

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM: 8.1
(ID # 13658)**

MEETING DATE:
Tuesday, October 20, 2020

FROM: EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Issuance of the County of Riverside Community Facilities District No. 07-2 (Clinton Keith Road) Special Tax Bonds, Series 2020 (the "Series 2020 Bonds"), All Districts. [\$300,000 - 100% Bond Proceeds] (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors as the *ex officio* legislative body of Community Facilities District No. 07-2 (Clinton Keith Road) of the County of Riverside:

1. Approve and adopt Resolution No. CFD 2020-01;
 - (a) authorizing the issuance of Community Facilities District No. 07-2 Series 2020 Special Tax Bonds in an aggregate principal amount not to exceed \$27,220,000,
 - (b) authorizing the execution and delivery of a Second Supplement to the Indenture, a Bond Purchase Agreement, and a Continuing Disclosure Agreement, and
 - (c) authorizing the preparation of an Official Statement and all other matters related thereto.

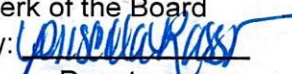
ACTION: Policy, Separate Vote Required


Stephanie Perez, Principal Management Analyst 10/8/2020

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel, seconded by Supervisor Washington and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: October 20, 2020
xc: EO

Kecia R. Harper
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$300,000	\$0	\$300,000	\$0
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS: 100% Bond Proceeds			Budget Adjustment: No	
			For Fiscal Year: 20/21 – 45/46	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Community Facilities District No. 07-2 (Clinton Keith Road) was formed on June 26, 2007 to finance the widening of Clinton Keith Road between Antelope Road and State Route 79 including all associated appurtenances and any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development bringing into conformance said facility with the Transportation Uniform Mitigation Fee (TUMF) and Road and Bridge Benefit District (RBBB) Programs. On June 18, 2007, a landowner election was held, authorizing the community facilities district (“CFD”) to incur bonded indebtedness.

The original bond issuance was anticipated to be sold in full immediately following the formation of the district. Due to market conditions, the financing was delayed, and the transportation department then phased the project. Phase 1, which includes the area from Antelope Road to Whitewood Road, was completed by the City of Murrieta. Phases 2-4 have been or will be funded in part by bonds issued by the District.

In August 2015, Community Facilities District No. 07-2 (Clinton Keith) Special Tax Bonds, Series 2015 were issued in the amount of \$25,170,000 (the “Series 2015 Bonds”). In June 2017, Community Facilities District No. 07-2 (Clinton Keith) Special Tax Bonds, Series 2017 were issued in the amount of \$7,610,000 (the “Series 2017 Bonds”). The proposed Series 2020 Bonds will be the third and final parity series. Any additional bonds for the District will be for refunding purposes only.

The Series 2015 Bonds partially funded Phase 2, which entailed the construction of a four-lane section from Whitewood Road to 1.7 miles easterly to Trois Valley Street, including the installation of traffic signals at Menifee Road and at Trois Valley Street. The Series 2017 Bonds partially funded Phase 3, which includes construction of a six-lane facility from Leon Road to south of French Valley Creek, including the French Valley Creek Bridge, and a traffic signal at Leon Road/Clinton Keith Road. The proposed Series 2020 Bonds will fund in part Phase 4, which will complete the remaining two lanes of the ultimate six-lane road section between Whitewood Road and Trois Valley Street.

The Series 2020 Bonds will be issued in the amount of \$27,220,000 and will have a term of 25 years to coincide with the term of the special tax. If approved, staff recommends issuing

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

approximately \$27,220,000 in fixed interest rate bonds. The anticipated net interest cost is 3.1%. The average annual debt service is anticipated to be approximately \$1,840,000. The special tax is anticipated to be levied on developed and approved properties.

The proposed sale and issuance of the Series 2020 Bonds has been reviewed and approved by the County's Debt Advisory Committee.

Impact on Citizens and Businesses

The property owners of developed parcels within the boundaries of this district are currently being assessed taxes for this project. After the financing, taxes will be levied on developed and approved properties.

SUPPLEMENTAL:

Additional Fiscal Information

See the attached financing documents.

Prior Agenda item: 5/2/17 8.1



Don R. Kent, Assistant CEO-County Finance Officer

10/14/2020



Gregory H. Priaplos, Director County Counsel

10/14/2020

3 RESOLUTION NO. CFD 2020-01

4 A RESOLUTION OF THE LEGISLATIVE BODY OF
5 COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON
6 KEITH) OF THE COUNTY OF RIVERSIDE AUTHORIZING
7 THE ISSUANCE OF NOT TO EXCEED \$27,220,000
8 AGGREGATE PRINCIPAL AMOUNT OF COMMUNITY
9 FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH) OF THE
10 COUNTY OF RIVERSIDE SPECIAL TAX BONDS, SERIES
11 2020, AUTHORIZING THE EXECUTION AND DELIVERY OF
12 A SECOND SUPPLEMENTAL INDENTURE, A BOND
13 PURCHASE AGREEMENT AND A CONTINUING
14 DISCLOSURE AGREEMENT AND THE PREPARATION OF
15 AN OFFICIAL STATEMENT AND OTHER MATTERS
16 RELATED THERETO

17 WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County of Riverside
18 (the "County") has formed Community Facilities District No. 07-2 (Clinton Keith) of the County of
19 Riverside (the "Community Facilities District") under the Mello-Roos Community Facilities Act of
20 1982 (the "Act");

21 WHEREAS, pursuant to the Act, the Board of Supervisors is the *ex officio* legislative body
22 (the "Legislative Body") of the Community Facilities District;

23 WHEREAS, the Community Facilities District is authorized under the Act to levy special
24 taxes (the "Special Taxes") to finance certain public facilities (the "Facilities") and to issue bonds
25 payable from the Special Taxes;

26 WHEREAS, in order to provide funds to finance certain of the Facilities, the Community
27 Facilities District previously issued its Community Facilities District No. 07-2 (Clinton Keith) of the
28 County of Riverside Special Tax Bonds, Series 2015 (the "Series 2015 Bonds"), in the aggregate
principal amount of \$25,170,000;

WHEREAS, the Series 2015 Bonds were issued pursuant to the Indenture, dated as of
August 1, 2015 (the "Original Indenture"), by and between the Community Facilities District and U.S.
Bank National Association, as Trustee (the "Trustee") (capitalized undefined terms used herein have
the meanings ascribed thereto in the Original Indenture);

FORM APPROVED COUNTY COUNSEL
BY: MCT 12 OCT 20
MICHAEL C. THOMAS DATE

1 **WHEREAS**, in order to provide funds to finance certain additional Facilities, the Community
2 Facilities District previously issued its Community Facilities District No. 07-2 (Clinton Keith) of the
3 County of Riverside Special Tax Bonds, Series 2017 (the “Series 2017 Bonds”), in the aggregate
4 principal amount of \$7,610,000;

5 **WHEREAS**, the Series 2017 Bonds were issued pursuant to a First Supplemental Indenture,
6 dated as of June 1, 2017 (the “First Supplemental Indenture”), by and between the Community
7 Facilities District and the Trustee;

8 **WHEREAS**, the Original Indenture provides that the Community Facilities District may at
9 any time issue one or more Series of Additional Bonds (in addition to the Series 2015 Bonds and the
10 Series 2017 Bonds) payable from Net Special Tax Revenues as provided therein on a parity with all
11 other Bonds theretofore issued thereunder, but only subject to the conditions set forth therein;

12 **WHEREAS**, in order to provide funds to finance certain additional Facilities, the Community
13 Facilities District desires to issue a Series of Additional Bonds, to be designated the Community
14 Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2020
15 (the “Series 2020 Bonds”), in the aggregate principal amount of not to exceed \$27,220,000;

16 **WHEREAS**, the Original Indenture provides that the Original Indenture and the rights and
17 obligations of the Community Facilities District, the Trustee and the Owners thereunder may be
18 modified or amended from time to time and at any time by a Supplemental Indenture, which the
19 Community Facilities District and the Trustee may enter into without the consent of any Owners to
20 provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and
21 conditions under which such Series of Additional Bonds may be issued, subject to and in accordance
22 with the provisions of the Original Indenture;

23 **WHEREAS**, in order to provide for the authentication and delivery of the Series 2020 Bonds,
24 to establish and declare the terms and conditions upon which the Series 2020 Bonds are to be issued
25 and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon,
26 the Community Facilities District proposes to enter into a Second Supplemental Indenture with the
27 Trustee (such Second Supplemental Indenture, in the form presented to this meeting, with such
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1 changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as
2 the “Second Supplemental Indenture”);

3 **WHEREAS**, Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), has presented
4 the Community Facilities District with a proposal, in the form of a Bond Purchase Agreement, to
5 purchase the Series 2020 Bonds from the Community Facilities District (such Bond Purchase
6 Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are
7 made pursuant to this Resolution, being referred to herein as the “Purchase Agreement”);

8 **WHEREAS**, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934
9 (“Rule 15c2-12”) requires that, in order to be able to purchase or sell the Series 2020 Bonds, the
10 underwriter thereof must have reasonably determined that the Community Facilities District has, or
11 one or more appropriate obligated persons have, undertaken in a written agreement or contract for the
12 benefit of the holders of the Series 2020 Bonds to provide disclosure of certain financial information
13 and certain material events on an ongoing basis;

14 **WHEREAS**, in order to cause such requirement to be satisfied, the Community Facilities
15 District desires to enter into a Continuing Disclosure Agreement with the Trustee (such Continuing
16 Disclosure Agreement, in the form presented to this meeting, with such changes, insertions and
17 omissions as are made pursuant to this Resolution, being referred to herein as the “Continuing
18 Disclosure Agreement”);

19 **WHEREAS**, a form of the Preliminary Official Statement to be distributed in connection with
20 the public offering of the Series 2020 Bonds has been prepared (such Preliminary Official Statement,
21 in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant
22 to this Resolution, being referred to herein as the “Preliminary Official Statement”);

23 **WHEREAS**, pursuant to the requirements of Section 5852.1 of the California Government
24 Code (the “Code”), set forth below are good faith estimates provided to the Community Facilities
25 District by Fieldman, Rolapp & Associates, Inc., the Community Facilities District’s municipal advisor
26 (the “Municipal Advisor”), based on market conditions as of September 29, 2020. The following
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1 estimates have no bearing on, and should not be misconstrued as, any not to exceed financial
2 parameters authorized by this resolution:

3 (a) The true interest cost of the Series 2020 Bonds is estimated at 2.92% calculated
4 as provided in Section 5852.1(a)(1)(A) of the Code;

5 (b) The finance charge of the Series 2020 Bonds, including all fees and charges
6 paid to third parties, is estimated at \$751,624;

7 (c) Proceeds of the Series 2020 Bonds received by the District for the sale of the
8 Series 2020 Bonds are equal to \$28,790,537;

9 (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D)
10 of the Code is estimated at \$45,821,063;

11 The foregoing estimates and the final costs will depend on market conditions and can be
12 expected to vary from the estimated amounts set forth above;

13 **WHEREAS**, there have been prepared and submitted to this meeting forms of:

- 14 (a) the Second Supplemental Indenture;
- 15 (b) the Purchase Agreement;
- 16 (c) the Continuing Disclosure Agreement; and
- 17 (d) the Preliminary Official Statement;

18 **WHEREAS**, the Community Facilities District desires to authorize the issuance of the Series
19 2020 Bonds and the execution of such documents and the performance of such acts as may be necessary
20 or desirable to effect the issuance of the Series 2020 Bonds;

21 **NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF**
22 **RIVERSIDE ACTING *EX OFFICIO* AS THE LEGISLATIVE BODY OF COMMUNITY**
23 **FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH) OF THE COUNTY OF RIVERSIDE,**
24 in regular session assembled on October 20, 2020, does hereby resolve, find, determine and order as
25 follows:

26 **Section 1.** The foregoing recitals are true and correct.

1 **Section 2.** Subject to the provisions of Section 3 hereof, the issuance of the Series 2020
2 Bonds, in an aggregate principal amount of not to exceed \$27,220,000, on the terms and conditions set
3 forth in, and subject to the limitations specified in, the Second Supplemental Indenture, is hereby
4 authorized and approved. The Series 2020 Bonds shall be dated, shall bear interest at the rates, shall
5 mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as
6 otherwise provided in the Second Supplemental Indenture, as the same shall be completed as provided
7 in this Resolution.

8 **Section 3.** The Second Supplemental Indenture, in substantially the form submitted to this
9 meeting and made a part hereof as though set forth herein, be and the same is hereby approved. Each
10 of the Chairman of the Legislative Body, and such other members of the Legislative Body as the
11 Chairman may designate, the County Executive Officer of the County, the County Finance Officer of
12 the County, the Chief Deputy County Executive Officer of the County and the Deputy County
13 Executive Officer of the County, and such other officers of the County as the County Executive Officer
14 may designate (the "Authorized Officers") is hereby authorized, and any one of the Authorized Officers
15 is hereby directed, for and in the name of the Community Facilities District, to execute and deliver the
16 Second Supplemental Indenture in the form submitted to this meeting, with such changes, insertions
17 and omissions as the Authorized Officer executing the same may require or approve, such requirement
18 or approval to be conclusively evidenced by the execution of the Second Supplemental Indenture by
19 such Authorized Officer; provided, however, that such changes, insertions and omissions shall not
20 authorize an aggregate principal amount of Series 2020 Bonds in excess of \$27,220,000, shall not result
21 in a final maturity date of the Series 2020 Bonds later than September 1, 2045 and shall not result in a
22 true interest cost for the Series 2020 Bonds in excess of 5.00%.

23 **Section 4.** The Purchase Agreement, in substantially the form submitted to this meeting
24 and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of
25 the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed,
26 for and in the name of the Community Facilities District, to execute and deliver the Purchase
27 Agreement in the form presented to this meeting, with such changes, insertions and omissions as the
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1 Authorized Officer executing the same may require or approve, such requirement or approval to be
2 conclusively evidenced by the execution of the Purchase Agreement by such Authorized Officer;
3 provided, however, that such changes, insertions and omissions shall not result in an aggregate
4 underwriter's discount (not including any original issue discount) from the principal amount of the
5 Series 2020 Bonds in excess of 0.50% of the aggregate principal amount of the Series 2020 Bonds.
6 The Legislative Body hereby finds and determines that the sale of the Series 2020 Bonds at negotiated
7 sale as contemplated by the Purchase Agreement will result in a lower overall cost.

8 **Section 5.** The Continuing Disclosure Agreement, in substantially the form submitted to
9 this meeting and made a part hereof as though set forth in full herein, be and the same is hereby
10 approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized
11 Officers is hereby directed, for and in the name of the Community Facilities District, to execute and
12 deliver the Continuing Disclosure Agreement in the form presented to this meeting, with such changes,
13 insertions and omissions as the Authorized Officer executing the same may require or approve, such
14 requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure
15 Agreement by such Authorized Officer.

16 **Section 6.** The Preliminary Official Statement, in substantially the form presented to this
17 meeting and made a part hereof as though set forth in full herein, with such changes, insertions and
18 omissions therein as may be approved by an Authorized Officer, be and the same is hereby approved,
19 and the use of the Preliminary Official Statement in connection with the offering and sale of the Series
20 2020 Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized
21 to certify on behalf of the Community Facilities District that the Preliminary Official Statement is
22 deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain
23 final pricing, rating and related information as permitted by Rule 15c2-12).

24 **Section 7.** The preparation and delivery of a final Official Statement (the "Official
25 Statement"), and its use in connection with the offering and sale of the Series 2020 Bonds, be and the
26 same is hereby authorized and approved. The Official Statement shall be in substantially the form of
27 the Preliminary Official Statement, with such changes, insertions and omissions as may be approved
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1 by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery
2 thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers
3 is hereby directed, for and in the name of the Community Facilities District, to execute the final Official
4 Statement and any amendment or supplement thereto.

5 **Section 8.** The assessed values of the property within the Community Facilities District
6 are set forth in the Preliminary Official Statement and the value-to-lien information with respect thereto
7 is set forth therein and, based thereon, the Legislative Body, for purposes of Section 53345.8 of the
8 Act, hereby finds and determines that the value of the real property that would be subject to the Special
9 Tax to pay debt service on the Series 2020 Bonds will be at least three times the principal amount of
10 the Series 2020 Bonds to be sold and the principal amount of all other bonds outstanding that are
11 secured by a special tax levied pursuant to the Act on property within the Community Facilities District
12 or a special assessment levied on property within the Community Facilities District.

13 **Section 9.** Each of the Authorized Officers is authorized, but not required, to obtain a
14 rating of the Series 2020 Bonds from a nationally recognized rating service and to obtain a municipal
15 bond insurance policy and/or a reserve surety guaranteeing payment of principal and interest with
16 respect to some or all of the Series 2020 Bonds, and to pay the premium or fee therefor from the
17 proceeds of the sale of the Series 2020 Bonds, if such Authorized Officer, in consultation with the
18 Municipal Advisor, determines that obtaining such rating, municipal bond insurance policy and/or
19 reserve surety will result in a lower total interest cost with respect to the Series 2020 Bonds. The
20 Authorized Officers are hereby further authorized to revise any of the documents referenced herein, or
21 any related documents, to incorporate any provisions required in order to obtain such a municipal bond
22 insurance policy and/or a reserve surety. Each of the Authorized Officers, acting alone, is further
23 authorized to execute commitments and reimbursement agreements relating to such municipal bond
24 insurance policy and/or reserve surety.

25 **Section 10.** The officers of the County, acting ex officio on behalf of the Community
26 Facilities District, are, and each of them is, hereby authorized and directed to do any and all things,
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1 and to execute and deliver any and all documents which said officers may deem necessary or advisable
2 in order to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

3 ADOPTED, SIGNED AND APPROVED this 20th day of October, 2020, by the Board of
4 Supervisors of the County of Riverside, acting *ex officio* as the Legislative Body of Community
5 Facilities District No. 07-2 (Clinton Keith) of the County of Riverside.

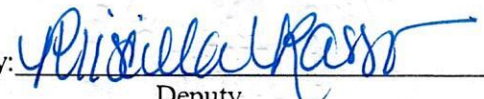
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V. Manuel Perez,
Chairman of the Board of Supervisors

9 ATTEST:

10 Kecia Harper
11 Clerk of the Board of Supervisors

12 By: 
13 Deputy

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15 ROLL CALL:

16 Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
17 Nays: None
18 Absent: None

19 The foregoing is certified to be a true copy of a resolution duly adopted by said Board of
20 Supervisors on the date therein set forth.


21 Kecia R. Harper, Clerk of said Board

22 By: 
23 Deputy

1 STATE OF CALIFORNIA)
) ss.
2 COUNTY OF RIVERSIDE)

3 I, Kecia Harper, Clerk of the Board of Supervisors of the County of Riverside, California,
4 acting *ex officio* as the Clerk of the Legislative Body for Community Facilities Districts for the County
5 of Riverside, do hereby certify that the foregoing Resolution No. CFD 2020-01 was duly adopted by
6 the Board of Supervisors of said County, acting *ex officio* as the Legislative Body of Community
Facilities District No. 07-2 (Clinton Keith) of the County of Riverside, at a meeting of said Board held
on the 20th day of October, 2020, and that it was so adopted by the following vote:

- 7 AYES: Jeffries, Spiegel, Washington, Perez and Hewitt
- 8 NOES: None
- 9 ABSTAIN: None
- 10 ABSENT: None

11  _____, Deputy


Clerk of the of the Board of Supervisors
of the County of Riverside, *ex officio* the
Clerk of the Legislative Body

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1 STATE OF CALIFORNIA)
) ss.
2 COUNTY OF RIVERSIDE)

3 I, Kecia Harper, Clerk of the Board of Supervisors of the County of Riverside, California,
4 acting *ex officio* as the Clerk of the Legislative Body for Community Facilities Districts for the County
5 of Riverside, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution
6 No. CFD 2020-01 of the Board of Supervisors of said County, acting *ex officio* as the legislative body
of Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside, and that the
same has not been amended or repealed.

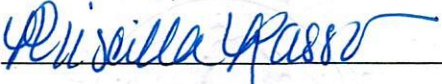
7 Dated: October 20, 2020

8  , Deputy
9 Clerk of the Board of Supervisors
10 of the County of Riverside, *ex officio* the
11 Clerk of the Legislative Body

11 ROLL CALL:

- 12 Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
13 Nays: None
14 Absent: None

15 The foregoing is certified to be a true copy of a resolution duly adopted by said Board of
16 Supervisors on the date therein set forth.

17 KECIA HARPER, Clerk of the Board
18 By:  Deputy
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\$ _____
**COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX BONDS, SERIES 2020**

BOND PURCHASE AGREEMENT

_____, 2020

Community Facilities District
No. 07-2 (Clinton Keith) of the
County of Riverside
4080 Lemon Street, 4th Floor
Riverside, California 92501

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside (the “Community Facilities District”), which upon acceptance will be binding upon the Underwriter and the Community Facilities District. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Community Facilities District satisfying all of the obligations imposed upon them under this Purchase Agreement. This offer is made subject to the Community Facilities District’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 8:00 p.m., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Community Facilities District at any time prior to the acceptance hereof by the Community Facilities District. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Indenture, dated as of August 1, 2015 (the “Original Indenture”), as amended and supplemented by a First Supplemental Indenture, dated as of June 1, 2017 (the “First Supplemental Indenture”), and a Second Supplemental Indenture, dated as of November 1, 2020 (the “Second Supplemental Indenture”), each by and between the Community Facilities District and U.S. Bank National Association, as trustee (the “Trustee”). The Original Indenture as amended and supplemented by the First Supplement and the Second Supplement is referred to herein as the “Indenture.”

