California and federal income tax law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Our engagement as Bond Counsel terminates upon the issuance of the Bonds and we have not undertaken to determine, or to inform any person, whether any such actions or events are taken (or not taken) or do occur (or do not occur).

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

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

Respectfully submitted,

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of \_\_\_\_\_ 1, 2021, is executed and delivered by the BEAUMONT PUBLIC IMPROVEMENT AUTHORITY (the “Issuer”), and WEBB MUNICIPAL FINANCE, LLC, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount the Beaumont Public Improvement Authority Local Agency Refunding Bonds, Series 2021A (Federally Taxable) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of \_\_\_\_\_ 1, 2021 (the “Indenture”), by and between Wilmington Trust, National Association, as trustee (the “Trustee”), and the Issuer. The proceeds of the Bonds will be used to acquire the District Bonds (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 the Rule.

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

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

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

“Disclosure Representative” shall mean the Executive Director of the Issuer, or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean WEBB Municipal Finance, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Issuer a written acceptance of such designation.

“District” shall mean the City of Beaumont Community Facilities District No. 93-1.

“District Bonds” shall mean, collectively, the following:

- (a) City of Beaumont Community Facilities District No. 93-1 2021 Special Tax Refunding Bonds (Improvement Area No. 7B),
- (b) City of Beaumont Community Facilities District No. 93-1 2021 Special Tax Refunding Bonds (Improvement Area No. 7C),
- (c) City of Beaumont Community Facilities District No. 93-1 2021 Special Tax Refunding Bonds (Improvement Area No. 17A),

- (d) City of Beaumont Community Facilities District No. 93-1 2021 Special Tax Refunding Bonds (Improvement Area No. 19C), and
- (e) City of Beaumont Community Facilities District No. 93-1 2021 Special Tax Refunding Bonds (Improvement Area No. 20).

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

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

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 and any successor entity designated under the Rule as the repository for filings made pursuant to Section 15B(b)(2) of the Securities Exchange Act of 1934.

“Official Statement” shall mean that certain Official Statement for the Bonds dated \_\_\_\_\_, 2021.

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

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

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

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

“State” shall mean the State of California.

### Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than the April 1 following the end of the Issuer’s Fiscal Year (June 30) commencing with the report due by April 1, 2022, provide to the Repository, in an electronic format and accompanied by identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer and the District, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s or the District’s fiscal year changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(a). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent and Trustee may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to inquire if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to date for providing the Annual Report the name and address of the Repository; and

(ii) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing the Repository(ies) to which it was provided.

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

(a) The audited financial statements of the City for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City is preparing audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if such audited financial statements are not available by the date required for filing the Annual Report.

(b) The Annual Report shall contain or incorporate by reference the following:

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

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

(iii) any changes to the Rates and Methods of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared;

(iv) an update of the estimated assessed value-to-lien ratio for each Improvement Area substantially in the form of Tables A-4, A-11, A-18, A-25 and A-32 in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year; provided, however that in such updates, value to lien by ownership need not be shown;

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

(vi) an update by Improvement Area similar to Tables A-7, A-14, A-21, A-28 and A-35 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 Improvement Area;

(vii) any changes with respect to the inclusion or exclusion of the District in the County's Teeter Plan; and

(viii) any information not already included under (i) through (vii) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

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

Section 5. Reporting of Significant Events.

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

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

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

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

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

1. unless described in paragraph 5(a)(5) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
3. appointment of a successor or additional trustee or the change of the name of a trustee;
4. nonpayment related defaults;
5. modifications to the rights of Owners of the Bonds;
6. bond calls;
7. release, substitution or sale of property securing repayment of the Bonds; and
8. incurrence of a financial obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

Section 6. Format for Filings with the MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be WEBB Municipal Finance, LLC. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

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

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

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

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

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Trustee at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement, but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorney. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Issuer: Beaumont Public Improvement Authority  
550 East Sixth Street  
Beaumont, CA 92223  
Attention: Executive Director

Dissemination Agent: Webb Municipal Finance, LLC  
3788 McCray Street  
Riverside, CA 92506

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.



Section 16. Governing Law. This Disclosure Agreement shall be construed and governed in accordance with the laws of the State of California.

BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

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

WEBB MUNICIPAL FINANCE, LLC, as Dissemination  
Agent

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: BEAUMONT PUBLIC IMPROVEMENT AUTHORITY

Name of Bond Issue: \$\_\_\_\_\_ BEAUMONT PUBLIC IMPROVEMENT AUTHORITY LOCAL AGENCY REFUNDING BONDS, SERIES 2021A (FEDERALLY TAXABLE)

Date of Issuance: \_\_\_\_\_, 2021

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated as of \_\_\_\_\_ 1, 2021, by and between the Issuer and Webb Municipal Finance, LLC, as dissemination agent. The Issuer anticipated that the Annual Report will be filed by \_\_\_\_\_.

Dated: [DISSEMINATION AGENT],

as Dissemination Agent on behalf of ISSUER

## APPENDIX G

### DTC AND THE BOOK-ENTRY-ONLY SYSTEM

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the Authority which the Authority believes to be reliable, but the Authority and the Underwriters do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). Such website is not incorporated herein by such reference.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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**

**APPENDIX I**  
**SECURITIES AND EXCHANGE COMMISSION ORDER**