1. Purchase, Sale and Delivery of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein: (i) the Underwriter hereby agrees to purchase from the Community Facilities District and the Community Facilities District hereby agrees to sell to the Underwriter all (but not less than all) of the \$ _____ aggregate principal amount of the Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2020 (the “Bonds”), dated the Closing Date (as hereinafter defined), bearing interest at the rates and

maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be \$_____ (being 100% of the aggregate principal amount thereof, plus net original issue premium of \$_____ and less an Underwriter's discount of \$_____).

The Underwriter agrees to make a bona fide public offering of all of the Bonds initially at the public offering prices (or yields) set forth in Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds subject to Section 4 hereof, provided that the Underwriter shall not change the interest rates set forth in Exhibit A. The Bonds will be offered and sold to certain dealers at prices lower than such initial offering prices.

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Net Special Tax Revenues on a parity with the outstanding Series 2015 Bonds and the Series 2017 Bonds as provided in the Indenture, the Preliminary Official Statement (as hereinafter defined), and the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the "Community Facilities District Act"). The issuance of the Bonds has been duly authorized by the Board of Supervisors of the County of Riverside (the "County"), as the legislative body for the Community Facilities District, pursuant to a resolution (the "Community Facilities District Resolution of Issuance") adopted on October 20, 2020.

The net proceeds of the Bonds will be used to (i) finance various public improvements needed to develop property located within the Community Facilities District, (ii) increase the balance in the reserve fund to equal the Reserve Requirement upon issuance of the Bonds, and (iii) pay costs of issuance of the Bonds.

A. The Community Facilities District hereby acknowledges that the Underwriter is entering into this Purchase Agreement in reliance on the representations, warranties and agreements made by the Community Facilities District herein, and the Community Facilities District shall take all action necessary to enforce its rights hereunder for the benefit of the Underwriter and shall immediately notify the Underwriter if it becomes aware that any representation, warranty or agreement made by the Community Facilities District herein is incorrect in any material respect.

The Community Facilities District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the Community Facilities District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as the agent or fiduciary of, or a municipal or financial advisor of, the Community Facilities District and has not assumed any advisory or fiduciary responsibility to the Community Facilities District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided or is currently providing other services to the Community Facilities District on other matters), (iv) the Underwriter has financial interests that differ from those of the Community Facilities District, (v) the only obligations the Underwriter has to the Community Facilities District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Agreement, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission or the rules of the MSRB (as defined below)

or other law, and (vi) the Community Facilities District has consulted its own legal, financial, accounting, tax, and other advisors to the extent they have deemed appropriate in connection with this transaction. The Community Facilities District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (“MSRB”). The Community Facilities District acknowledges and represents that it has engaged Fieldman, Rolapp & Associates, Inc. as its municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1) and will rely solely on the financial advice of Fieldman, Rolapp & Associates, Inc. with respect to the Bonds.

B. Pursuant to the authorization of the Community Facilities District, the Underwriter has distributed copies of the Preliminary Official Statement dated October __, 2020, relating to the Bonds, which, together with the cover page, inside cover page and appendices thereto is herein called the “Preliminary Official Statement.” By its acceptance of this Purchase Agreement, the Community Facilities District hereby ratifies the use by the Underwriter of the Preliminary Official Statement, and the Community Facilities District agrees to execute a final official statement relating to the Bonds (the “Official Statement”) which will consist of the Preliminary Official Statement with such changes as may be made thereto, with the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel (“Bond Counsel”) and as Disclosure Counsel (“Disclosure Counsel”), and the Underwriter, and to provide copies thereof to the Underwriter as set forth herein. The Community Facilities District hereby authorizes and requires the Underwriter to use and promptly distribute, in connection with the offer and sale of the Bonds, the Preliminary Official Statement, the Official Statement and any supplement or amendment thereto. The Community Facilities District further authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Bonds, the Indenture, the Continuing Disclosure Agreement executed by the Community Facilities District in connection with the Bonds (the “Continuing Disclosure Agreement”), this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by or on behalf of the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

C. To assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”), the Community Facilities District will undertake pursuant to the Continuing Disclosure Agreement, in the form attached as an appendix to the Official Statement, to provide annual reports and notices of certain enumerated events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

D. Except as the Underwriter and the Community Facilities District may otherwise agree, the Community Facilities District will deliver to the Underwriter, at the offices of Bond Counsel in Newport Beach, California, or at such other location as may be mutually agreed upon by the Underwriter and the Community Facilities District, the documents hereinafter mentioned; and the Community Facilities District will deliver to the Underwriter through the facilities of The Depository Trust Company (“DTC”), the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Community Facilities District and authenticated by the Trustee in the manner provided for in the Second Supplemental Agreement and the Community Facilities District Act at 8:00 a.m. California time, on _____, 2020 (the “Closing Date”), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (A) of this Section by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the “Closing”). The Bonds shall be in

fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

2. Representations, Warranties and Covenants of the Community Facilities District. The Community Facilities District represents, warrants and covenants to the Underwriter on behalf of itself and the County that:

A. The County is a political subdivision, organized and existing pursuant to the Constitution and laws of the State of California and has duly authorized the formation of the Community Facilities District and the incurring of bonded indebtedness thereby pursuant to resolutions duly adopted by the Board of Supervisors (collectively, the “Community Facilities District Formation Resolutions” and, together with the Community Facilities District Resolution of Issuance, the “Community Facilities District Resolutions”) and the Community Facilities District Act. The Board of Supervisors, as the legislative body of the County and the Community Facilities District, has duly adopted the Community Facilities District Formation Resolutions and an ordinance of the Board of Supervisors levying Special Taxes within the Community Facilities District (the “Ordinance”), and has caused to be recorded in the real property records of the County, a notice of special tax lien, and any required amendments thereof (collectively, the “Notice of Special Tax Lien” and, together with the Community Facilities District Formation Resolutions and the Ordinance, the “Formation Documents”), and has duly adopted the Community Facilities District Resolution of Issuance. Each of its Formation Documents remains in full force and effect as of the date hereof and has not been amended or rescinded. The Community Facilities District is duly organized and validly existing as a Community Facilities District under the laws of the State of California. The Community Facilities District has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under this Purchase Agreement, the Continuing Disclosure Agreement and the Indenture, and to carry out all transactions contemplated by each of such agreements; (ii) to issue, sell and deliver the Bonds as provided herein; and (iii) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents, the Indenture, the Bonds, the Continuing Disclosure Agreement, this Purchase Agreement, and the Official Statement.

This Purchase Agreement, the Indenture, the Bonds, and the Continuing Disclosure Agreement, are collectively referred to herein as the “Community Facilities District Documents.”

B. The Community Facilities District and the County, as applicable, have each complied, and will at the Closing Date be in compliance in all material respects, with the Formation Documents and the Community Facilities District Documents, and any immaterial noncompliance by the Community Facilities District and the County, if any, will not impair the ability of the Community Facilities District and the County, as applicable, to carry out, give effect to or consummate the transactions contemplated by the foregoing. From and after the date of issuance of the Bonds, the Community Facilities District will continue to comply with the covenants of the Community Facilities District contained in the Community Facilities District Documents.

C. The information in the Preliminary Official Statement and in the Official Statement relating to the Community Facilities District and the Bonds (other than statements pertaining to the book-entry system, as to which no view is expressed), is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and, upon delivery and up to and including 25 days after the End of the

Underwriting Period (as defined in paragraph (D) below), the Official Statement will be amended and supplemented so as to contain no misstatement of any material fact or omission of any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading.

D. Up to and including 25 days after the End of the Underwriting Period (as defined below), the Community Facilities District will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not affect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Community Facilities District will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise materially affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds. As used herein, the term “End of the Underwriting Period” means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the Community Facilities District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the “End of the Underwriting Period.”

E. Except as described in the Preliminary Official Statement, the Community Facilities District is not, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance of its obligations under the Community Facilities District Documents and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Community Facilities District Documents or the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement.

F. Except as may be required under the “blue sky” or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Community Facilities District of its obligations under the Community Facilities District Documents, and the performance of the conditions precedent to be performed by the Community Facilities District pursuant to this Purchase Agreement, have been or will be obtained at the Closing Date and are or will be in full force and effect at the Closing Date.

G. The Community Facilities District Documents conform as to form and tenor to the descriptions thereof contained in the Official Statement.

H. The Bonds are payable from the Net Special Tax Revenues of the Community Facilities District, as set forth in the Indenture, the levy of which has been duly and validly authorized pursuant to the Community Facilities District Act and the Special Taxes within the Community Facilities District will be fixed and levied in an amount which, together with other available funds, is required for the payment of the principal of, and interest on, the Series 2015 Bonds, the Series 2017 Bonds and the Bonds when due and payable, all as provided in the Indenture. The Community Facilities District has covenanted to cause the Special Taxes to be levied and collected at the same time and in the same manner as ordinary *ad valorem* property taxes or in such other manner as the Board of Supervisors shall determine.

I. The Indenture creates a valid pledge of, first lien upon and security interest in, the Net Special Tax Revenues of the Community Facilities District, and in the moneys in the Special Tax Fund, the Bond Fund, and the Reserve Fund established pursuant to the Indenture, on the terms and conditions set forth in the Indenture.

J. Except as disclosed in the Preliminary Official Statement, there are, to the best of the Community Facilities District's knowledge, no entities with outstanding assessment liens against any of the properties within the Community Facilities District or which are senior to or on a parity with the Special Taxes of the Community Facilities District referred to in paragraph (H) hereof.

K. The information contained in the Preliminary Official Statement and in the Official Statement (other than statements therein pertaining to the DTC and its book-entry system, as to which no view is expressed) is true and correct in all material respects and such information does not and shall not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

L. The Preliminary Official Statement was deemed final by a duly authorized officer of the Community Facilities District prior to its delivery to the Underwriter, except for the omission of such information as is permitted to be omitted in accordance with paragraph (b)(1) of the Rule. The Community Facilities District hereby covenants and agrees that, within seven (7) business days from the date hereof, or upon reasonable written notice from the Underwriter within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Community Facilities District shall cause a final printed form of the Official Statement to be delivered to the Underwriter in sufficient quantity to comply with paragraph (b)(4) of the Rule and Rules G-12, G-15, G-32 and G-36 of the MSRB.

M. At the time of acceptance hereof there is and as of the Closing there will be no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an "Action") pending (notice of which has been served on the County or the Community Facilities District) or to the best knowledge of the Community Facilities District or the County threatened, in which any such Action: (i) in any way questions the existence of the Community Facilities District or the titles of the officers of the Community Facilities District to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the payment or collection of

Special Taxes or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Community Facilities District Documents or the consummation of the transactions on the part of the Community Facilities District contemplated thereby; (iii) contests the exemption of interest on the Bonds from federal or State income taxation or contests the powers of the Community Facilities District which may result in any material adverse change relating to the financial condition of the Community Facilities District; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and as of the time of acceptance hereof there is and, as of the Closing Date, there will be no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

N. Any certificate signed on behalf of the Community Facilities District by any officer or employee of the Community Facilities District authorized to do so shall be deemed a representation and warranty by the Community Facilities District to the Underwriter on behalf of itself and the Community Facilities District as to the statements made therein.

O. At or prior to the Closing, the Community Facilities District will have duly authorized, executed and delivered the Continuing Disclosure Agreement in substantially the form attached as an appendix to the Official Statement. Based upon a review of previous undertakings of the County and its related entities, including the Community Facilities District, and except as disclosed in the Preliminary Official Statement, the County and such entities have not failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events in the last five years.

P. The Community Facilities District will apply the proceeds of the Bonds in accordance with the Indenture and as described in the Preliminary Official Statement and Official Statement.

Q. Until such time as moneys have been set aside in an amount sufficient to pay all then outstanding Bonds at maturity or to the date of redemption if redeemed prior to maturity, plus unpaid interest thereon and premium, if any, to maturity or to the date of redemption if redeemed prior to maturity, the Community Facilities District will faithfully perform and abide by all of the covenants, undertakings and provisions contained in the Indenture.

R. Between the date of this Purchase Agreement and the date of Closing, the Community Facilities District will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

S. The County, on behalf of the Community Facilities District, has adopted local debt policies in accordance with Section 8855(i) of the California Government Code.

The Community Facilities District hereby approves the preparation and distribution of the Official Statement, consisting of the Preliminary Official Statement with such changes as are noted thereon and as may be made thereto, with the approval of Bond Counsel, Disclosure Counsel and the Underwriter, from time to time prior to the Closing Date.

The Community Facilities District hereby ratifies any prior use of and authorizes the future use by the Underwriter, in connection with the offering and sale of the Bonds, of the Preliminary Official Statement, the Official Statement, this Purchase Agreement and all information contained herein, and all other documents, certificates and written statements furnished by the Community Facilities District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

The execution and delivery of this Purchase Agreement by the Community Facilities District shall constitute a representation by the Community Facilities District to the Underwriter that the representations and warranties contained in this Section 2 with respect to the Community Facilities District are true as of the date hereof.

3. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the Community Facilities District contained herein, to the accuracy in all material respects of the statements of the officers and other officials of the Community Facilities District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Community Facilities District of their obligations to be performed hereunder at or prior to the Closing Date, and to the following additional conditions:

A. At the Closing Date, the Community Facilities District Resolutions, the Community Facilities District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the Bonds, and with the transactions contemplated thereby, and by this Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

B. At the Closing Date, except as described in the Preliminary Official Statement, the County shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the County is a party or is otherwise subject or bound, and the performance of the conditions precedent to be performed hereunder will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the County is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance of the conditions precedent to be performed by the County hereunder.

C. At the Closing Date, except as described in the Preliminary Official Statement, the Community Facilities District shall not be, in any respect material to the transactions referred to herein or contemplated hereby, in breach of or in default under, any law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or

other instrument to which the Community Facilities District is a party or is otherwise subject or bound, and the performance by the Community Facilities District of its obligations under the Bonds, the Community Facilities District Resolutions, the Indenture, and any other instruments contemplated by any of such documents, and compliance with the provisions of each thereof, or the performance of the conditions precedent to be performed hereunder, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either thereof, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Community Facilities District is a party or is otherwise subject or bound, in any manner which would materially and adversely affect the performance by the Community Facilities District of its obligations under the Indenture, the Bonds or the performance of the conditions precedent to be performed by the Community Facilities District hereunder.

D. The information contained in the Official Statement is, as of the Closing Date and as of the date of any supplement or amendment thereto pursuant hereto, true and correct in all material respects and does not, as of the Closing Date or as of the date of any supplement or amendment thereto, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

E. Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth on the cover page of the Official Statement, of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected, in the reasonable judgment of the Underwriter (evidenced by a written notice to the Community Facilities District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by reason of any of the following:

1. Legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America or recommended to the Congress by the President of the United States, the Department of the Treasury, the Internal Revenue Service, or any member of Congress, or favorably reported for passage to either House of Congress by any committee of such House to which such legislation had been referred for consideration, or a decision rendered by a court established under Article III of the Constitution of the United States of America or by the Tax Court of the United States of America, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Treasury Department of the United States of America or the Internal Revenue Service, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any owners of the Bonds beyond the extent to which such interest is subject to taxation as of the date hereof;

2. Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission ("SEC"), or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or

that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect;

3. A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

4. The introduction, proposal or enactment of any amendment to the federal or California Constitution or any action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the Community Facilities District, its property, income, securities (or interest thereon), the validity or enforceability of Special Taxes, or the ability of the Community Facilities District to construct or acquire the improvements as contemplated by the Formation Documents, the Community Facilities District Documents or the Official Statement or the right of any owner of the property within the Community Facilities District to develop such property in the manner described in the Official Statement, or the ability of the Community Facilities District to issue the Bonds as contemplated by the Indenture and the Official Statement;

5. Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or in the Official Statement, or has the effect that the Preliminary Official Statement or the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

6. Any national securities exchange, the Comptroller of the Currency, or any other governmental authority, shall impose as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

7. There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war, (2) any other calamity or crisis in the financial markets of the United States or elsewhere, or (3) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations;

8. Except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the County or Community Facilities District shall have occurred;

9. Any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Community Facilities District

refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

10. A general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force;

11. A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred;

12. Any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order;

13. A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Securities, including the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Securities, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act;

14. Any proceeding shall have been commenced or be threatened in writing by the Securities and Exchange Commission against the County or the Community Facilities District; or

15. The commencement of any Action.

F. At or prior to the Closing Date, the Underwriter shall have received a counterpart original or certified copy of the following documents, in each case satisfactory in form and substance to the Underwriter:

1. The Official Statement, executed on behalf of the Community Facilities District by an authorized officer;

2. The Indenture, duly executed and delivered by the Community Facilities District and the Trustee;

3. The Community Facilities District Resolutions and the other Formation Documents, and the Community Facilities District Documents, together with a certificate dated as of the Closing Date of the Clerk of the Board of Supervisor to the effect that the Community Facilities District Resolutions and the Ordinance are true, correct and complete copies of the ones duly adopted by the Board of Supervisors;

4. The Continuing Disclosure Agreement executed and delivered by the Community Facilities District;

5. An unqualified approving opinion for the Bonds, dated the Closing Date and addressed to the Community Facilities District, of Bond Counsel, to the effect that the Bonds are the valid, legal and binding obligations of the Community Facilities District and that the interest thereon is excluded from gross income for federal income tax purposes and exempt from personal income taxes of the State of California, in substantially the form included as an appendix to the Official Statement, together with a letter of Bond Counsel, dated the Closing Date and addressed to the Underwriter and the Trustee, to the effect that such opinion addressed to the Community Facilities District may be relied upon by the Underwriter and the Trustee to the same extent as if such opinion was addressed to it;

6. A supplemental opinion or opinions of Bond Counsel dated the Closing Date and addressed to the Underwriter to the effect that:

(i) this Purchase Agreement and the Continuing Disclosure Agreement have been duly executed and delivered by the Community Facilities District and, assuming due authorization, execution and delivery by the other parties thereto, constitute the valid and binding obligations of the Community Facilities District, except to the extent that enforceability may be limited by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases and by limitations on legal remedies against public agencies in the State;

(ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(iii) the Bonds constitute valid and binding special obligations of the Community Facilities District and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State),

(iv) the issuance of the Bonds, in and of itself, will not adversely affect the exclusion of interest on the Series 2015 Bonds or the Series 2017 Bonds Outstanding prior to the issuance of the Bonds from gross income for federal income tax purposes; and

(v) the statements contained in the Official Statement under the captions "THE SERIES 2020 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS," (except information under the caption "Rate and Method of Apportionment" as to which no opinion is expressed), "LEGAL MATTERS – Tax Matters," Appendix C - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," and APPENDIX E – "FORM OF OPINION OF BOND COUNSEL," excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Indenture, Bond Counsel's final approving opinion and certain matters addressed in Bond Counsel's final approving opinion, are accurate in all material respects.

7. A letter, dated the Closing Date and addressed to the Underwriter, of Disclosure Counsel, to the effect that such counsel is not passing upon and has not undertaken to determine independently or to verify the accuracy or completeness of the statements contained in the Preliminary Official Statement or in the Official Statement, and is, therefore, unable to make any representation to the Underwriter in that regard, but on the basis of its participation in conferences with representatives of County Counsel, Bond Counsel, Webb Municipal Finance, LLC (“Webb Municipal Finance”), Fieldman, Rolapp & Associates, Inc., representatives of the Underwriter and others, during which conferences the content of the Preliminary Official Statement and the Official Statement and related matters were discussed, and its examination of certain documents, and, in reliance thereon and based on the information made available to it in its role as Disclosure Counsel and its understanding of applicable law, Disclosure Counsel advises the Underwriter as a matter of fact, but not opinion, that no information has come to the attention of the attorneys in the firm working on such matter which has led them to believe that the Preliminary Official Statement as of its date and the date hereof and the Official Statement as of its date and as of the Closing Date (in each case excluding therefrom the financial and statistical data, forecasts, charts, numbers, estimates, projections, assumptions and expressions of opinion included in the Preliminary Official Statement and the Official Statement, information regarding DTC and its book entry system and the information set forth in Appendices A, B, C, D, E, F, and G, as to all of which no opinion is expressed) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

8. A certificate dated the Closing Date and signed by an authorized representative of the Community Facilities District or an authorized designee, on behalf of the Community Facilities District to the effect that: (i) the representations and warranties made by the Community Facilities District contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) to the best knowledge of such officer, no event has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; (iii) the Community Facilities District has complied with all the agreements and satisfied all the conditions on its part to be satisfied under this Purchase Agreement, the Community Facilities District Resolutions, the Community Facilities District Documents and the Official Statement at or prior to the Closing Date; and (iv) all information in the Official Statement relating to the Community Facilities District (other than information therein provided by the Special Tax Consultant) is true and correct in all material respects as of the date of the Official Statement and as of the Closing Date;

9. An opinion of County Counsel dated the date of Closing and addressed to the Underwriter, the Trustee and the County, substantially in the form attached hereto as Exhibit B;

10. A certificate dated the Closing Date from Webb Municipal Finance addressed to the Community Facilities District and the Underwriter to the effect that: (i) the Special Tax from Developed Property and Approved Property, if levied and collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment of Special Taxes of the Community Facilities District, as of the Closing Date, would generate at least 110% of the annual debt service payable with respect to the Bonds, the Series 2015 Bonds and the Series 2017 Bonds, net of estimated Administrative Expenses, based on such assumptions and qualifications as shall be

acceptable to the Underwriter; and (ii) the statements in the Preliminary Official Statement and the Official Statement provided by Webb Municipal Finance concerning Special Taxes in the Community Facilities District and all information supplied by it for use in the Official Statement were as of the date of the Preliminary Official Statement, the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

11. Certified copies of the general resolution of the Trustee authorizing the execution and delivery of certain documents by certain officers of the Trustee, which resolution authorizes the execution of the Indenture and the authentication of the Bonds;

12. A certificate of the Trustee, addressed to the Underwriter, and the Community Facilities District dated the Closing Date, to the effect that: (i) the Trustee is authorized to carry out corporate trust powers, and has full power and authority to perform its duties under the Indenture and the Continuing Disclosure Agreement; (ii) the Trustee is duly authorized to execute and deliver the Indenture and the Continuing Disclosure Agreement, to accept the obligations created by the Indenture and the Continuing Disclosure Agreement and to authenticate the Bonds pursuant to the terms of the Indenture; (iii) no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the authentication of the Bonds or the consummation by the Trustee of the other transactions contemplated to be performed by the Trustee in connection with the authentication of the Bonds and the acceptance and performance of the obligations created by the Indenture; and (iv) to the best of its knowledge, compliance with the terms of the Indenture will not conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties;

13. An opinion of counsel to the Trustee dated the Closing Date, addressed to the Underwriter, and the Community Facilities District to the effect that (i) the Trustee is a national banking association duly organized and validly existing under the laws of the jurisdiction of its organization and has the corporate power to execute and deliver the Indenture, the Continuing Disclosure Agreement, and any other documentation relating to the Indenture, (ii) the execution and delivery by the Trustee of the Indenture, the Continuing Disclosure Agreement, and any other documentation relating to the Indenture, and its performance of its obligations under the Indenture, have been and are as of the date hereof duly authorized by all necessary corporate action, (iii) the Indenture and the Continuing Disclosure Agreement have been duly executed and delivered and constitute the valid and legally binding obligations of the Trustee enforceable against it in accordance with their terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought as a proceeding in equity or at law), and (iv) the Bonds have been duly authenticated and delivered by the Trustee;

14. A certificate of the Community Facilities District dated the Closing Date, in a form acceptable to Bond Counsel and the Underwriter, that the Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended;

15. An opinion of Jones Hall, A Professional Law Corporation, counsel to the Underwriter, dated the date of Closing and addressed to the Underwriter in form and substance acceptable to the Underwriter;

16. A certificate of Fieldman, Rolapp & Associates, Inc., the County's municipal advisor (the "Municipal Advisor") to the effect that the Municipal Advisor has participated in the preparation of the Preliminary Official Statement and the Official Statement and nothing has come to the attention of the Municipal Advisor which would lead it to believe that the Preliminary Official Statement or the Official Statement contain any untrue statement of a material fact or omits to state a fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

17. Evidence that the Bonds have been assigned the rating described in the Official Statement;

18. A certificate of the Community Facilities District stating that the conditions precedent to the issuance of the Bonds specified in Section 3.05 of the Indenture have been satisfied; and

19. Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the material representations and warranties of the Community Facilities District contained herein, and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Community Facilities District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the Community Facilities District in connection with the transactions contemplated hereby and by the Indenture and the Official Statement.

If the Community Facilities District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Community Facilities District nor the Underwriter shall be under any further obligation hereunder, except that the respective obligations of the Underwriter and the Community Facilities District set forth in Section 5 hereof shall continue in full force and effect.

4. Establishment of Issue Price.

A. The Underwriter agrees to assist the Community Facilities District in establishing the issue price of the Bonds and shall execute and deliver to the Community Facilities District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit E, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Community Facilities District and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. All actions to be taken by the Community Facilities District under this section to establish the issue price of the Bonds may be taken on behalf of the Community Facilities District by the Municipal Advisor and any notice or report to be provided to the Community Facilities District may be provided to the Community Facilities District's Municipal Advisor.

B. Except as otherwise set forth in Exhibit A attached hereto, the Community Facilities District will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity . At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Community Facilities District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Community Facilities District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date (as defined herein) has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public, provided that the Underwriter’s reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Community Facilities District or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds. For clarity, and notwithstanding any other condition to Closing set forth in this Purchase Agreement, the sale of 10% of each maturity of the Bonds to the public prior to the Closing Date shall not be a condition to Closing.

C. The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Community Facilities District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Community Facilities District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Community Facilities District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

D. The Underwriter confirms that:

- (1) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(a)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter,

(b) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(c) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(2) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

E. The Community Facilities District acknowledges that, in making the representations set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Community Facilities District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule if applicable to the Bonds.

F. The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) “public” means any person other than an underwriter or a related party;

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the Community Facilities District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(4) “sale date” means the date of execution of this Purchase Agreement by all parties.

5. Expenses. Whether or not the Bonds are delivered to the Underwriter as set forth herein:

A. The Underwriter shall be under no obligation to pay, and the Community Facilities District shall pay or cause to be paid (out of any legally available funds of the Community Facilities District) all expenses incident to the performance of the Community Facilities District’s obligations hereunder, including, but not limited to, the cost of printing, engraving and delivering the Bonds to DTC, the cost of preparation, printing, distributing and delivering of the Indenture, the Preliminary Official Statement, the Official Statement, any amendment or supplement to the Preliminary Official Statement or the Official Statement and this Purchase Agreement, and all other agreements and documents contemplated hereby (and drafts of any thereof) in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of the Trustee, Bond Counsel, Disclosure Counsel and any financial advisors, special tax consultants, appraisers, accountants, engineers or any other experts or consultants the City or the Community Facilities District may have retained in connection with the Bonds; and

B. The Community Facilities District shall be under no obligation to pay, and the Underwriter shall pay, any fees of the California Debt and Investment Advisory Commission, the

cost of preparation of any “blue sky” or legal investment memoranda and this Purchase Agreement; expenses to qualify the Bonds for sale under any “blue sky” or other state securities laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including the fees and disbursements of its counsel, meals, transportation and lodging (but not entertainment expenses), and any advertising expenses in connection with the public offering of the Bonds.

6. Notices. Any notice or other communication to be given to the Community Facilities District or the Community Facilities District under this Purchase Agreement may be given by delivering the same in writing to the County of Riverside, 4080 Lemon Street, 4th Floor, Riverside, California 92501, Attention: County Executive Officer; any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Eric McKean.

7. Parties In Interest. This Purchase Agreement is made solely for the benefit of the Community Facilities District and Underwriter (including any successors or assignees of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

8. Survival of Representations and Warranties. The representations and warranties of the Community Facilities District under this Purchase Agreement shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations and statements of the Community Facilities District and regardless of delivery of and payment for the Bonds.

9. Execution in Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

10. Effective. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

11. No Prior Agreements. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understanding among the parties hereto in relation to the sale of the Bonds by the Community Facilities District.

12. Governing Law. This Purchase Agreement shall be governed by the laws of the State of California.

13. Effective Date. This Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Community Facilities District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Its: Managing Director

The foregoing is hereby agreed to and
accepted as of the date first above written:

COMMUNITY FACILITIES DISTRICT
NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX BONDS, SERIES 2020

By: _____
Authorized Officer

Time of Execution: _____ California time

EXHIBIT A

**COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX BONDS, SERIES 2020**

MATURITY SCHEDULE

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold-The- Offering-Price Rule</u>
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T: Term Bond.

C: Priced to optional redemption date of September 1, 20__, at __%.

* At the time of execution of this Purchase Agreement and assuming orders are confirmed immediately after the execution of this Purchase Agreement.

REDEMPTION PROVISIONS

Optional Redemption. The Bonds maturing on or after September 1, 20__ are subject to optional redemption, in whole or in part in Authorized Denominations, on any Interest Payment Date on or after September 1, 20__, from any source of available funds, at the following Redemption Price (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ and March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

Mandatory Redemption from Special Tax Prepayments. The Bonds shall be subject to mandatory redemption, in whole or in part, on any Interest Payment Date on or after ____ 1, 2021, from and to the extent of any prepaid Special Taxes deposited in the Redemption Fund, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
March 1, 2021 through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

Mandatory Sinking Fund Redemption. The Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount to be Redeemed</i>
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(maturity)

The Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

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

***Principal Amount to
be Redeemed***

(maturity)

If some but not all of the Series 2020 Term Bonds of a maturity are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of such Series 2020 Term Bonds to be redeemed described above on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of Series 2020 Term Bonds so optionally redeemed.

If some but not all of the Series 2020 Term Bonds of a maturity are redeemed pursuant to the mandatory redemption from Special Tax Prepayments provisions of the Indenture, the principal amount of such Series 2020 Term Bonds to be redeemed described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2020 Term Bonds so redeemed, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District.

EXHIBIT B

FORM OF OPINION OF COUNTY COUNSEL

_____, 2020

Community Facilities District
No. 07-2 (Clinton Keith) of the
County of Riverside
Riverside, California 92501

Stifel, Nicolaus & Company, Incorporated
San Francisco, California

U.S. Bank National Association,
as Trustee
Los Angeles, California

COUNTY COUNSEL OPINION

Re: \$_____ Community Facilities District No. 07-2 (Clinton Keith) of the
County of Riverside Special Tax Bonds, Series 2020

Ladies and Gentlemen:

As County Counsel to the County of Riverside (the “County”), we have acted as counsel to the County and the Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside (the “Community Facilities District”) in connection with the issuance of the above-referenced bonds (the “Bonds”). In such capacity, we have been asked to render this opinion in connection with Section 3(F)(9) of that certain Bond Purchase Agreement, dated _____, 2020 (the “Bond Purchase Agreement”), by and between Stifel, Nicolaus & Company, Incorporated, as underwriter, and the Community Facilities District, relating to the Bonds. All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Bond Purchase Agreement.

In rendering this opinion, we have examined and relied upon originals or copies of the following upon which, with your permission, we are relying, without further inquiry or investigation (although we advise you that we have no actual knowledge to the contrary of any matters related thereto): (i) the Community Facilities District Resolution of Issuance, (ii) Resolution No. 2007-189 (the “Resolution of Intention”), (iii) Resolution No. 2007-190 (the “Resolution to Incur Indebtedness”), (iv) Resolution 2007-287 (“Resolution Modifying the Resolution of Intention”); (v) Resolution No. 2007-286 (the “Resolution of Formation”), (vi) Resolution No. CFD 2007-04 (the “Resolution Deeming it Necessary to Incur Indebtedness”), (vii) Resolution No. CFD 2007-05 (the “Resolution Calling Election”), (viii) Resolution No. CFD 2007-06 (the “Resolution Declaring Results”), (ix) Ordinance No. 870 (the “Ordinance” and, together with the Resolution of Intention, the Resolution to Incur Indebtedness, Resolution Modifying the Resolution of Intention, the Resolution of Formation, the Resolution Deeming it Necessary to Incur Indebtedness, the Resolution Calling Election and the Resolution Declaring Results, the “Formation Resolutions and Ordinance”),

(x) the Community Facilities District Documents, and (xi) the Official Statement, relating to the Bonds, and we have made such other investigations of law and facts as we have deemed necessary to render the following opinions.

The opinions expressed herein are based on an analysis of existing statutes, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We express no opinion with respect to any indemnification, contribution, lien priority or choice of law provisions contained in the foregoing documents.

In our examination, we have assumed, without independent investigation, the authenticity of all documents submitted to us as originals, of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such latter documents and the accuracy of the statements and representations contained in such documents. In addition, we have assumed the authority of and due execution by each of the parties to the documents other than the County and the Community Facilities District.

Based on the foregoing, we hereby advise you that, as of the date hereof, we are of the opinion that:

(i) the County is a political subdivision, organized and existing pursuant to the Constitution and the laws of the State of California;

(ii) the Community Facilities District is duly organized and validly existing as a community facilities district under and by virtue of the Constitution and laws of the State of California (including the Community Facilities District Act);

(iii) the Community Facilities District Resolution of Issuance and the Formation Resolutions and Ordinance have been duly adopted at meetings of the Board of Supervisors of the County, which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Community Facilities District Resolution of Issuance and the Formation Resolutions and Ordinance are in full force and effect and have not been modified, amended, rescinded or repealed since the respective dates of their adoption;

(iv) the Community Facilities District Documents and the Official Statement have been duly authorized, executed and delivered by the Community Facilities District and constitute the legal, valid and binding obligations of the Community Facilities District enforceable against the Community Facilities District in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles where equitable remedies are sought and to the exercise of judicial discretion in appropriate cases or seeks to restrain or to enjoin the development of property within the Community Facilities District;

(v) except as may be stated in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the County or the Community Facilities District) or, to our current actual knowledge, threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the County or the Community Facilities District, or the titles of

their members and officers to their respective offices; or (b) affect the validity of the Community Facilities District Documents or restrain or enjoin the repayment of the Bonds or in any way contest or affect the validity of the Community Facilities District Documents or contest the authority of the Community Facilities District to enter into or perform its obligations under any of the Community Facilities District Documents or under which a determination adverse to the County or Community Facilities District would have a material adverse effect upon the financial condition or the revenues of the County or Community Facilities District, questions the right of the Community Facilities District to use Special Taxes levied within the Community Facilities District for the repayment of the Bonds or affects in any manner the right or ability of the Community Facilities District to collect or pledge the Special Taxes levied within the Community Facilities District for the repayment of the Bonds;

(vi) to our current actual knowledge, the execution and delivery of the Bonds and the Community Facilities District Documents, and compliance with the provisions of each, will not conflict with or constitute a breach of or default under any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument of which the Community Facilities District is a party or is otherwise subject or bound, a consequence of which could be to materially and adversely affect the ability of the Community Facilities District to perform its obligations under the Bonds or the Community Facilities District Documents; and

(vii) all approvals, consents, authorization, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the ability of the Community Facilities District, to perform its obligations under the Bonds or the Community Facilities District Documents, have been obtained or made, as the case may be, and are in full force and effect.

County Counsel

EXHIBIT C

§ _____
**COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX BONDS, SERIES 2020**

FORM OF ISSUE PRICE CERTIFICATE

The undersigned, Stifel, Nicolaus & Company, Incorporated (“Stifel”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. **Bond Purchase Agreement.** On _____, 2020 (the “Sale Date”), Stifel and the Issuer executed a Bond Purchase Agreement (the “Purchase Agreement”) in connection with the sale of the Bonds. Stifel has not modified the Purchase Agreement since its execution on the Sale Date.
2. **Price.**
 - (a) As of the date of this Certificate, for each [Maturity] [[of the General Rule Maturities] of the Bonds, the first price at which at least 10% of each such Maturity of the Bonds was sold to the Public (the “10% Test”) was the respective price for such Maturity listed in **Schedule A** attached hereto.
 - (b) [Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in **Schedule A** (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as **Schedule B**.
 - (c) As set forth in the Bond Purchase Agreement, Stifel has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]
 - (d) [** With respect to each of the General Rule Maturities of the Bonds:
 - (1) As of the date of this Certificate, Stifel has not sold at least 10% of the Bonds of these Maturities at any single price.
 - (2) As of the date of this Certificate, Stifel reasonably expects that the first sale to the Public of Bonds of these Maturities will be at or below the respective price or prices

listed on the attached **Schedule A** as the “Reasonably Expected Sale Prices for Undersold Maturities.”

- (3) Stifel will provide actual sales information (substantially similar to the information contained on **Schedule B**) as to the price at which the first 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) is sold to the Public.
- (4) On the date the 10% Test is satisfied with respect to all Maturities of the Bonds, Stifel will execute a supplemental certificate substantially in the form attached hereto as **Schedule C** with respect to any remaining Maturities for which the 10% Test has not been satisfied as of the Closing Date.**]

3. **Defined Terms.**

- (a) “*General Rule Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”
- (b) “*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
- (c) “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2020), or (ii) the date on which Stifel has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (d) “*Issuer*” means Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside.
- (e) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (f) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (g) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

4. **Reserve Fund.** The funding of the Reserve Fund under the Indenture, and as provided in the Tax Certificate, is reasonably required, was a vital factor in marketing the Bonds, facilitated the

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

[Schedules to be updated at pricing in the event there are Hold-the-Offering-Price-Maturities]

Actual Sales Information as of Closing Date

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
-----------------------	---------------	------------------	------------------	-------------------	-------------------

**Reasonably Expected Sales Prices for Undersold Maturities as of Closing Date

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Par Amount</u>	<u>Offering Prices</u>
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**]

[**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

Actual Sales for Undersold Maturities as of the Closing Date

<u>Maturity/CUSIP</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
-----------------------	------------------	------------------	-------------------	-------------------

**]

[**SCHEDULE C
TO
ISSUE PRICE CERTIFICATE

SUPPLEMENTAL ISSUE PRICE CERTIFICATE OF UNDERWRITER

COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX BONDS, SERIES 2020

\$ _____

The undersigned, Stifel, Nicolaus & Company, Incorporated (“Stifel”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Issue Price.***

- (a) Stifel sold at least 10% of the _____ Maturities of the Bonds to the Public at the price or prices shown on the Issue Price Certificate dated as of the Closing Date (the “10% Test”). With respect to each of the _____ Maturities of the Bonds, Stifel had not satisfied the 10% Test as of the Closing Date (the “Undersold Maturities”).
- (b) As of the date of this Supplemental Certificate, Stifel has satisfied the 10% Test with respect to the Undersold Maturities. The first price or prices at which at least 10% of each such Undersold Maturity was sold to the Public are the respective prices listed on **Exhibit A** attached hereto.

2. ***Defined Terms.***

- (a) “*Issuer*” means Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside.
- (b) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (d) “*Underwriter*” means (1) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (2) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

- 3. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103

and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated _____, 2020 and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
[Title]

By: _____
[Title]

Dated: _____, 2020

EXHIBIT A
TO
SUPPLEMENTAL ISSUE PRICE CERTIFICATE**]

SECOND SUPPLEMENTAL INDENTURE

by and between

**COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE**

and

**U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE**

Dated as of November 1, 2020

Relating to

**Community Facilities District No. 07-2 (Clinton Keith)
of the County of Riverside
Special Tax Bonds, Series 2020**

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SECOND SUPPLEMENTAL INDENTURE

THIS SECOND SUPPLEMENTAL INDENTURE (this “Indenture”), dated as of November 1, 2020, is by and between COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH) OF THE COUNTY OF RIVERSIDE, a community facilities district organized and existing under the laws of the State of California (the “Community Facilities District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”).

WITNESSETH:

WHEREAS, the Board of Supervisors of the County of Riverside has established the Community Facilities District under the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”);

WHEREAS, the Community Facilities District is authorized under the Act to levy special taxes (the “Special Taxes”) to pay for the costs of certain public facilities (the “Facilities”) and to issue bonds payable from the Special Taxes;

WHEREAS, in order to provide funds to finance certain of the Facilities, the Community Facilities District previously issued its Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2015 (the “Series 2015 Bonds”), in the aggregate principal amount of \$25,170,000;

WHEREAS, the Series 2015 Bonds were issued pursuant to the Indenture, dated as of August 1, 2015 (the “Original Indenture”), by and between the Community Facilities District and the Trustee (capitalized undefined terms used herein have the meanings ascribed thereto in the Original Indenture);

WHEREAS, in order to provide funds to finance certain additional Facilities, the Community Facilities District previously issued its Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2017 (the “Series 2017 Bonds”), in the aggregate principal amount of \$7,610,000;

WHEREAS, the Series 2017 Bonds were issued pursuant to a First Supplemental Indenture, dated as of June 1, 2017 (the “First Supplemental Indenture”), by and between the Community Facilities District and the Trustee;

WHEREAS, the Original Indenture provides that the Community Facilities District may at any time issue one or more Series of Additional Bonds (in addition to the Series 2015 Bonds and the Series 2017 Bonds) payable from Net Special Tax Revenues as provided therein on a parity with all other Bonds theretofore issued thereunder, but only subject to the conditions set forth therein;

WHEREAS, in order to provide funds to finance certain additional Facilities, the Community Facilities District has determined to issue a Series of Additional Bonds, to be designated the Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2020 (the “Series 2020 Bonds”), in the aggregate principal amount of \$_____;

WHEREAS, the Original Indenture provides that the Original Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners thereunder may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into without the consent of any Owners to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of the Original Indenture;

WHEREAS, in order to provide for the authentication and delivery of the Series 2020 Bonds, to establish and declare the terms and conditions upon which the Series 2020 Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Community Facilities District has authorized the execution and delivery of this Second Supplemental Indenture; and

WHEREAS, the Community Facilities District has determined that all acts and proceedings required by law necessary to make the Series 2020 Bonds, when executed by the Community Facilities District, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Community Facilities District, and to constitute this Second Supplemental Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Second Supplemental Indenture has been in all respects duly authorized;

NOW, THEREFORE, the Community Facilities District and the Trustee do hereby agree that the Original Indenture is hereby modified and amended by adding thereto an additional Article, as follows:

ARTICLE XIII

SERIES 2020 BONDS

Section 13.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any certificate, opinion or other document herein or therein mentioned, have the meanings herein specified.

“Second Supplemental Indenture” means the Second Supplemental Indenture, dated as of November 1, 2020, by and between the Community Facilities District and U.S. Bank National Association, as Trustee.

“Series 2020 Bonds” means the Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2020, issued hereunder.

“Series 2020 Closing Date” means the date upon which the Series 2020 Bonds are delivered to the Original Purchaser, being November __, 2020.

“Series 2020 Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of November 1, 2020, by and between the Community Facilities District and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Series 2020 Original Purchaser” means the original purchaser of the Series 2020 Bonds from the Community Facilities District.

“Series 2020 Participating Underwriter” has the meaning ascribed thereto in the Series 2020 Continuing Disclosure Agreement.

“Series 2020 Rebate Fund” means the fund by that name established and held by the Trustee pursuant to Section 13.07.

“Series 2020 Rebate Requirement” has the meaning ascribed thereto in the Series 2020 Tax Certificate.

“Series 2020 Tax Certificate” means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2020 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Section 13.02 Terms of Series 2020 Bonds.

(a) The Series 2020 Bonds shall be designated “Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2020.” The aggregate principal amount of Series 2020 Bonds that may be issued and Outstanding under this Indenture shall not exceed \$_____, except as may be otherwise provided in Section 2.08.

(b) The Series 2020 Bonds shall be issued in fully registered form without coupons in Authorized Denominations, so long as no Series 2020 Bond shall have more than one maturity date. The Series 2020 Bonds shall be dated as of the Series 2020 Closing Date, shall be issued in the aggregate principal amount of \$_____, shall mature on September 1 of each year, shall bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months) and shall be in the principal amounts as follows:

*Maturity Date
(September 1)*

Principal Amount

Interest Rate

(c) Interest on the Series 2020 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2020 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2020 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Series 2020 Closing Date, or (iii) interest on any Series 2020 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2020 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date, or by wire transfer at the written request of an Owner of not less than \$1,000,000 aggregate principal amount of Series 2020 Bonds, which written request is received by the Trustee on or prior to the Record Date. Notwithstanding the foregoing, interest on any Series 2020 Bond which is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2020 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

(d) The principal of the Series 2020 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(e) The Series 2020 Bonds shall be subject to redemption as provided in Section 13.06.

(f) The Series 2020 Bonds shall be in substantially the form set forth in Exhibit C hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

(g) The Series 2020 Bonds shall initially be issued as Book-Entry Bonds.

Section 13.03 Issuance of Series 2020 Bonds. The Community Facilities District may, at any time, execute the Series 2020 Bonds and deliver the same to the Trustee. The Trustee shall authenticate the Series 2020 Bonds and deliver the Series 2020 Bonds to the Series 2020 Original Purchaser upon receipt of a Written Request of the Community Facilities District and upon receipt of the purchase price therefor.

Section 13.04 Application of Proceeds of the Series 2020 Bonds. On the Series 2020 Closing Date, the proceeds of the sale of the Series 2020 Bonds received by the Trustee, \$_____, shall be deposited by the Trustee as follows:

- (a) the Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund;
 - (b) the Trustee shall deposit the amount of \$_____ in the Reserve Fund;
- and
- (c) the Trustee shall deposit the amount of \$_____ in the Proceeds Account.

Section 13.05 Costs of Issuance Fund.

(a) The Trustee shall reopen and reestablish the Costs of Issuance Fund. On the Series 2020 Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to Section 13.04.

(b) On the last Business Day that is no later than six months after the Series 2020 Closing Date, the Trustee shall transfer any amount remaining in the Costs of Issuance Fund to the Proceeds Account and, upon making such transfer, the Costs of Issuance Fund shall be closed.

Section 13.06 Redemption of Series 2020 Bonds.

(a) Optional Redemption. The Series 2020 Bonds maturing on or after September 1, 20__ are subject to optional redemption, in whole or in part in Authorized Denominations, on any Interest Payment Date on or after September 1, 20__, from any source of available funds, at the following Redemption Price (expressed as percentages of the principal amount of the Series 2020 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ and March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

The Community Facilities District shall give the Trustee written notice of its intention to redeem Series 2020 Bonds pursuant to this subsection not less than 45 days (or a lesser number of days acceptable to the Trustee) prior to the applicable redemption date, unless such notice shall be waived by the Trustee.

(b) Mandatory Redemption from Special Tax Prepayments. The Series 2020 Bonds shall be subject to mandatory redemption, in whole or in part, on any Interest Payment Date on or after ____ 1, 2021, from and to the extent of any prepaid Special Taxes deposited in the Redemption Fund, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2020 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
____ 1, 2021 and March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

(c) Mandatory Sinking Fund Redemption. The Series 2020 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2020 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount to Be Redeemed</i>
	\$

*

* Maturity

If some but not all of the Series 2020 Bonds maturing September 1, 20__ are redeemed pursuant to Section 13.06(a), the principal amount of Series 2020 Bonds maturing September 1, 20__ to be subsequently redeemed pursuant to Section 13.06(c) shall be reduced by the aggregate principal amount of the Series 2020 Bonds maturing on September 1, 20__ so redeemed pursuant to Section 13.06(a), such reduction to be allocated among redemption dates in amounts of \$5,000 or integral

multiples thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee. If some but not all of the Series 2020 Bonds maturing September 1, 20__ are redeemed pursuant to Section 13.06(b), the principal amount of Series 2020 Bonds maturing September 1, 20__ to be subsequently redeemed pursuant to Section 13.06(c) shall be reduced by the aggregate principal amount of the Series 2020 Bonds maturing September 1, 20__ so redeemed pursuant to Section 13.06(b), such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District.

(a) The Series 2020 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2020 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount to Be Redeemed</i>
	\$

*

* Maturity

If some but not all of the Series 2020 Bonds maturing September 1, 20__ are redeemed pursuant to Section 13.06(a), the principal amount of Series 2020 Bonds maturing September 1, 20__ to be subsequently redeemed pursuant to Section 13.06(c) shall be reduced by the aggregate principal amount of the Series 2020 Bonds maturing on September 1, 20__ so redeemed pursuant to Section 13.06(a), such reduction to be allocated among redemption dates in amounts of \$5,000 or integral multiples thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee. If some but not all of the Series 2020 Bonds maturing September 1, 20__ are redeemed pursuant to Section 13.06(b), the principal amount of Series 2020 Bonds maturing September 1, 20__ to be subsequently redeemed pursuant to Section 13.06(c) shall be reduced by the aggregate principal amount of the Series 2020 Bonds maturing September 1, 20__ so redeemed pursuant to Section 13.06(b), such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District.

Section 13.07 Series 2020 Rebate Fund.

(a) The Trustee shall establish and maintain a special fund designated the “Series 2020 Rebate Fund.” There shall be deposited in the Series 2020 Rebate Fund such amounts as are required to be deposited therein pursuant to the Series 2020 Tax Certificate, as specified in a Written Request of the Community Facilities District. All money at any time deposited in the Series 2020 Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Series 2020 Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of

the Series 2020 Bonds pursuant to Article X hereof or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Series 2020 Rebate Fund shall be governed exclusively by this Section and by the Series 2020 Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Community Facilities District, and shall have no liability or responsibility to enforce compliance by the Community Facilities District with the terms of the Series 2020 Tax Certificate. The Trustee may conclusively rely upon the Community Facilities District's determinations, calculations and certifications required by the Series 2020 Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Community Facilities District's calculations.

(b) Any funds remaining in the Series 2020 Rebate Fund after payment in full of all of the Series 2020 Bonds and after payment of any amounts described in this Section, shall, upon receipt by the Trustee of a Written Request of the Community Facilities District, be withdrawn by the Trustee and remitted to the Community Facilities District.

(c) On or before November 1 of each year, the Community Facilities District shall deliver to the Trustee a Written Certificate of the Community Facilities District specifying the amount of the then applicable Series 2020 Rebate Requirement. Any amount in the Series 2020 Rebate Fund in excess of the Series 2020 Rebate Requirement on November 1 of each year shall be withdrawn from the Series 2020 Rebate Fund by the Trustee and shall be deposited in the Earnings Fund.

Section 13.08 Series 2020 Tax Covenants.

(a) The Community Facilities District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2020 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Community Facilities District shall comply with the requirements of the Series 2020 Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Series 2020 Bonds.

(b) In the event that at any time the Community Facilities District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established hereunder, the Community Facilities District shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the Community Facilities District shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2020 Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Series 2020 Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 13.09 [Additional Bonds for Refunding Purposes Only. Notwithstanding any other provision of this Indenture, after the Series 2020 Closing Date, Additional Bonds shall only be issued for purposes of refunding all or a portion of the Bonds then Outstanding.]

Section 13.10 Continuing Disclosure. Each of the Community Facilities District and the Trustee shall comply with and carry out all of the provisions of the Series 2020 Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of this Indenture, failure of the Community Facilities District or the Trustee to comply with the Series 2020 Continuing Disclosure Agreement shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of the Series 2020 Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2020 Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the Series 2020 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 13.11 Effect of Second Supplemental Indenture. This Second Supplemental Indenture and all of the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as amended and supplemented hereby. If there shall be any conflict between the terms of this Second Supplemental Indenture and the terms of the Indenture (as in effect on the day prior to the effective date of this Second Supplemental Indenture), the terms of this Second Supplemental Indenture shall prevail.

Section 13.12 Execution in Several Counterparts. This Second Supplemental Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 13.13 Effective Date. This Second Supplemental Indenture shall take effect upon the Series 2020 Closing Date.

IN WITNESS WHEREOF, the Community Facilities District has caused this Second Supplemental Indenture to be signed in its name by its representative thereunto duly authorized, and the Trustee has caused this Second Supplemental Indenture to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

**COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH) OF THE COUNTY OF
RIVERSIDE**

By: _____
County Executive Officer of the County of Riverside

[SEAL]

ATTEST:

Clerk of the Legislative Body of Community
Facilities District No. 07-2 (Clinton Keith)
of the County of Riverside

**U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE**

By: _____
Authorized Officer

EXHIBIT C

FORM OF SERIES 2020 BOND

No. _____

\$ _____

**COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX BOND, SERIES 2020**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
____%	September 1, 20__	November __, 2020	

REGISTERED OWNER: CEDE & CO

PRINCIPAL AMOUNT:

Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside (the “Community Facilities District”), for value received, hereby promises to pay, solely from the sources hereinafter described, to the Registered Owner identified above or registered assigns (the “Registered Owner”), on the Maturity Date identified above or on any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like lawful money from the date hereof payable semiannually on March 1 and September 1 in each year, commencing ____ 1, 2021 (the “Interest Payment Dates”), until payment of such Principal Amount in full.

This Bond is one of a series of a duly authorized issue of bonds approved by the qualified electors of Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside (the “Community Facilities District”), pursuant to the Mello-Roos Community Facilities Act of 1982, constituting Sections 53311 *et seq.* of the California Government Code (the “Act”), and issued for the purpose of financing certain public facilities, and is one of the series of bonds denominated “Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2020” (the “Series 2020 Bonds”) in the aggregate principal amount of \$_____. The Series 2020 Bonds are issued pursuant to the Indenture, dated as of August 1, 2015, by and between the Community Facilities District and U.S. Bank National Association, as trustee (said entity or any successor thereto as trustee under the Indenture, the “Trustee”), as amended and supplemented by the First Supplemental Indenture of Trust, dated as of June 1, 2017, and the Second Supplemental Indenture of Trust, dated as of November 1, 2020, each by and between the Community Facilities District and the Trustee (as so amended and supplemented, the “Indenture”), and by acceptance hereof the owner of this Bond assents to said terms and conditions. The Community Facilities District has previously issued its Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2015 (the “Series 2015 Bonds”) and Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2017 (the “Series 2017 Bonds”), with which the Series 2020 Bonds are on a parity. Pursuant to and as more particularly provided in the Indenture, additional bonds (“Additional Bonds”) may be issued by the Community Facilities District secured by a lien on a parity with the lien securing the Series 2015 Bonds, the Series 2017 Bonds and the Series 2020 Bonds. The Series 2015 Bonds, the Series 2017 Bonds, the Series 2020 Bonds and any Additional

Bonds are collectively referred to as the “Bonds.” The Indenture is entered into, and this Bond is issued under, the Act and the laws of the State of California. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

Interest on the Series 2020 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2020 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2020 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Series 2020 Closing Date, or (iii) interest on any Series 2020 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2020 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date, or by wire transfer at the written request of an Owner of not less than \$1,000,000 aggregate principal amount of Series 2020 Bonds, which written request is received by the Trustee on or prior to the Record Date. Notwithstanding the foregoing, interest on any Series 2020 Bond which is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2020 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date. The principal of the Series 2020 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

The Bonds are special obligations of the Community Facilities District, payable, as provided in the Indenture, solely from Net Special Tax Revenues and the other assets pledged therefor thereunder. Neither the faith and credit nor the taxing power of the Community Facilities District (except to the limited extent set forth in the Indenture), the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds.

Pursuant to and as more particularly provided in the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act, the Community Facilities District pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund. Said pledge constitutes a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Community Facilities District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

The Series 2020 Bonds are subject to redemption on the dates, at the Redemption Prices and pursuant to the terms set forth in the Indenture. Notice of redemption of any Series 2020 Bond or any portion thereof shall be given as provided in the Indenture.

The Series 2020 Bonds are issuable as fully-registered Bonds without coupons in Authorized Denominations (\$5,000 and any integral multiple thereof).

Any Series 2020 Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Series 2020 Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Series 2020 Bond or Series 2020 Bonds shall be so surrendered for transfer, the Community Facilities District shall execute and the Trustee shall authenticate and shall deliver a new Series 2020 Bond or Series 2020 Bonds of the same maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Series 2020 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series 2020 Bonds of the same maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners may be modified or amended in the manner, to the extent, and upon the terms provided in the Indenture.

The Indenture contains provisions permitting the Community Facilities District to make provision for the payment of the principal of and the interest and premium, if any, on any of the Bonds so that such Bonds shall no longer be deemed to be Outstanding under the terms of the Indenture.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the Registered Owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the Community Facilities District has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of the Chairman of the Legislative Body of Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside and attested to by the manual or facsimile signature of the Clerk of the Legislative Body of Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside, all as of the Dated Date identified above.

**COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH) OF THE COUNTY OF
RIVERSIDE**

By: _____
Chair of the Legislative Body

ATTEST:

By: _____
Clerk of the Legislative Body

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2020 Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: _____, 2020

**U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE**

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____, whose address and social security or other tax identifying number is _____, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____, attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”), dated as of November 1, 2020, is by and between the COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH) OF THE COUNTY OF RIVERSIDE, a community facilities district organized and existing under and by virtue of the laws of the State of California (the “Community Facilities District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee (the “Trustee”).

WITNESSETH :

WHEREAS, pursuant to the Indenture, dated as of August 1, 2015, by and between the Community Facilities District and the Trustee, as amended and supplemented by the First Supplemental Indenture, dated as of June 1, 2017, and the Second Supplemental Indenture, dated as of November 1, 2020, each by and between the Community Facilities District and the Trustee (as so amended and supplemented, the “Indenture”), the Community Facilities District has issued its Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2020 (the “Series 2020 Bonds”), in the aggregate principal amount of \$_____; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Community Facilities District and the Trustee for the benefit of the holders and beneficial owners of the Series 2020 Bonds and in order to assist the underwriter of the Series 2020 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

“Annual Report” means any Annual Report provided by the Community Facilities District pursuant to, and as described in, Sections 2 and 3 hereof.

“Annual Report Date” means the date in each year that is the first day of the month following the ninth month after the end of the Community Facilities District’s fiscal year, which date, as of the date of this Disclosure Agreement, is April 1.

“Community Facilities District” means Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside, a community facilities district organized and existing under the laws of the State, and any successor thereto.

“Disclosure Representative” means the County Executive Officer of the County of Riverside, or such other person as the Community Facilities District shall designate in writing to the Trustee from time to time.

“Dissemination Agent” means the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Community Facilities District and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” means (i) debt obligations, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, existing or planned debt obligations, or (iii) guarantee

of (i) or (ii) above; but excluding municipal securities as to which a final official statement has been provided to MSRB consistent with the Rule.

“Indenture” means the Indenture, dated as of August 1, 2015, by and between the Community Facilities District and U.S. Bank National Association, as Trustee, as amended and supplemented by the First Supplemental Indenture, dated as of June 1, 2017, and the Second Supplemental Indenture, dated as of November 1, 2020, each by and between the Community Facilities District and U.S. Bank National Association, as Trustee, and as it may be further amended or supplemented from time to time in accordance with its terms.

“Listed Events” means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

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

“Official Statement” means the Official Statement, dated _____, 2020, relating to the Series 2020 Bonds.

“Participating Underwriter” means the original underwriter of the Series 2020 Bonds required to comply with the Rule in connection with the offering of the Series 2020 Bonds.

“Rule” means 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.

“Trustee” means U.S. Bank National Association, as Trustee under the Indenture, or any successor thereto as Trustee thereunder, substituted in its place as provided therein.

Section 2. Provision of Annual Reports.

(a) The Community Facilities District shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2019-20 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Community Facilities District, if any, 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 Community Facilities District’s fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the Community Facilities District shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Community Facilities District and the Dissemination Agent to determine if the Community Facilities District is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Trustee shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide any Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the Community Facilities District and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The Community Facilities District's Annual Report shall contain or incorporate by reference the following:

(a) The Community Facilities District's audited financial statements, if any, 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 Community Facilities District's audited financial statements, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements, in a format similar to that used for the Community Facilities District's audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) The following information:

(i) The principal amount of Series 2020 Bonds Outstanding and the principal amount of Bonds Outstanding as of the September 30 next preceding the Annual Report Date.

(ii) The balance in the Reserve Fund, and a statement of the Reserve Requirement as of the September 30 next preceding the Annual Report Date.

(iii) The aggregate assessed value of all parcels within the Community Facilities District on which the Special Taxes are levied in each property classification under the Rate and Method, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, the number of units in each property classification under the Rate and Method for the then current fiscal year, and a statement of assessed value-to-lien ratios therefor, either by individual parcel or by categories (e.g. "below 3:1", "3:1 to 4:1" etc.).

(iv) The Special Tax delinquency rate for all parcels within the Community Facilities District on which the Special Taxes are levied, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, the number of parcels within the Community Facilities District on which the Special Taxes are levied and which are delinquent in payment of Special Taxes, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, the amount of each delinquency, the length of time delinquent and the date on which foreclosure was commenced, or similar information pertaining to delinquencies deemed appropriate by the Community Facilities District; provided, however, that parcels with aggregate delinquencies of \$5,000 or less (excluding penalties and interest) may be grouped together and such information may be provided by category.

(v) The status of foreclosure proceedings for any parcels within the Community Facilities District on which the Special Taxes are levied and a summary of the results of any foreclosure sales as of the September 30 next preceding the Annual Report Date.

(vi) The identity of any property owner representing more than 5% of the annual Special Tax levy who is delinquent in payment of such Special Taxes, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date.

(vii) A land ownership summary listing the ten property owners responsible for the greatest portion of the annual Special Tax levy, as shown on the assessment roll of the Riverside County Assessor last equalized prior to the September 30 next preceding the Annual Report Date, a summary of the Special Taxes levied on the property within the Community Facilities District owned by such property owners, and the assessed value of such property, as shown on such assessment roll.

(c) In addition to any of the information expressly required to be provided under the preceding paragraphs (a) and (b), the Community Facilities District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

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 Community Facilities District or related public entities, which have been made available to the public on the MSRB's website. The Community Facilities District shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2020 Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.
- (v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).
- (vi) Tender offers.
- (vii) Defeasances.
- (viii) Rating changes.
- (ix) Bankruptcy, insolvency, receivership or similar event of the Community Facilities District.

For purposes of the event identified in paragraph (ix), 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.

- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Community Facilities District, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2020 Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

- (i) Unless described in paragraph (v) of subsection (a) of this Section, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2020 Bonds or other material events affecting the tax status of the Series 2020 Bonds.
- (ii) Modifications to rights of holders of the Series 2020 Bonds.
- (iii) Optional, unscheduled or contingent Series 2020 Bond calls.
- (iv) Release, substitution, or sale of property securing repayment of the Series 2020 Bonds.
- (v) Non-payment related defaults.
- (vi) 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.
- (vii) Appointment of a successor or additional Trustee or the change of name of a Trustee.
- (viii) Incurrence of a Financial Obligation of the Community Facilities District, if material, or agreement to covenants, events of defaults, remedies, priority rights, or other terms of a Financial Obligation of the Community Facilities District, any of which affect security holders.

(c) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event.

(d) If a Listed Event described in subsection (b) of this Section occurs, the Community Facilities District shall determine if such event would be material under applicable Federal securities law.

(e) If a Listed Event described in subsection (a) of this Section occurs, or if the Community Facilities District determines that the occurrence of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the Community Facilities District shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notices of Listed Events described in paragraph (vii) of subsection (a) of this Section and paragraph (iii) of subsection (b) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2020 Bonds pursuant to the Indenture.

Section 5. Format for Filings with 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 6. Termination of Reporting Obligation. The Community Facilities District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2020 Bonds. If such termination occurs prior to the final maturity of the Series 2020 Bonds, the Community Facilities District shall give notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Community Facilities District 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 may resign by providing 30 days' written notice to the Community Facilities District and the Trustee (if the Trustee is not the Dissemination Agent). The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the Community Facilities District in a timely manner and in a form suitable for filing. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Community Facilities District and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Community Facilities District; provided, however, that the Trustee shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) or (b) of Section 4 hereof, 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 Series 2020 Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series 2020 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by Owners of the Series 2020 Bonds in the manner 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 Owners or Beneficial Owners of the Series 2020 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Community Facilities District shall describe such amendment or waiver 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 Community Facilities District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Community Facilities District 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 required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the Community Facilities District chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the Community Facilities District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. Default. In the event of a failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Series 2020 Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner or Beneficial Owner of the Series 2020 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Community Facilities District, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. 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 in the event of any failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the Community Facilities District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur 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, and which are not due to its negligence or its willful misconduct. The obligations of the Community Facilities District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2020 Bonds.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Community Facilities District, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Series 2020 Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH) OF THE COUNTY OF RIVERSIDE

By: _____
County Executive Officer of the County of Riverside

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside
Name of Bond Issue: Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside
Special Tax Bonds, Series 2020
Date of Issuance: November __, 2020

NOTICE IS HEREBY GIVEN that Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside (the “Community Facilities District”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of November 1, 2020, by and between the Community Facilities District and U.S. Bank National Association, as Trustee. [The Community Facilities District anticipates that the Annual Report will be filed by _____, 20__.]

Dated: _____

U.S. Bank National Association, as Trustee, on behalf of
the Community Facilities District No. 07-2 (Clinton Keith)
of the County of Riverside

cc: Community Facilities District No. 07-2
(Clinton Keith) of the County of Riverside

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER __, 2020

NEW ISSUE

Rating: S&P “__”

(See the caption “LEGAL MATTERS—Rating”)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2020 Bonds described herein is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2020 Bonds is exempt from State of California personal income tax. See the caption “LEGAL MATTERS — Tax Matters” with respect to tax consequences concerning the 2020 Bonds.

\$27,220,000*

**COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX BONDS, SERIES 2020**

Dated: Date of Delivery

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

The Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2020 (the “Series 2020 Bonds”) are being issued and delivered by Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside (the “Community Facilities District”) to (i) provide financing for certain public infrastructure improvements, (ii) increase the balance in the reserve fund to equal the Reserve Requirement as of the date of issuance of the Series 2020 Bonds and (iii) pay the costs of issuance with respect to the Series 2020 Bonds. See “SOURCES AND USES OF FUNDS” herein. The Community Facilities District has been formed by and is located in the County of Riverside, California (the “County”).

The Series 2020 Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California), and pursuant to an Indenture, dated as of August 1, 2015, as supplemented by that certain First Supplemental Indenture, dated as of June 1, 2017, and that certain Second Supplemental Indenture, dated as of November 1, 2020, each by and between the Community Facilities District and U.S. Bank National Association, as trustee (collectively, the “Indenture”).

The Series 2020 Bonds are special obligations of the Community Facilities District and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on and collected from the owners of parcels of land within the Community Facilities District subject to the Special Tax and from certain other funds pledged under the Indenture, all as further described herein. The Series 2020 Bonds are payable from Special Taxes on a parity with the Community Facilities District’s 2015 Special Tax Bonds, which are currently outstanding in the aggregate principal amount of \$24,320,000 (the “Series 2015 Bonds”) and on a parity with the Community Facilities District’s 2017 Special Tax Bonds, which are currently outstanding in the aggregate principal amount of \$7,410,000 (the “Series 2017 Bonds”).

The Special Taxes are to be levied according to the rate and method of apportionment approved by the Board of Supervisors of the County and the qualified electors within the Community Facilities District. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” The Board of Supervisors of the County is the legislative body of the Community Facilities District.

The Series 2020 Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases may be made in principal amounts of \$5,000 or an integral multiple thereof, in book-entry form only. Purchasers of Series 2020 Bonds will not receive certificates representing their beneficial ownership of the Series 2020 Bonds but will receive credit balances on the books of their respective nominees. Interest on the Series 2020 Bonds will be payable on March 1, 2021 and semiannually thereafter on each March 1 and September 1. Principal of and interest on the Series 2020 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are to remit such payments to the beneficial owners of the Series 2020 Bonds. See “THE SERIES 2020 BONDS — General Provisions” and Appendix F — “BOOK-ENTRY AND DTC” herein.

Neither the faith and credit nor the taxing power of the County of Riverside, the State of California or any political subdivision thereof is pledged to the payment of the Series 2020 Bonds. Except for the Net Special Tax Revenues (as defined herein), no other taxes are pledged to the payment of the Series 2020 Bonds. The Series 2020 Bonds are special tax obligations of the Community Facilities District payable solely from Net Special Tax Revenues (as defined herein) and certain other amounts held under the Indenture as more fully described herein.

The Series 2020 Bonds are subject to optional redemption, mandatory redemption from Special Tax prepayments and mandatory sinking fund redemption prior to maturity as set forth herein. See “THE SERIES 2020 BONDS — Redemption” herein.

Certain events could affect the ability of the Community Facilities District to pay the principal of and interest on the Series 2020 Bonds when due. The purchase of the Series 2020 Bonds involves significant investment risks, and the Series 2020 Bonds may not be a suitable investment 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 Series 2020 Bonds.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

MATURITY SCHEDULE
(See Inside Cover Page)

The Series 2020 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the County and the Community Facilities District by County Counsel and for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, as counsel to the Underwriter. It is anticipated that the Series 2020 Bonds will be available for delivery to The Depository Trust Company or its agent on or about November __, 2020.

STIFEL

Dated: October __, 2020

* Preliminary, subject to change.

MATURITY SCHEDULE
\$ _____ SERIAL BONDS

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.[†]</i>
---	------------------------------------	-----------------------------	---------------------	---------------------	-------------------------------------

\$ _____ TERM BONDS

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

[†] *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 Capital IQ. Copyright© 2020. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for CGS. CUSIP® numbers are provided for convenience of reference only. Neither the Community Facilities District nor the Underwriter takes any responsibility for the accuracy of such numbers.*

**COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH)**

**COUNTY OF RIVERSIDE
STATE OF CALIFORNIA**

BOARD OF SUPERVISORS

V. Manuel Perez, Fourth District, Chairman
Karen Spiegel, Second District, Vice Chairman
Jeff Hewitt, Fifth District
Kevin Jeffries, First District
Chuck Washington, Third District

COUNTY OFFICIALS

George Johnson, County Executive Officer
Don Kent, Assistant County Executive Officer/CFO
Matt Jennings, Treasurer-Tax Collector
Paul Angulo, Auditor-Controller
Peter Aldana, Assessor-County Clerk-Recorder
Gregory P. Priamos, County Counsel

SPECIAL SERVICES

Bond and Disclosure Counsel

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

Municipal Advisor

Fieldman, Rolapp & Associates, Inc.
Irvine, California

Special Tax Consultant

Webb Municipal Finance, LLC
Riverside, California

Trustee

U.S. Bank National Association
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the County, the Community Facilities District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Series 2020 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 County, the Community Facilities 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 Series 2020 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Beneficial Owners of the Series 2020 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board, or a nationally recognized municipal securities depository.

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 part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information in Appendix F — “BOOK-ENTRY AND DTC” attached hereto has been furnished by The Depository Trust Company, and no representation has been made by the Community Facilities District or the County or the Underwriter as to the accuracy or completeness of such information.

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

A wide variety of other information, including financial information, concerning the County, is available from publications and websites of the County and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement.

Cautionary Information Regarding Forward-Looking Statements in the Official Statement

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. Except as set forth in the Continuing Disclosure Agreement, a form of which is attached as Appendix D, neither the County nor the Community Facilities District plans to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

In connection with the offering of the Series 2020 Bonds, the Underwriter may overallocate 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 Underwriter may offer and sell the Series 2020 Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page hereof, and such public offering prices may be changed from time to time by the Underwriter.

The Series 2020 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such Act. The Series 2020 Bonds have not been registered or qualified under the securities laws of any state.

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[INSERT CFD MAP]

[INSERT REGIONAL MAP]

OFFICIAL STATEMENT

\$27,220,000*

**COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX BONDS, SERIES 2020**

INTRODUCTION

General

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, including the appendices, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of the Series 2020 Bonds (defined below) to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Definitions” herein.

The purpose of this Official Statement, which includes the cover page, the inside cover page, the table of contents and the attached appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance by Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside (the “Community Facilities District”) of the \$27,220,000* Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2020 (the “Series 2020 Bonds”). The proceeds of the Series 2020 Bonds, together with certain existing funds of the Community Facilities District, will be used to (i) finance various public improvements needed to develop property located within the Community Facilities District, (ii) increase the balance in the reserve fund to equal the Reserve Requirement upon issuance of the Series 2020 Bonds, and (iii) pay costs of issuance of the Series 2020 Bonds. See “SOURCES AND USES OF FUNDS” herein.

The Series 2020 Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and an Indenture of Trust dated as of August 1, 2015, as supplemented by that certain First Supplemental Indenture dated as of June 1, 2017 and that certain Second Supplemental Indenture dated as of November 1, 2020, (collectively, the “Indenture”), each by and between the Community Facilities District and U.S. Bank National Association, as trustee (the “Trustee”). The Series 2020 Bonds will be secured under the Indenture by a lien on and security interest in Net Special Tax Revenues (as defined herein) and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund as described in the Indenture. The Series 2020 Bonds are payable from Net Special Tax Revenues on a parity with the Community Facilities District’s Special Tax Bonds, Series 2015, which are currently outstanding in the aggregate principal amount of \$24,320,000 (the “Series 2015 Bonds”) and on a parity with the Community Facilities District’s 2017 Special Tax Bonds, which are currently outstanding in the aggregate principal amount of \$7,410,000 (the “Series 2017 Bonds”).

Under the terms of the Indenture, under certain conditions the Community Facilities District may issue additional bonds secured by the Net Special Tax Revenues of the Community Facilities District on a parity with the Series 2015 Bonds, the Series 2017 Bonds and the Series 2020 Bonds (“Additional Bonds”) for purposes of refunding all or a portion of the Series 2015 Bonds, the Series 2017 Bonds, the Series 2020 Bonds or any Additional Bonds issued in the future. See “SECURITY AND SOURCES OF PAYMENT FOR THE

* Preliminary, subject to change.

BONDS — Additional Bonds for Refunding Purposes Only.” The term “Bonds” means the Series 2015 Bonds, the Series 2017 Bonds and the Series 2020 Bonds together with any Additional Bonds issued in the future.

The Community Facilities District

Formation Proceedings. The Community Facilities District was formed by the County of Riverside, California (the “County”) pursuant to the Act.

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

Pursuant to the Act, the Board of Supervisors of the County adopted the necessary resolutions stating its intent to establish the Community Facilities District, to authorize the levy of Special Taxes on taxable property within the boundaries of the Community Facilities District, and to have the Community Facilities District incur bonded indebtedness. Subsequently, the Board of Supervisors approved the resolution of intention to approve an amended and restated rate and method of apportionment of the Special Taxes for the Community Facilities District (the “Rate and Method”). Following public hearings conducted pursuant to the provisions of the Act, the Board of Supervisors of the County adopted resolutions establishing the Community Facilities District and calling special elections to submit the levy of the Special Taxes and the incurring of bonded indebtedness to the qualified voters of the Community Facilities District. On June 18, 2007, at an election held pursuant to the Act, the landowners who comprised the qualified voters of the Community Facilities District, authorized the Community Facilities District to incur bonded indebtedness in an aggregate principal amount not to exceed \$60,000,000 and approved the Rate and Method. The Rate and Method is set forth in Appendix A hereto. The Board of Supervisors of the County acts as the legislative body of the Community Facilities District.

The Community Facilities District was formed to finance various public improvements needed as a result of the proposed development within the Community Facilities District, including the extension of the Clinton Keith Road between Antelope Road in the City of Murrieta and State Route 79 (SR-79) (the “Clinton Keith Road Extension”), including bridge facilities and appurtenances thereto, street improvements including grading, paving, curbs and gutters, sidewalks, street signalization and signage, street lights and parkway and landscaping related thereto, storm drain facilities, environmental mitigation facilities needed in connection therewith, and land, rights-of-way and easement necessary for any of such facilities (the “Facilities”). The Clinton Keith Road Extension is comprised of four construction phases. Phases 1, 2, and 4 are complete, and Phase 3 is the final Phase, currently nearing completion of Design (PS&E) and construction will start in July 2021. The total cost of all four phases is estimated at \$99,000,000, of which approximately \$20,000,000 will be paid for by the Community Facilities District with proceeds of the Series 2015 Bonds, approximately \$3,000,000 will be paid for by the Community Facilities District with proceeds of the Series 2017 Bonds and approximately \$28,000,000* will be paid for by the Community Facilities District with proceeds of the Series 2020 Bonds. The County has determined that the Facilities are regional transportation facilities necessary to support development in the Community Facilities District and surrounding areas. See “— *The Project*” below and “THE COMMUNITY FACILITIES DISTRICT — Description of Authorized Facilities; Facilities Financing Plan.”

* Preliminary, subject to change.

The County has adopted Local Goals and Policies for Land Secured Financing Community Facilities Districts, which establish several categories of community facilities districts that will be used by the County to finance various types of public facilities. The Community Facilities District fits within the category known as a “Critical Transportation Corridor Improvement Program Community Facilities District” (a “CTCIP CFD”) established to finance the Facilities. See “THE SERIES 2020 BONDS — Authority for Issuance” and “THE COMMUNITY FACILITIES DISTRICT — Description of Authorized Facilities; Facilities Financing Plan.”

The Project. The Clinton Keith Road Extension includes the construction of Clinton Keith Road as a 6-lane urban arterial from Antelope Road to SR-79. The Clinton Keith Road Extension is being constructed in phases. Phase 1 construction, which includes the area from Antelope Road to Whitewood Road, was completed by the City of Murrieta. Phase 2 of the Clinton Keith Road Extension, for which the Series 2015 Bonds were in part issued, entails the construction of a four-lane section from Whitewood Road to 1.7 miles easterly to Trois Valley Street, including the installation of traffic signals at Menifee Road and at Trois Valley Street. The section of Clinton Keith Road from Trois Valley Street to Leon Road is an existing full width, six-lane section built by a developer. Phase 3 of the Clinton Keith Road Extension, for which the Series 2020 Bonds are in part being issued, includes construction of a six-lane facility from Leon Road to south of French Valley Creek, including the French Valley Creek Bridge, and a traffic signal at Leon Road/Clinton Keith Road. In addition, the approved Regency development located at the northwest corner of SR-79 and future Clinton Keith Road will also be included and will extend the road from the French Valley Creek and connect to SR-79. Phase 4 for which the Series 2017 Bonds were in part issued, completed the remaining two lanes of the ultimate six-lane road section between Whitewood Road and Trois Valley Street. Phase 4 was constructed following the completion of Phase 2 and in advance of Phase 3. In addition, upon completion of Phase 2, SR-79 will be accessible by way of Leon Road and Max Gillis Boulevard.

The total cost of the Clinton Keith Road Extension, is estimated to be \$99,000,000, of which Phase 3 is estimated at \$31,000,000. In addition to the Community Facilities District funds, the total Project is programmed to receive approximately \$9,000,000 in Measure A Regional Arterial funds from Riverside County Transportation Commission (“RCTC”), and approximately \$17,000,000 in Transportation Uniform Mitigation Fee (“TUMF”) funds from Western Riverside Council of Governments (“WRCOG”). Both RCTC and WRCOG provide funds for regional arterial systems. The Series 2020 Bonds are being issued, in part, to finance a portion of the remaining costs of the Community Facilities District associated with Phase 3, which is estimated to receive approximately \$28,000,000* from the Series 2020 Bonds.

Development Status. The Community Facilities District consists of a number of noncontiguous properties located mostly in an unincorporated portion of the County, also known as French Valley, with a small portion located in the City of Murrieta. The Community Facilities District is approximately 10 miles north of the City of Temecula, 35 miles southeast of the City of Riverside, 90 miles southeast of the City of Los Angeles, and 60 miles north of the City of San Diego. The Community Facilities District is located east of Interstate 215 which is a major freeway connecting the cities of Riverside and San Diego.

Under the Rate and Method, property is classified based on its development status as of April 1 of each year. As of September 15, 2020, the Community Facilities District contains 2,804 taxable parcels, of which pursuant to the Rate and Method 2,535 parcels are expected to be classified as Developed Property (taxable property for which a final map has been recorded as of January 1 preceding the current fiscal year, and a building permit has been obtained as of April 1 for the following fiscal year tax levy), 262 parcels are expected to be classified as Approved Property (taxable property for which a final map has been recorded but for which a building permit has not been obtained as of April 1 for the following fiscal year special tax levy), and 7 parcels representing approximately 38.52 acres are expected to be classified as Undeveloped Property (taxable property for which no final map has been recorded and no building permit obtained as of January 1 for the following fiscal year special tax levy), all as pursuant to the Rate and Method.

* Preliminary, subject to change.

As of September 15, 2020, the total acreage of the taxable parcels within the Community Facilities District is approximately 515.70 acres, comprised of approximately 433.88 acres of Developed Property, approximately 43.30 acres of Approved Property, and approximately 38.52 acres of Undeveloped Property. As of September 15, 2020, within the Community Facilities District, there are 2,535 parcels of Developed Property, comprising 2,096 completed single family units and 122 multi-family units which have been completed and conveyed to individual homeowners as of September 15, 2020, and 317 single family attached and detached units which are either under construction or completed but still owned by the developer developing such units.

Special Taxes from Developed Property and Approved Property, if enrolled at the Assigned Special Tax rates as expected for Fiscal Year 2021-22, are expected to be at least 110% of maximum annual debt service on the Series 2015 Bonds, the Series 2017 Bonds and the Series 2020 Bonds plus administrative expenses of the Community Facilities District. However, based on the development status within the Community Facilities District as of September 15, 2020, the Community Facilities District does not expect to levy Special Taxes on Approved Property or Undeveloped Property until such parcels become Developed Property. See “THE COMMUNITY FACILITIES DISTRICT” and Table 4.

According to the Riverside County Assessor’s Office, the assessed value for Fiscal Year 2020-21 for the January 1, 2020 lien date of the property within the Community Facilities District which is expected to be classified as Developed Property for the Fiscal Year 2021-22 Special Tax levy (based on the status of development as of September 15, 2020) was \$1,051,418,400. Additionally, the Fiscal Year 2020-21 assessed value of all the taxable property within the Community Facilities District was \$1,089,659,497 resulting in an estimated assessed value-to-lien ratio of approximately 9.40*-to-1 for Developed Property based on the principal amount of the Series 2015 Bonds, the Series 2017 Bonds, the Series 2020 Bonds (allocated to each parcel of Developed Property within the Community Facilities District based on the proportion of the projected Fiscal Year 2021-22 Special Taxes on such parcels) and other overlapping debt secured by special taxes and assessments. The estimated assessed value-to-lien ratio is approximately 9.74*-to-1 for Developed Property, Approved Property and Undeveloped Property based on the principal amount of the Series 2015 Bonds, the Series 2017 Bonds, the Series 2020 Bonds and other overlapping debt secured by special taxes and assessments (but excluding other overlapping debt within the Community Facilities District secured by *ad valorem* taxes). See “THE COMMUNITY FACILITIES DISTRICT — Estimated Assessed Value-to-Lien Ratios” herein.

Security and Sources of Payment for the Bonds

General. The Series 2020 Bonds are special obligations of the Community Facilities District, and the interest on and principal of and redemption premiums, if any, on the Series 2020 Bonds are payable solely from Net Special Tax Revenues (described below) to be levied annually against the property in the Community Facilities District, and other amounts on deposit in the Special Tax Fund, the Bond Fund and the Reserve Fund. The Series 2020 Bonds are secured on a parity with the Community Facilities District’s outstanding Series 2015 Bonds and Series 2017 Bonds and any Additional Bonds issued in the future. As described herein, the Special Taxes are collected along with *ad valorem* property taxes on the tax bills mailed by the Treasurer-Tax Collector of Riverside County. Although the Special Taxes will constitute a lien on the property subject to taxation in the Community Facilities District, they will not constitute a personal indebtedness of the owners of such property. There is no assurance that such owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if they are financially able to do so.

Net Special Tax Revenues. Under the Indenture, the Community Facilities District has pledged to repay the Bonds from Net Special Tax Revenues and other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund established under the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Net

* Preliminary, subject to change.

Special Tax Revenues consist of Special Tax Revenues less the amount required to pay Administrative Expenses. Special Tax Revenues are defined in the Indenture to include the proceeds of the Special Taxes received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes and proceeds of any security for payment of Special Taxes taken in lieu of foreclosure after payment of administrative costs and attorneys' fees payable from proceeds of such redemption, sale or security.

The Net Special Tax Revenues are the primary security for the repayment of the Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Trustee in the Special Tax Fund, the Bond Fund and the Reserve Fund. Amounts held in the Improvement Fund, the Rebate Fund and the Administrative Expense Fund are not available to pay the debt service on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

The Series 2020 Bonds are payable on a parity with the Series 2015 Bonds, the Series 2017 Bonds and any Additional Bonds issued in the future from Net Special Tax Revenues and from certain other funds pledged under the Indenture. Under the terms of the Indenture, under certain conditions the Community Facilities District may issue Additional Bonds secured by the Net Special Tax Revenues of the Community Facilities District on a parity with the Bonds for purposes of refunding all or a portion of the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS — Additional Bonds for Refunding Purposes Only."

Proceeds of Foreclosure Sales. Pursuant to Section 53356.1 of the Act and the Indenture, the Community Facilities District will covenant in the Indenture with and for the benefit of the Owners of the Bonds that the Community Facilities District will commence appropriate judicial foreclosure proceedings against parcels with total Special Tax delinquencies in excess of \$5,000 (not including interest and penalties thereon) by the October 1 following the close of each Fiscal Year in which the last of such Special Taxes were due and will commence appropriate judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied in such Fiscal Year, and diligently pursue to completion such foreclosure proceedings. However, notwithstanding the foregoing, the Community Facilities District may elect to accept payment from a property owner of at least the enrolled amount but less than the full amount of the penalties, interest, costs and attorneys' fees related to a Special Tax delinquency, if permitted by law. Additionally, notwithstanding the foregoing, in certain instances the amount of a Special Tax delinquency on a particular parcel is so small that the cost of appropriate foreclosure proceedings will far exceed the Special Tax delinquency and in such cases foreclosure proceedings may be delayed by the Community Facilities District until there are sufficient Special Tax delinquencies accruing to such parcel (including interest and penalties thereon) to warrant the foreclosure proceedings cost. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2020 BONDS — Proceeds of Foreclosure Sales."

There is no assurance that the property within the Community Facilities District can be sold for the assessed values described herein, or for a price sufficient to pay the principal of and interest on the Bonds in the event of a default in payment of Special Taxes by the current or future landowners within the Community Facilities District. See "SPECIAL RISK FACTORS — Property Values; Value-to-Lien Ratios" herein.

EXCEPT FOR THE NET SPECIAL TAX REVENUES AND AMOUNTS HELD IN THE SPECIAL TAX FUND, THE BOND FUND AND THE RESERVE FUND, NO OTHER FUNDS ARE PLEDGED TO THE PAYMENT OF THE SERIES 2020 BONDS. THE SERIES 2020 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE COUNTY BUT ARE SPECIAL OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT PAYABLE SOLELY FROM THE NET SPECIAL TAX REVENUES AND AMOUNTS HELD IN THE SPECIAL TAX FUND, THE BOND FUND AND THE RESERVE FUND UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN. NEITHER THE

FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE COUNTY, OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2020 BONDS.

Under the terms of the Indenture, under certain conditions the Community Facilities District may issue Additional Bonds secured by the Net Special Tax Revenues of the Community Facilities District on a parity with the Series 2015 Bonds, the Series 2017 Bonds and the Series 2020 Bonds for purposes of refunding all or a portion of the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds for Refunding Purposes Only.”

Description of the Series 2020 Bonds

The Series 2020 Bonds will be issued and delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Series 2020 Bonds (the “Beneficial Owners”) in the denominations of \$5,000 or an integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series 2020 Bonds. In the event that the book-entry only system described herein is no longer used with respect to the Series 2020 Bonds, the Series 2020 Bonds will be registered and transferred in accordance with the Indenture. See Appendix F — “BOOK-ENTRY AND DTC” herein.

Principal of, premium, if any, and interest on the Series 2020 Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Series 2020 Bonds, the Beneficial Owners will become the registered owners of the Series 2020 Bonds and will be paid principal and interest by the Trustee, all as described herein. See Appendix F — “BOOK-ENTRY AND DTC” herein.

The Series 2020 Bonds are subject to optional redemption, mandatory redemption from Special Tax prepayments and mandatory sinking fund redemption as described herein. For a more complete description of the Series 2020 Bonds and the basic documentation pursuant to which they are being sold and delivered, see “THE SERIES 2020 BONDS” and Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel to the Community Facilities District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2020 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2020 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2020 Bonds. See “LEGAL MATTERS — Tax Matters.”

Professionals Involved in the Offering

U.S. Bank National Association will act as Trustee under the Indenture. Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) is the Underwriter of the Series 2020 Bonds. Certain proceedings in connection with the issuance and delivery of the Series 2020 Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel to the Community Facilities District. See Appendix E — “FORM OF OPINION OF BOND COUNSEL.” Stradling Yocca Carlson & Rauth, a Professional Corporation, is serving as Disclosure Counsel to the Community Facilities District with respect to the Series 2020 Bonds. Fieldman, Rolapp & Associates, Inc. is acting as Municipal Advisor to the County in connection with the Series 2020 Bonds. Certain legal matters will be passed upon for the County and the Community Facilities District by County Counsel, and for the Underwriter by Jones Hall, A Professional Law Corporation, as Underwriter’s Counsel. Other professional services have been performed by Webb Municipal Finance, LLC, as Special Tax Consultant.

For information concerning the respects in which certain of the above-mentioned professionals, advisors, counsel and agents may have a financial or other interest in the offering of the Series 2020 Bonds, see “LEGAL MATTERS — Financial Interests” herein.

Continuing Disclosure

The Community Facilities District will enter into a Continuing Disclosure Agreement, dated as of November 1, 2020, with the Trustee (the “Continuing Disclosure Agreement”) pursuant to which the Community Facilities District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (EMMA) system by April 1 of each year following the end of each fiscal year, commencing April 1, 2021, certain annual financial information and operating data. The Community Facilities District will further agree to provide notice of certain listed events. These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). See “CONTINUING DISCLOSURE” herein and Appendix D hereto for a description of the specific nature of the annual reports to be filed by the Community Facilities District and notices of listed events to be provided by the Community Facilities District.

Bond Owners’ Risks

Certain events could affect the timely repayment of the principal of and interest on the Series 2020 Bonds when due. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2020 Bonds. The Series 2020 Bonds are not rated by any nationally recognized rating agency. *The purchase of the Series 2020 Bonds involves significant investment risks, and the Series 2020 Bonds may not be suitable investments for many investors.* See “SPECIAL RISK FACTORS” herein.

Other Information

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

Brief descriptions of the Series 2020 Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Series 2020 Bonds and the constitution and laws of the State as well as the proceedings of the Board of Supervisors of the County, acting as the legislative body of the Community Facilities District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Series 2020 Bonds, by reference to the Indenture.

Copies of the Indenture, the Continuing Disclosure Agreement and other documents and information referred to herein are available for inspection and (upon request and payment to the County of a charge for copying, mailing and handling) for delivery from the Trustee at 633 West Fifth Street, 24th Floor, Los Angeles, CA 90071, Attention: Corporate Trust Department.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2020 Bonds will be deposited into the following respective accounts and funds established by the Community Facilities District under the Indenture, as follows:

Sources:

Principal Amount of Bonds	\$
[Plus/less]: [Net] Original Issue	_____
[Premium/discount]	
Total Sources	\$ <u> </u>

Uses:

Reserve Fund ⁽¹⁾	\$
Costs of Issuance Fund ⁽²⁾	
Underwriter’s Discount	
Proceeds Account of Improvement Fund	_____
Total Uses	\$ <u> </u>

⁽¹⁾ Equal to the amount required to increase the balance on deposit in the Reserve Fund to the Reserve Requirement as of the date of delivery of the Series 2020 Bonds.
⁽²⁾ Includes, among other things, the fees and expenses of Bond Counsel, Disclosure Counsel, the cost of printing the preliminary and final Official Statements, the rating fee, the premium for the Insurance Policy and the fees and expenses of the Trustee, Special Tax Consultant and the Municipal Advisor.

THE SERIES 2020 BONDS

Authority for Issuance

The Series 2020 Bonds will be issued pursuant to the Act, the Indenture and the Resolution authorizing issuance of the Series 2020 Bonds adopted by the Board of Supervisors of the County of Riverside, acting as the legislative body of the Community Facilities District (the “Legislative Body”), on October 20, 2020, as Resolution No. _____.

As required by the Act, the Legislative Body has taken the following actions with respect to establishing the Community Facilities District and authorizing issuance of the Series 2020 Bonds:

Resolutions of Intention: On May 8, 2007, the Board of Supervisors adopted Resolution No. 2007-189 stating its intention to establish the Community Facilities District and to authorize the levy of a special tax therein pursuant to the Rate and Method. On May 8, 2007, the Board of Supervisors adopted Resolution No. 2007-190 stating its intention to incur bonded indebtedness in an amount not to exceed \$60,000,000 with respect to the Community Facilities District. The Community Facilities District proceedings authorize Special Taxes to be used to pay directly for Facilities. See “THE COMMUNITY FACILITIES DISTRICT — Description of Authorized Facilities; Facilities Financing Plan.” On June 12, 2007, the Board of Supervisors adopted Resolution No. 2007-287 which approved an Amended and Restated Rate and Method of Apportionment (the “Rate and Method”).

Resolution of Formation: Following a noticed public hearing on June 12, 2007, the Board of Supervisors adopted Resolution No. 2007-286 (the “Resolution of Formation”), establishing the Community Facilities District and authorizing the levy of a special tax within the Community Facilities District pursuant to

the Rate and Method. Resolution No. CFD 2007-05 also adopted on June 12, 2007 called an election for the purpose of submitting the propositions to incur bonded indebtedness, to levy a special tax within the Community Facilities District and to establish an appropriations limit for the Community Facilities District to the qualified electors of the Community Facilities District.

Resolution of Necessity: On June 12, 2007, the Board of Supervisors, acting as the Legislative Body of the Community Facilities District, adopted Resolution No. CFD 2007-04 deeming it necessary to incur bonded indebtedness in an amount not to exceed \$60,000,000 within the Community Facilities District.

Landowner Election and Declaration of Results: On June 18, 2007, a special election was held within the Community Facilities District, in which the landowners eligible to vote, being the qualified electors, approved the ballot proposition to incur bonded indebtedness in a maximum amount of \$60,000,000, to levy a special tax within the Community Facilities District and to establish an appropriations limit for the Community Facilities District.

On June 19, 2007, the Legislative Body adopted Resolution No. CFD 2007-06 declaring the results of the special election.

Ordinance Levying Special Taxes: On June 26, 2007, the Board of Supervisors adopted Ordinance No. 870 (the “Ordinance”) authorizing the levy of the Special Tax within the Community Facilities District.

Special Tax Lien and Levy: A Notice of Special Tax Lien for the Community Facilities District was recorded in the real property records of the County on June 21, 2007, as Document No. 2007-0405337.

General Provisions

The Series 2020 Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing on March 1, 2021 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Series 2020 Bonds will be issued in fully registered form in denominations of \$5,000 and any integral multiples thereof. So long as the Series 2020 Bonds are held in book-entry form, principal and interest on the Series 2020 Bonds will be paid to DTC for subsequent disbursement to DTC Participants who are to remit such payments to the Beneficial Owners in accordance with DTC procedures. See Appendix F — “BOOK-ENTRY AND DTC.”

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Series 2020 Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Series 2020 Bond, unless (i) a Series 2020 Bond is authenticated on or before an Interest Payment Date and after the close of business on the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a business day (the “Record Date”), in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2020 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Series 2020 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for.

Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2020 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date, or by wire transfer at the written request of an Owner of not less than \$1,000,000 aggregate principal amount of Series 2020 Bonds, which written request is received by the Trustee on or prior to the preceding Record Date.

The principal of the Series 2020 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

The Series 2020 Bonds are payable on a parity with the Series 2015 Bonds, the Series 2017 Bonds and any Additional Bonds issued in the Future from Net Special Tax Revenues and from certain other funds pledged under the Indenture. Under the terms of the Indenture, under certain conditions the Community Facilities District may issue Additional Bonds secured by the Net Special Tax Revenues of the Community Facilities District on a parity with the Series 2015 Bonds, the Series 2017 Bonds and the Series 2020 Bonds for purposes of refunding all or a portion of the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds for Refunding Purposes Only.”

Debt Service Schedule

The following table presents the annual debt service on the Series 2020 Bonds, the Series 2015 Bonds and the Series 2017 Bonds, assuming, in either case, there are no redemptions prior to maturity other than mandatory sinking fund redemptions. However, it should be noted that the Rate and Method allows prepayment of the Special Taxes in full or in part and the Indenture requires redemption of Series 2015 Bonds, Series 2017 Bonds and/or Series 2020 Bonds on any Interest Payment Date from the proceeds of any prepayments of Special Taxes. Additionally, the Series 2020 Bonds are subject to optional redemption as described herein. See “THE SERIES 2020 BONDS — Redemption.”

<i>Period Ending September 1</i>	<i>Series 2020 Bonds Principal*</i>	<i>Series 2020 Bonds Interest*</i>	<i>Total Series 2020 Bonds Annual Debt Service*</i>	<i>Total Series 2017 Bonds Annual Debt Service</i>	<i>Total Series 2015 Bonds Annual Debt Service</i>	<i>Total Annual Debt Service^{(1)*}</i>
2021				\$ 408,937.50	\$ 1,426,037.50	
2022				421,387.50	1,452,925.00	
2023				428,387.50	1,483,025.00	
2024				435,087.50	1,511,000.00	
2025				446,487.50	1,542,162.50	
2026				452,437.50	1,576,237.50	
2027				461,637.50	1,607,931.26	
2028				470,237.50	1,637,118.76	
2029				484,112.50	1,668,675.00	
2030				492,531.26	1,705,675.00	
2031				500,181.26	1,736,475.00	
2032				512,025.00	1,771,975.00	
2033				523,143.76	1,808,975.00	
2034				533,206.26	1,842,675.00	
2035				542,518.76	1,883,075.00	
2036				555,700.00	1,919,750.00	
2037				562,500.00	1,960,500.00	
2038				573,500.00	1,996,250.00	
2039				589,750.00	2,037,000.00	
2040				599,250.00	2,077,250.00	
2041				612,250.00	2,121,750.00	
2042				623,500.00	2,160,000.00	
2043				633,000.00	2,207,000.00	
2044				645,750.00	2,247,000.00	
2045				661,500.00	--	
Total				<u>\$ 13,169,018.80</u>	<u>\$43,380,462.52</u>	

* Preliminary, subject to change.

(1) Equal to the sum of the amounts under the columns "Total Series 2020 Bonds Annual Debt Service," "Total Series 2015 Bonds Annual Debt Service" and "Total Series 2017 Bonds Annual Debt Service."

Source: Underwriter.

Redemption

Optional Redemption. The Series 2020 Bonds maturing on or after September 1, 20__ are subject to optional redemption, in whole or in part in Authorized Denominations, on any Interest Payment Date on or after September 1, 20__, from any source of available funds, at the following Redemption Price (expressed as percentages of the principal amount of the Series 2020 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ and March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

Mandatory Redemption from Special Tax Prepayments. The Series 2020 Bonds shall be subject to mandatory redemption, in whole or in part, on any Interest Payment Date on or after March 1, 2021, from and to the extent of any prepaid Special Taxes deposited in the Redemption Fund, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2020 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
March 1, 2021 through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and any Interest Payment Date thereafter	100

Mandatory Sinking Fund Redemption. The Series 2020 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2020 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount to be Redeemed</i>
---	--

(maturity)

The Series 2020 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2020 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

<i>Sinking Fund Redemption Date (September 1)</i>	<i>Principal Amount to be Redeemed</i>
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(maturity)

If some but not all of the Series 2020 Term Bonds of a maturity are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of such Series 2020 Term Bonds to be redeemed described above on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of Series 2020 Term Bonds so optionally redeemed.

If some but not all of the Series 2020 Term Bonds of a maturity are redeemed pursuant to the mandatory redemption from Special Tax Prepayments provisions of the Indenture, the principal amount of such Series 2020 Term Bonds to be redeemed described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2020 Term Bonds so redeemed, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District.

Notice of Redemption. So long as the Series 2020 Bonds are held by DTC, all notices of redemption will be sent only to DTC in accordance with its procedures and will not be delivered to any Beneficial Owner. The Trustee is obligated to mail, at least 30 days but not more than 60 days prior to the date of redemption, notice of intended redemption, by first-class mail, postage prepaid, to the original purchasers of the Series 2020 Bonds and the registered Owners of the Series 2020 Bonds at the addresses appearing on the Bond registration books. Such notice must state the date of the notice, the redemption date, the redemption place and the Redemption Price and designate the CUSIP numbers, if any, the Series 2020 Bond numbers and the maturity or maturities of the Series 2020 Bonds to be redeemed (except in the event of redemption of all of the Series 2020 Bonds of such maturity or maturities in whole), and shall require that such Series 2020 Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Series 2020 Bonds will not accrue from and after the date fixed for redemption.

Neither the failure to receive such notice nor any defect in such notice will affect the validity of the proceedings for redemption of such Series 2020 Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

With respect to any notice of any optional redemption of Series 2020 Bonds, unless at the time such notice is given the Series 2020 Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the principal of and premium, if any, on the Series 2020 Bonds on the date fixed for redemption (the "Redemption Price"), and accrued interest on, the Series 2020 Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Community Facilities District shall not be required to redeem such Series 2020 Bonds. In the event a notice of redemption of Series 2020 Bonds contains such a condition and such moneys are not so received, the redemption of Series 2020 Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Series 2020 Bonds pursuant to such notice of redemption.

Effect of Redemption. When notice has been mailed as provided in the Indenture, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside with the Trustee, the Series 2020 Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Series 2020 Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Series 2020 Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on

such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Series 2020 Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Series 2020 Bonds shall be held in trust for the account of the Owners of the Series 2020 Bonds so to be redeemed without liability to such Owners for interest thereon.

Registration, Transfer and Exchange

Registration. The Trustee will keep sufficient books for the registration and transfer of the Series 2020 Bonds. The ownership of the Series 2020 Bonds will be established by the bond registration books held by the Trustee.

Transfer or Exchange. Whenever any Series 2020 Bond is surrendered for registration of transfer or exchange, the Community Facilities District shall execute and the Trustee will authenticate and deliver a new Series 2020 Bond or Series 2020 Bonds of the same maturity, for a like aggregate principal amount of authorized denominations; provided that the Trustee will not be required to register transfers or make exchanges of (i) Series 2020 Bonds for a period of 15 days next preceding the date of any selection of the Series 2020 Bonds to be redeemed, or (ii) any Series 2020 Bonds chosen for redemption. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Covenants and Warranties

The Community Facilities District has covenanted in the Indenture to comply with the covenants and warranties therein. See Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Covenants.”

Special Obligations

The Series 2020 Bonds are special obligations of the Community Facilities District, and the interest on and principal of and redemption premiums, if any, on the Series 2020 Bonds are payable on a parity with the Series 2015 Bonds, the Series 2017 Bonds and any Additional Bonds issued in the future solely from Net Special Tax Revenues (described below) to be levied annually against the property in the Community Facilities District, and other amounts on deposit in the Special Tax Fund, the Bond Fund and the Reserve Fund.

Under the Indenture, the Community Facilities District has pledged to repay the Series 2020 Bonds from Net Special Tax Revenues and other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund established under the Indenture, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Net Special Tax Revenues consist of Special Tax Revenues less the amount required to pay Administrative Expenses. Special Tax Revenues are defined in the Indenture to include the proceeds of the Special Taxes received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, and any proceeds of any security for payment of Special Taxes taken in lieu of foreclosure after payment of administrative costs and attorneys’ fees payable from proceeds of such redemption, sale or security.

The Net Special Tax Revenues are the primary security for the repayment of the Series 2020 Bonds. In the event that the Special Taxes are not paid when due, the only sources of funds available to pay the debt service on the Series 2020 Bonds are amounts held by the Trustee in the Special Tax Fund, the Bond Fund and the Reserve Fund. Amounts held in the Improvement Fund, the Rebate Fund and the Administrative Expense

Fund are not available to pay the debt service on the Series 2020 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

EXCEPT FOR THE NET SPECIAL TAX REVENUES AND AMOUNTS HELD IN THE SPECIAL TAX FUND, THE BOND FUND AND THE RESERVE FUND, NO OTHER FUNDS ARE PLEDGED TO THE PAYMENT OF THE SERIES 2020 BONDS. THE SERIES 2020 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE COUNTY BUT ARE SPECIAL OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT PAYABLE SOLELY FROM THE NET SPECIAL TAX REVENUES AND AMOUNTS HELD IN THE SPECIAL TAX FUND, THE BOND FUND AND THE RESERVE FUND UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE COUNTY, OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2020 BONDS.

Collection of Special Taxes

The Rate and Method provides that the Special Taxes are payable and will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that the Community Facilities District may directly bill the Special Taxes and may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

Because the Special Tax levy is limited to the Maximum Special Tax rates set forth in the Rate and Method, no assurance can be given that, in the event of Special Tax delinquencies, the Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay debt service on the Bonds.

Although the Special Taxes, when levied, will constitute a lien on parcels subject to taxation, they do not constitute a personal indebtedness of the owners of property. There is no assurance that the owners of real property will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. See also, “SPECIAL RISK FACTORS” herein.

Rate and Method

General. On June 12, 2007, the Board of Supervisors established the Community Facilities District. The Community Facilities District is authorized to levy and collect the Special Tax to finance the Facilities pursuant to and in accordance with the Rate and Method, a copy of which is set forth in Appendix A — “AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH) OF THE COUNTY OF RIVERSIDE.” Capitalized terms used under this caption “Rate and Method” shall have the meanings set forth in the Rate and Method attached as Appendix A.

The qualified electors of the Community Facilities District approved the Rate and Method at an election held on June 18, 2007.

Rate and Method. The Rate and Method contains the provisions by which the Legislative Body may annually levy the Special Taxes on Taxable Property within the Community Facilities District up to the applicable Maximum Special Tax to pay for the Special Tax Requirement. The Bonds will be secured by the annual Special Taxes levied pursuant to the Rate and Method. The Rate and Method provides that the Special Tax shall be levied for the period necessary to satisfy the Special Tax Requirement, but in no event shall it be levied after Fiscal Year 2044-45 or the stated maturity of the Bonds, whichever is sooner.

Special Tax Requirement. The Special Tax Requirement is defined in the Rate and Method as the amount required in each Fiscal Year to pay: (i) annual debt service on all Outstanding Bonds due in the

calendar year which commences in such Fiscal Year; (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) Administrative Expenses; (iv) an amount equal to any shortfall due to Special Tax delinquencies experienced in the prior Fiscal Year; (v) for acquisition or construction costs of facilities authorized to be financed by the Community Facilities District, provided such amount does not cause an increase in the Special Tax levy on Approved Property or Undeveloped Property; and (vi) any amounts required to establish or replenish any reserve funds for the Bonds; less (vii) a credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

Method of Apportionment. The Rate and Method provides that the Legislative Body shall levy the Special Tax on all Taxable Property in accordance with the following steps in order to collect Special Taxes sufficient to satisfy the Special Tax Requirement:

First: Prior to the issuance of Bonds, the Special Tax shall be levied on each Parcel of Developed Property at 100% of the applicable Assigned Special Tax to be applied to the cost of the facilities authorized to be financed by the Community Facilities District; subsequent to the issuance of the Bonds, the Special Tax shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax, as needed to satisfy the Special Tax Requirement;

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Parcel of Approved Property at up to 100% of the applicable Assigned Special Tax, as needed to satisfy the Special Tax Requirement;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the applicable Maximum Special Tax as needed to satisfy the Special Tax Requirement;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied on each Parcel of Approved Property and/or Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax, shall be increased Proportionately at up to 100% of the difference between the applicable Maximum Special Tax for each such Parcel less the applicable Assigned Special Tax for such Parcel as needed to satisfy the Special Tax Requirement;

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Property Owners' Association Property that is not Exempt Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Sixth: If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Public Property that is not Exempt Property, at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances shall the Special Taxes levied against any Parcel of Developed Property that is Residential Property be increased as a consequence of delinquency or default by the owner of any other Parcel or Parcels within the Community Facilities District by more than ten percent (10%).

Taxable Property and Exempt Property. The Rate and Method declares that for each Fiscal Year, each Parcel shall be categorized as either Developed Property, Approved Property, Undeveloped Property, Public Property, Property Owners' Association Property, or Exempt Property and shall be subject to the levy of Special Taxes in accordance with the Rate and Method. Developed Property and Approved Property shall

further be classified as Residential Property, Non-Residential Property or Multiple Land Use Property. Residential Property shall be further classified as Single Family Property or Multifamily Property.

(i) “Approved Property” means, for each Fiscal Year, all parcel(s), lot(s) or units(s) of Taxable Property not classified as Public Property or Property Owners’ Association Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding said Fiscal Year, and (ii) that have not been issued a Building Permit prior to the April 1st preceding said Fiscal Year.

(ii) “Developed Property” means, for each Fiscal Year, all parcel(s), lot(s) or unit(s) of Taxable Property, not classified as Public Property or Property Owners’ Association Property: (i) that are included in a Final Map that was recorded prior to January 1st preceding said Fiscal Year and (ii) for which a Building Permit has been issued prior to April 1st of the preceding Fiscal Year.

(iii) “Exempt Property” means, for each Fiscal Year any Parcel which is exempt from Special Taxes pursuant to the Rate and Method. See Section E in Appendix A — “AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH) OF THE COUNTY OF RIVERSIDE.”

(iv) “Multifamily Property” means, for each Fiscal Year, any parcel, lot or unit of Residential Property for which a building permit can or has been issued for attached or detached residential units in a development that has a density of greater than eight (8) Residential Dwelling Units per gross acre, as recorded on a Final Map or as determined by the Administrator.

(v) “Single Family Property” means, for each Fiscal Year, any parcel, lot or unit of Residential Property for which a building permit can or has been issued for attached or detached residential units in a development that has a density of eight (8) Residential Dwelling Units to the gross acre or less, as recorded on a Final Map or as determined by the Administrator.

(vi) “Non-Residential Property” means, for each Fiscal Year, all Parcels of Developed Property and Approved Property for which a Building Permit can or has been issued for any type of non-residential use, as determined by the Administrator.

(vii) “Multiple Land Use Property” means, for each Fiscal Year, all parcels of Developed Property and Approved Property assigned to more than one Land Use Category (e.g. one structure containing both Non-Residential Property and Residential Property), as determined by the Administrator.

(viii) “Property Owners’ Association Property” means, for each Fiscal Year, any Parcel which, as of the January 1 preceding said Fiscal Year, is owned by a property owners’ association, including any master or sub-association or is identified on a Final Map as common area to be owned by a property owners’ association. Property Owners’ Association Property includes but is not limited to property dedicated and restricted for the use as streets, open space, park, habitat reserve, clubhouse or recreational facilities.

(ix) “Public Property” means, for each Fiscal Year, any Parcel within the boundary of the Community Facilities District which, as of the January 1 preceding said Fiscal Year, is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other public agency, or utility property utilized for the provision of services to the public or a property encumbered with public or utility easements making impractical its utilization for other than the purpose set forth in the easement; provided, however, that any Parcel leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use. Public Property includes but is not limited to, public streets, water and sewer facilities, flood control drainage channels, public schools, or property dedicated and restricted for the use as open space, park or habitat reserve.

(x) “Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Approved Property, Public Property, or Property Owners’ Association Property and which is not otherwise Exempt Property pursuant to the Rate and Method.

Maximum Special Tax. The Maximum Special Tax is defined in the Rate and Method as follows:

(i) The Maximum Special Tax for each Parcel of Undeveloped Property, Property Owners’ Association Property and Public Property is \$8,690 per Acre, times the Acreage of the Parcel, for Fiscal Year 2021-22. This rate increases by 2.00% each July 1.

(ii) The Maximum Special Tax for each Parcel of Developed Property that is Single Family or Multifamily Property, or Approved Property is the greater of the applicable Assigned Special Tax or the amount derived by application of the Backup Special Tax.

Assigned Special Tax. The Assigned Special Tax for any parcel of Approved Property or Developed Property, except for Multiple Land Use Property, is \$1,384.13 per Residential Dwelling Unit (“RDU”) for the Parcels which are classified as Single Family Property for Fiscal Year 2021-22; \$1,049.99 for Parcels which are classified as Multifamily Property for Fiscal Year 2021-22, and \$8,690.09 per acre for Parcels that are classified as Undeveloped Property for Fiscal 2021-22. The Assigned Special Tax increases by an amount equal to 2.00% of the Assigned Special Tax in effect for the prior Fiscal Year.

Backup Special Tax.

(i) If the number of RDU of Single Family Property or Multifamily Property in a specific Final Map is equal to or greater than the proposed number of such RDUs listed in Table 2 of the Rate and Method for the corresponding Final Map, the Backup Special Tax for each Parcel of Single Family Property and Multifamily Property that is Developed Property or Approved Property shall be the Assigned Special Tax for such Parcel at the time such Taxable Property becomes Developed Property or Approved Property.

(ii) If the number of RDU of Single Family Property in a specific Final Map is less than the proposed number of RDU identified in Table 2 of the Rate and Method for the corresponding Final Map, then the Backup Special Tax for each RDU of Single Family Property within said Final Map shall equal (x) the number of RDUs of Single Family Property identified in Table 2 of the Rate and Method multiplied by the Assigned Special Tax for Single Family Property shown in the Rate and Method, as increased in accordance with the Rate and Method, divided by (y) the number of RDUs of Single Family Property within such Final Map.

(iii) If the number of RDUs of Single Family Property in a specific Final Map is subsequently changed or modified, then the Backup Special Tax shall be recalculated for each RDU of Single Family Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each such RDU of Single Family Property within such changed or modified area shall equal the aggregate Backup Special Tax within the changed or modified area prior to the change or modification in such Final Map divided by the number of RDUs of Single Family Property within such changed or modified area after the change or modification in such Final Map. For a Parcel of Single Family Property that is not changed or modified by changes or modifications to a Final Map, the Backup Special Tax shall not be recalculated.

(iv) If the number of RDU of Multifamily Property in a specific Final Map is less than the proposed number of RDU identified in Table 2 of the Rate and Method for the corresponding Final Map, then the Backup Special Tax for each RDU of Multifamily Property within said Final Map shall equal (x) the number of RDUs of Multifamily Property identified in Table 2 of the Rate and Method multiplied by the Assigned Special Tax for Multifamily Property shown in the Rate and Method as increased in accordance with the Rate and Method, divided by (y) the number of RDUs of Multifamily Property within such Final Map.

(v) If the number of RDUs of Multifamily Property in a specific Final Map is subsequently changed or modified, then the Backup Special Tax shall be recalculated for each RDU of Multifamily Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each such RDU of Multifamily Property within such changed or modified area shall equal the aggregate Backup Special Tax within the changed or modified area prior to the change or modification in such Final Map divided by the number of RDUs of Multifamily Property within such changed or modified area after the change or modification in such Final Map. For a Parcel of Multifamily Property that is not changed or modified by changes or modifications to a Final Map, the Backup Special Tax shall not be recalculated.

Multiple Land Use Property. In some instances a Parcel of Developed Property or Approved Property may be assigned to more than one Land Use Category. The Assigned Special Tax levied on such a Parcel shall be the sum of the Assigned Special Tax levies for all Land Use Categories located on such Parcel. The Backup Special Tax levied on a Parcel shall be the sum of the Backup Special Tax levies that can be imposed on all Land Use Categories located on such Parcel. The Maximum Special Tax levied on a Parcel shall be the sum of the Maximum Special Tax levies that can be imposed on all Land Use Categories located on such Parcel.

For purposes of calculating the Backup Special Tax for each Land Use Category under such circumstances, the Acreage assigned to each Land Use Category shall be based on the proportion of Residential Floor Area or Non-Residential Floor Area that is built for each Land Use Category as compared with the Total Floor Area built on the Parcel. The Administrator shall determine all allocations made under this section, and all such allocations shall be final.

Prepayment of Special Taxes. The Maximum Special Tax obligation may only be prepaid and permanently satisfied by a Parcel of Developed Property, Approved Property, or Undeveloped Property for which a Building Permit has been issued, or Public Property and/or Property Owners' Association Property that is not Exempt Property pursuant to the Rate and Method. The Maximum Special Tax obligation applicable to such Parcel may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described in the Rate and Method; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Parcel at the time of prepayment.

No Special Tax prepayment in full or prepayment in part shall be allowed unless the amount of Maximum Special Taxes, based on the categorization and classification under the Rate and Method of all Parcels on the date of the calculation, that may be levied on Taxable Property in each Fiscal Year commencing with the Fiscal Year of the proposed prepayment is at least equal to the sum of (a) 1.1 times the debt service on the Outstanding Bonds due in the calendar year which commences in such Fiscal Year (assuming a full year's debt service); plus (b) the Administrative Expenses for such Fiscal Year.

In addition, an owner of a Developed Property may partially prepay the Maximum Special Tax as specified in Appendix A — "AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH) OF THE COUNTY OF RIVERSIDE" herein.

No Obligation of the County Upon Delinquency

The County is under no obligation to transfer any funds of the County into the Special Tax Fund for payment of the principal of or interest on the Bonds if a delinquency occurs in the payment of any Special Taxes. "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales" for a discussion of the Community Facilities District's obligation to foreclose on Special Tax liens upon delinquencies.

Coverage and Source of Annual Debt Service

Annual debt service on the Series 2015 Bonds, the Series 2017 Bonds and the Series 2020 Bonds is payable from Net Special Tax Revenues levied and collected on property categorized as Taxable Property in the Community Facilities District in each Fiscal Year. Based on the development status within the Community Facilities District as of September 15, 2020, assuming no delinquencies, the Maximum Special Taxes that could be levied on the owners of all Developed Property and Approved Property within the Community Facilities District in each fiscal year were not less than 110% of debt service due in the corresponding fiscal year on the Series 2015 Bonds, the Series 2017 Bonds and the Series 2020 Bonds plus the Community Facilities District's estimated Administrative Expenses. Assuming no delinquencies, the Fiscal Year 2021-22 Special Tax levy is projected to be paid from Developed Property, with no Special Tax levy on Approved Property or Undeveloped Property. However, Special Taxes may only be levied within the limits of the Rate and Method and the Act (specifically, the Maximum Special Tax and the requirement under the Act that under no circumstances shall the Special Taxes levied against any Parcel of Residential Property, as defined in the Rate and Method, be increased by more than 10% as a consequence of delinquency or default by the owner of any other Parcel within the Community Facilities District). As a result, it is possible that the Community Facilities District may not be able to levy Special Taxes at the full amount of the Maximum Special Tax rates, as a result of high delinquencies. Additional debt service coverage on the Series 2015 Bonds, the Series 2017 Bonds and the Series 2020 Bonds plus estimated Administrative Expenses may be derived from Approved Property and Undeveloped Property. See “— Additional Bonds” below and “SPECIAL RISK FACTORS — Effect of Additional Bonds on Credit Quality.”

Proceeds of Foreclosure Sales

The proceeds of delinquent Special Taxes received following a judicial foreclosure sale of parcels within the Community Facilities District resulting from a landowner's failure to pay the Special Taxes when due, up to the amount of the delinquent Special Tax lien, are included within the Net Special Tax Revenues pledged to the payment of principal and interest on the Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the Community Facilities District of Special Taxes in an amount which is less than the Special Tax levied, the Board of Supervisors of the County, as the legislative body of the Community Facilities District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the Community Facilities District will covenant in the Indenture with and for the benefit of the Owners of the Series 2020 Bonds that the Community Facilities District will commence appropriate judicial foreclosure proceedings against parcels with total Special Tax delinquencies in excess of \$5,000 (not including interest and penalties thereon) by the October 1 following the close of each Fiscal Year in which the last of such Special Taxes were due and will commence appropriate judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Taxes levied in such Fiscal Year, and diligently pursue to completion such foreclosure proceedings. However, notwithstanding the foregoing, the Community Facilities District may elect to accept payment from a property owner of at least the enrolled amount but less than the full amount of the penalties, interest, costs and attorneys' fees related to a Special Tax delinquency, if permitted by law. Additionally, notwithstanding the foregoing, in certain instances the amount of a Special Tax delinquency on a particular parcel is so small that the cost of appropriate foreclosure proceedings will far exceed the Special Tax delinquency and in such cases foreclosure proceedings may be delayed by the Community Facilities District until there are sufficient Special Tax delinquencies accruing to such parcel (including interest and penalties thereon) to warrant the foreclosure proceedings cost. See Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Covenants” herein.

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

If the County does purchase such property through a credit bid (which the County has done on occasion in the past but is not obligated to do so), the credit bid is not required to be paid for 24 months.

If the Reserve Fund is depleted and delinquencies in the payment of Special Taxes exist, there could be a default or delay in payments to the Bond owners pending prosecution of foreclosure proceedings and receipt by the Community Facilities District of foreclosure sale proceeds, if any. However, within the limits of the Rate and Method and the Act (specifically, the Maximum Special Tax and the requirement under the Act that under no circumstances shall the Special Taxes levied against any Parcel of Residential Property, as defined in the Rate and Method, be increased by more than ten percent (10%) as a consequence of delinquency or default by the owner of any other Parcel within the Community Facilities District), the Community Facilities District may adjust the Special Taxes levied on all property in future Fiscal Years to provide an amount, taking into account such delinquencies, required to pay debt service on the Bonds and to replenish the Reserve Fund. There is, however, no assurance that the Maximum Special Tax rates will be at all times sufficient to pay the amounts required to be paid on the Bonds by the Indenture.

Special Taxes Are Not Within Teeter Plan

The County has adopted a Teeter Plan as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code, 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 assessments, reassessments and special taxes in its Teeter program. The Special Taxes are not included in the County’s Teeter Program.

Tender for Bonds

In accordance with Section 53344.1 of the California Government Code, the Community Facilities District has reserved to itself the right to adopt a policy permitting the tender of Bonds in full payment or partial payment of any Special Taxes, provided that the Community Facilities District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the Community Facilities District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds when due and to pay estimated Administrative Expenses when due.

Special Tax Fund

The Trustee shall establish and maintain a separate fund designated the “Special Tax Fund.” As soon as practicable after the receipt by the Community Facilities District of any Special Tax Revenues, the Community Facilities District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that with respect to any Special Tax Revenues that represent prepaid

Special Taxes that are to be applied to the redemption of the Bonds in accordance with the provisions of the Indenture, said prepaid Special Taxes shall be identified as such in a Written Certificate of the Community Facilities District delivered to the Trustee at the time such prepaid Special Taxes are transferred to the Trustee, the portion of such prepaid Special Taxes to be applied to the Redemption Price of the Bonds to be so redeemed shall be identified in such Written Certificate of the Community Facilities District and shall be deposited by the Trustee in the Redemption Fund and the portion of such prepaid Special Taxes to be applied to the payment of interest on the Bonds to be so redeemed shall be identified in such Written Certificate of the Community Facilities District and shall be deposited by the Trustee in the Bond Fund.

Disbursements. Upon receipt of a Written Request of the Community Facilities District, the Trustee shall withdraw from the Special Tax Fund and transfer to the Administrative Expense Fund the amount specified in such Written Request of the Community Facilities District as the amount necessary to be transferred thereto in order to have sufficient amounts available therein to pay Administrative Expenses.

On the Business Day immediately preceding each Interest Payment Date, after having made any requested transfer to the Administrative Expense Fund, the Trustee shall make the following transfers in the following order of priority:

Bond Fund. The Trustee shall withdraw from the Special Tax Fund and transfer to the Bond Fund, Net Special Tax Revenues in the amount, if any, necessary to cause the amount on deposit in the Bond Fund to be equal to the principal and interest due on the Bonds on such Interest Payment Date; and

Reserve Fund. After having made any transfers required to be made pursuant to the preceding paragraph, the Trustee shall withdraw from the Special Tax Fund and transfer to the Reserve Fund, Net Special Tax Revenues in the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement.

On each September 2, after having made any transfer required to the Administrative Expense Fund, the Bond Fund and the Reserve Fund, as described above, the Trustee shall transfer any remaining amounts in the Special Tax Fund to the Non-Proceeds Account of the Improvement Fund.

Bond Fund

The Trustee will hold the Bond Fund (as defined in the Indenture) for the benefit of the Bond Owners.

On each Interest Payment Date, the Trustee will withdraw from the Bond Fund and pay to the Bond Owners the principal, if any, of and interest on the Bonds then due and payable, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds.

In the event that, on the Business Day prior to an Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Bond Fund. In the event that, on an Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall apply available funds therein in accordance with the provisions of the Indenture relating to the application of Net Special Tax Revenues upon a default. See Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Events of Default and Remedies — Application of Net Special Tax Revenues After Default.”

Redemption Fund

Moneys in the Redemption Fund shall be set aside and used solely for the purpose of redeeming Bonds in accordance with the Indenture.

Reserve Fund

Certain proceeds of the Series 2020 Bonds will be deposited into the Reserve Fund in an amount equal to the amount required to increase the balance in the Reserve Fund to the Reserve Requirement (see “SOURCES AND USES OF FUNDS” herein). The Reserve Requirement is defined in the Indenture to mean, as of the date of calculation, an amount equal to the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with proceeds of subsequently issued Bonds), (b) the Maximum Annual Debt Service on the Bonds and (c) 125% of the Average Annual Debt Service on the Bonds.

If a portion of Bonds are to be redeemed, a proportionate amount in the Reserve Fund (determined on the basis of the principal of such Bonds to be redeemed and the original principal of such Bonds) will be applied to the redemption of such Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed).

Except as otherwise provided in the Indenture, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of and interest on the Bonds or, in accordance with the provisions of the Indenture, for the purpose of redeeming Bonds. Transfers shall be made from the Reserve Fund to the Bond Fund in the event of a deficiency in the Bond Fund, in accordance with the Indenture.

Moneys in the Reserve Fund will be invested and deposited as described in the Indenture. Subject to the provisions of the Indenture relating to the Rebate Fund, any interest or profits or other income received with respect to investments held in the Reserve Fund will be transferred to the Proceeds Account of the Improvement Fund or the Earnings Fund, as directed by the Indenture, to the extent amounts on deposit on the Reserve Fund exceed the Reserve Requirement.

See Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Flow of Funds; Investments — Investment of Moneys” for a description of the timing, purpose and manner of disbursements from the Reserve Fund.

Administrative Expense Fund

The Trustee will receive the transfer of Special Taxes from the Community Facilities District from the Special Tax Fund and deposit in the Administrative Expense Fund an amount sufficient to pay Administrative Expenses.

Moneys in the Administrative Expense Fund will not be pledged to payment of debt service on the Bonds.

Improvement Fund

The Trustee will establish and maintain a separate fund designated the “Improvement Fund.” Within the Improvement Fund, the Trustee will establish and maintain a separate account designated the “Proceeds Account” and a separate account designated the “Non-Proceeds Account.” On the Closing Date, the Trustee shall deposit in the Proceeds Account the amount specified in the table under the heading “SOURCES AND USES OF FUNDS.” The moneys in the Proceeds Account will be used and withdrawn by the Trustee from

time to time to pay the costs of the Facilities upon submission to the Trustee of a Written Request of the Community Facilities District.

Upon the filing of a Written Certificate of the Community Facilities District stating (i) that the portion of the Facilities to be financed from the Proceeds Account has been completed and that all costs of such Facilities have been paid, or (ii) that such portion of the Facilities has been substantially completed and that all remaining costs of such portion of the Facilities have been determined and specifying the amount to be retained therefor, the Trustee will (A) if the amount remaining in the Proceeds Account (less any such retention) is equal to or greater than \$25,000, transfer the portion of such amount equal to the largest integral multiple of \$5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the Proceeds Account (less any such retention) to the Bond Fund, to be applied to the payment of interest on the Bonds.

Moneys in the Improvement Fund will not be pledged to payment of debt service on the Bonds.

Additional Bonds for Refunding Purposes Only

The Community Facilities District may at any time after the issuance and delivery of the Series 2020 Bonds issue Additional Bonds in an aggregate amount not to exceed \$60,000,000, including the Outstanding Series 2015 Bonds, Series 2017 Bonds and Series 2020 Bonds, payable from Net Special Tax Revenues secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Series 2015 Bonds, Series 2017 Bonds and Series 2020 Bonds. Additional Bonds may be issued only for the purpose of refunding all or a portion of the Bonds then Outstanding, for providing funds to pay costs of issuance incurred in connection with the issuance of such Additional Bonds, and providing funds to make any deposit to the Reserve Fund required under the Indenture in connection with the issuance of such Additional Bonds.

For a complete description of all conditions that must be satisfied prior to issuance of Additional Bonds, see Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

THE COMMUNITY FACILITIES DISTRICT

General Description

The Community Facilities District consists of a number of noncontiguous properties located mostly in an unincorporated portion of the County, also known as French Valley, with a small portion located in the City of Murrieta. The Community Facilities District is approximately 10 miles north of the City of Temecula, 35 miles southeast of the City of Riverside, 90 miles southeast of the City of Los Angeles, and 60 miles north of the City of San Diego. The Community Facilities District is located east of Interstate 215 which is a major freeway connecting the cities of Riverside and San Diego.

As of September 15, 2020, the Community Facilities District contains 2,804 taxable parcels, of which pursuant to the Rate and Method 2,535 parcels are classified as Developed Property (taxable property for which a final map has been recorded and a building permit has been obtained as of April 1 for the following fiscal year tax levy), 262 parcels are classified as Approved Property (taxable property for which a final map has been recorded but for which a building permit has not been obtained as of April 1 for the following fiscal year special tax levy), and 7 parcels representing approximately 38.52 acres are classified as Undeveloped Property (taxable property for which no final map has been recorded and no building permit obtained as of January 1 for the following fiscal year special tax levy), all as pursuant to the Rate and Method.

Under the Rate and Method, property is classified based on its development status as of April 1 for the following fiscal year. As of September 15, 2020, the total acreage of the taxable parcels within the Community Facilities District is approximately 515.70 acres, comprised of approximately 433.88 acres of

Developed Property, approximately 43.30 acres of Approved Property, and approximately 38.52 acres of Undeveloped Property. As of September 15, 2020, there are 2,535 parcels of Developed Property, comprising 2,096 single family residential units and 122 multi-family residential units which have been completed and conveyed to individual homeowners as of September 15, 2020, and 317 single family attached and detached units which are either under construction or completed but still owned by the developer developing such units within the Community Facilities District.

Special Taxes from Developed Property and Approved Property, if enrolled at the Assigned Special Tax rate as expected for Fiscal Year 2021-22 (based on the status of development as of September 15, 2020), are expected to be at least 110% of annual debt service on the Series 2015 Bonds, Series 2017 Bonds and Series 2020 Bonds plus administrative expenses of the Community Facilities District. However, based on the development status within the Community Facilities District as of September 15, 2020, the Community Facilities District does not expect to levy Special Taxes on Approved Property or Undeveloped Property until such parcels become Developed Property. See Table 4.

According to the Riverside County Assessor's Office, the assessed value for Fiscal Year 2020-21 for the January 1, 2020 lien date of the property within the Community Facilities District which is expected to be classified as Developed Property for the Fiscal Year 2021-22 Special Tax levy (based on the status of development as of September 15, 2020) was \$1,051,418,400. Additionally, the Fiscal Year 2020-21 assessed value of all the taxable property within the Community Facilities District was \$1,089,659,497 resulting in an estimated assessed value-to-lien ratio of approximately 9.40*-to-1 for Developed Property based on the principal amount of the Series 2015 Bonds, the Series 2017 Bonds, the Series 2020 Bonds (allocated to each parcel of Developed Property within the Community Facilities District based on the proportion of the projected Fiscal Year 2021-22 Special Taxes on such parcels) and other overlapping debt secured by special taxes and assessments. The estimated assessed value-to-lien ratio is approximately 9.74*-to-1 for Developed Property, Approved Property and Undeveloped Property based on the principal amount of the Series 2015 Bonds, the Series 2017 Bonds, the Series 2020 Bonds and other overlapping debt secured by special taxes and assessments (but excluding other overlapping debt within the Community Facilities District secured by *ad valorem* taxes). See "— Estimated Assessed Value-to-Lien Ratios" herein.

Assuming no delinquencies, the Fiscal Year 2021-22 Special Tax levy is projected to be paid from Developed Property, with no Special Tax levy on Approved Property or Undeveloped Property. Special Taxes from Developed Property and Approved Property, if enrolled at the Assigned Special Tax rate as expected for Fiscal Year 2021-22, are expected to be at least 110% of annual debt service on the Series 2015 Bonds, Series 2017 Bonds and Series 2020 Bonds plus administrative expenses of the Community Facilities District in such year.

Utility services for parcels in the Community Facilities District are provided by Southern California Edison Company (electricity), Southern California Gas Company (natural gas), the Eastern Municipal Water District (water and sewer), Verizon (telephone), County of Riverside Sheriff's Department (police services) and the County of Riverside Fire Department (fire protection).

Description of Authorized Facilities; Facilities Financing Plan

Proceeds of the Bonds may be used to finance the Facilities as authorized at the June 18, 2007, election within the Community Facilities District which include: bridge facilities, and appurtenances thereto, street improvements, including grading, paving, curbs and gutters, sidewalks, street signalization and signage, street lights and parkway and landscaping related thereto, and storm drain facilities, environmental mitigation facilities needed in connection therewith, and land, rights-of-way and easements necessary for any of such facilities. Facilities include related administrative expenses, costs related to the acquisition of land for the construction of the road improvements and appurtenances, and related facilities or land or interests in land

* Preliminary, subject to change.

required to be provided as mitigation of environmental impacts associated with the development of the Facilities.

Land Use Status and Approvals

The Comprehensive General Plan, adopted by the Board of Supervisors on October 7, 2003, divides the County into 19 Community Plan Areas. The Community Facilities District is located in the Sun City / Menifee Valley Area Plan Area. The Comprehensive General Plan establishes foundation components (Community Development, Rural Community, Agricultural and Open Spaces). The Community Facilities District is within the Community Development component.

The land uses designated for the Community Facilities District include: (i) medium high density residential, (ii) high density residential, (iii) very high density residential, (iv) elementary school, (v) community park, (vi) drainage and (vii) streets.

As of September 15, 2020, final tract maps had been recorded for approximately 2,797 tracts within the Community Facilities District totaling 477.18 acres, which include 2,535 residential units currently classified as Developed Property and 262 parcels of Approved Property (does not include the approximately 38.52 acres of Undeveloped Property described below). As of September 15, 2020, the 2,535 residential units currently classified as Developed Property within the Community Facilities District include 2,196 single family residential units and 122 multi-family residential units which have been completed and conveyed to individual homeowners, and 217 single family attached and detached units which are either under construction or completed but still owned by the developer developing such units. All of such units will be classified as “Developed Property” under the Rate and Method for the Fiscal Year 2021-22 Special Tax levy.

There are approximately 38.52 acres of Undeveloped Property within the Community Facilities District. The Community Facilities District cannot predict when or if development of such Undeveloped Property will occur. Such parcels are not expected to be levied by the Community Facilities District until such parcels become Developed Property under the Rate and Method. See “SPECIAL RISK FACTORS — Failure to Develop Properties.”

**TABLE 1
COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
ASSIGNED SPECIAL TAXES**

<i>Tax Class</i>	<i>Description</i>	<i>No. of Parcels</i>	<i>Fiscal Year 2021-22 Assigned Special Tax Per Parcel⁽¹⁾</i>	<i>Total Fiscal Year 2021-22 Assigned Special Tax</i>	<i>Projected Fiscal Year 2021-22 Special Tax Per Parcel*</i>	<i>Total Projected Fiscal Year 2021-22 Special Tax Levy^{(2)*}</i>	<i>Percent of Total*</i>
SFR	Single Family Residential	2,413	\$1,384.13	\$3,339,912.59	\$1,353.54	\$3,263,688.19	96.31%
MFR	Multifamily Residential	122	1,049.99	127,976.35	1,025.05	125,056.68	3.69
APP-SFR	Approved-Single Family Residential	262	1,384.13	362,643.13	0.00	0.00	0.00
UND	Undeveloped	<u>7⁽³⁾</u>	8,690.09	334,742.09	0.00	<u>0.00</u>	<u>0.00</u>
Totals		<u>2,797</u>				<u>\$3,388,744.87</u>	<u>100.00%</u>

* Preliminary, subject to change.

(1) Maximum Special Tax per acre of Undeveloped Property.

(2) Based upon Series 2020 Bond sizing and estimated Fiscal Year 2021-22 priority administration in the amount of \$78,831.37.

(3) As of September 15, 2020, there were 7 parcels representing approximately 38.52 acres classified as Undeveloped Property.

Source: Webb Municipal Finance, LLC.

Development within the Community Facilities District. Much of the remaining residential development in the Community Facilities District is a part of the Spencer’s Crossing master-planned

community, which is located entirely within the Community Facilities District west of Winchester Road, south of Keller Road, and north of Max Gilliss Boulevard. Pardee Homes, Pulte Homes, Richmond American Homes, KB Homes, and Brookfield Residential all have active projects currently in development with a planned future project from DR Horton yet to begin development. As of September 15, 2020, 262 of the 1,000+ parcels in the Spencer's Crossing community have yet to issue new residential building permits. These include the Agave, Aspen, Overland, Palmetto, Rosewood, Santolina, and Seasons projects. For more information on the top taxpayers within the Community Facilities District, including the residential homebuilders described above, see the caption "—Largest Taxpayers."

Transportation Uniform Mitigation Fee. The projects in the Community Facilities District are required to pay many fees as a condition to develop. In 2003, the County and the various cities in the County adopted a new transportation fee for development, known as the Transportation Uniform Mitigation Fee ("TUMF"), which varies on an annual basis. The latest adjustment to the TUMF was effective July 1, 2020, which will add approximately \$9,478 to every new single-family residential unit and approximately \$6,389 to each future multi-family unit in the County, subject to credit for a portion, if any, of transportation facility fees imposed by the County or applicable city which relates to facilities encompassed within the new transportation fee. New retail, service and industrial development will also be charged the transportation fee based on the square footage of new development (\$7.50 per square foot for retail, \$4.75 per square foot for service and \$1.81 per square foot for industrial). The TUMF was approved by the County in February 2003, effective 61 days thereafter. Cities may opt out of the fee, but if they do so, they will not be able to receive any money from Measure A, the County's half-cent sales tax initiative. Extension of the term of Measure A was approved by the voters at the November 5, 2002 election. The half-cent sales tax program is now extended an additional 30 years and will expire in 2039. The TUMF applies to lots within the Community Facilities District. The landowners will receive partial credit against payment of the TUMF based on funding of Facilities by the Community Facilities District.

Environmental Approvals and Permits

As required by various California Environmental Quality Act ("CEQA") approvals, the development projects in the Community Facilities District are required to comply with certain mitigation measures. Certain sensitive plant and animal species, including burrowing owls, were observed within the Community Facilities District and mitigation measures are required to be implemented in accordance with the applicable conditions of approval. Each property owner in the County is required to provide a burrowing owl survey and provide corresponding mitigation measures, including payment of a fee and the relocation of burrowing owls present on its land, prior to obtaining an approved final map from the County. Numerous areas within the County have been identified as containing potential habitat of the Stephen's Kangaroo Rat, which is a listed species. The evidence of habitation by this rat may result in delays or substantial revisions of proposed developments within the County.

The Western Riverside County Multiple Species Habitat Conservation Plan ("MSHCP") was approved by federal and state wildlife agencies and the MSHCP became effective June 22, 2004. At that time, "take" permits were issued authorizing take of certain covered species. The MSHCP is a comprehensive, multi-jurisdictional effort that includes the County and 14 cities within the County. The plan focuses on the conservation of 146 species. The MSHCP consists of a reserve system of approximately 500,000 acres of which 347,000 acres are within public ownership and approximately 153,000 acres are in private ownership. The purchase of the privately owned lands will be funded by an adopted fee.

MSHCP restricted areas are already defined prior to submitting a grading plan, and a condition of approval for development by a developer is monitoring MSHCP compliance. Development may be halted in the event that development extends beyond the approved scope on a project site. The County is unaware of any restrictions affecting development within the Community Facilities District. The Community Facilities District cannot predict the likelihood of a listing of additional species affecting the development of the property in the Community Facilities District. Any future listing of additional species may potentially be

addressed by the MSHCP, thereby allowing affected projects to obtain take authorization for those species as well. Furthermore, certain of the developments will need to follow normal permitting requirements for impacts to wetlands and other water courses regulated by the U.S. Army Corps of Engineers and the California Department of Fish and Wildlife.

Estimated Direct and Overlapping Indebtedness

Within the boundaries of the Community Facilities District are numerous overlapping local agencies providing public services. Some of these local agencies have outstanding bonds which are secured by taxes and assessments on the parcels within the Community Facilities District and others have authorized but have not yet issued bonds which, if issued, will be secured by taxes and assessments levied on parcels within the Community Facilities District. Table 2 below sets forth the existing authorized indebtedness payable from taxes and assessments that may be levied on the parcels within the Community Facilities District, prepared by Webb Municipal Finance, LLC (the “Debt Report”). The Debt Report is included for general information purposes only. The Community Facilities District believes the information is current as of its date, but makes no representation as to its completeness or accuracy. Other public agencies and the County may issue additional indebtedness at any time, without the consent or approval of the Community Facilities District. The Community Facilities District may issue Additional Bonds in accordance with the terms of the Indenture only for purposes of refunding all or a portion of the Bonds. See “SPECIAL RISK FACTORS — Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property.”

The Debt Report generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Community Facilities District in whole or in part. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. Additional indebtedness could be authorized by the County or other public agencies at any time.

There are various community facilities districts which have been formed or which are in the process of formation and which have issued bonds or are in the process of issuing bonds which overlap with the Community Facilities District. The issuance of bonds by such community facilities districts will lower the value-to-lien ratio of the property within the Community Facilities District and may lower the ability or willingness of certain landowners in the Community Facilities District to pay the Special Taxes.

TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
DIRECT AND OVERLAPPING DEBT

I.	ASSESSED VALUE FISCAL YEAR 2020-21 PRELIMINARY ASSESSED VALUATION ⁽¹⁾		\$1,089,659,497				
II.	LAND SECURED BOND INDEBTEDNESS						
	<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable</i>	<i>Parcels in 07-2</i>	<i>Amount of Debt</i>
	Riverside County CFD No. 07-2 Clinton Keith	CFD	\$ 60,000,000*	\$ 58,950,000 ^{(2)*}	100.00%	2,806	\$ 58,950,000*
	Menifee USD CFD No. 2017-1	CFD	5,265,000	5,240,000	100.00	212	5,240,000
	Menifee USD CFD No. 2018-2	CFD	7,585,000	7,585,000	99.31	150	7,532,690
	Moreno Valley USD CFD No. 6-1 IA C	CFD	5,000,000	4,800,000	100.00	225	4,800,000
	Murrieta Valley USD CFD No. 2006-1 IA A	CFD	7,285,000	6,505,000	100.00	257	6,505,000
	Murrieta Valley USD CFD No. 2006-1 IA B	CFD	10,580,000	9,355,000	100.00	329	9,355,000
	Perris Union HS CFD No. 92-1	CFD	36,315,000	32,690,000	5.59	882	1,825,935
	EMWD CFD 2002-05 Crown Valley	CFD	10,465,000	8,000,000	42.02	295	3,361,741
	Menifee USD CFD No. 2006-1	CFD	6,565,000	5,825,000	18.97	38	1,105,164
	Menifee USD CFD No. 2014-1	CFD	4,235,000	4,085,000	100.00	198	4,085,000
	Menifee USD CFD No. 2014-2	CFD	6,405,000	6,300,000	100.00	304	6,300,000
	Menifee USD CFD No. 2019-1	CFD	0	0	100.00	10	0
	EMWD CFD 2014-67 IA B	CFD	3,005,000	2,800,000	100.00	101	<u>2,800,000</u>
	TOTAL OUTSTANDING LAND SECURED BONDED DEBT ⁽³⁾						\$ 111,860,530*
	<i>Authorized and Unissued Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable</i>	<i>Parcels in 07-2</i>	<i>Applicable</i>
	Riverside County CFD No. 07-2 Clinton Keith	CFD	\$ 60,000,000	\$ 0 ⁽⁴⁾	100.00%	2,806	\$ 0
	Menifee USD CFD No. 2017-1	CFD	7,500,000	2,235,000	100.00	212	2,235,000
	Menifee USD CFD No. 2018-2	CFD	13,000,000	5,415,000	99.31	150	5,377,655
	Moreno Valley USD CFD No. 6-1 IA C	CFD	5,000,000	0	100.00	225	0
	Murrieta Valley USD CFD No. 2006-1 IA A	CFD	8,000,000	715,000	100.00	257	715,000
	Murrieta Valley USD CFD No. 2006-1 IA B	CFD	11,000,000	420,000	100.00	329	420,000
	Perris Union HS CFD No. 92-1	CFD	40,000,000	3,685,000	5.59	882	205,830
	EMWD CFD 2002-05 Crown Valley	CFD	13,000,000	2,535,000	42.02	295	1,065,252
	Menifee USD CFD No. 2006-1	CFD	8,000,000	1,435,000	18.97	38	272,259
	Menifee USD CFD No. 2014-1	CFD	6,000,000	1,765,000	100.00	198	1,765,000
	Menifee USD CFD No. 2014-2	CFD	8,000,000	1,595,000	100.00	304	1,595,000
	Menifee USD CFD No. 2019-1	CFD	14,000,000	14,000,000	100.00	10	14,000,000
	EMWD CFD 2014-67 IA B	CFD	3,500,000	495,000	100.00	101	<u>495,000</u>
	TOTAL UNISSUED LAND SECURED INDEBTEDNESS ⁽³⁾						\$ 28,145,996
	TOTAL OUTSTANDING AND UNISSUED LAND SECURED INDEBTEDNESS						\$ 140,006,526*
III.	GENERAL OBLIGATION BOND INDEBTEDNESS						
	<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable⁽⁵⁾</i>	<i>Parcels in 07-2</i>	<i>Amount of Debt</i>
	Temecula Valley Unified School B & I (0.02938%)	GO	\$172,747,035	\$ 99,887,035	0.79162%	524	\$ 790,728
	Menifee Union School B & I (0.06277%)	GO	106,798,923	90,435,000	3.38850	1315	3,064,386
	Murrieta Valley Unified School B & I (0.11945%)	GO	293,551,772	150,397,135	2.06669	820	3,108,242
	MT San Jacinto Comm (0.01320%)	GO	190,000,000	157,750,000	0.94317	2806	1,487,852
	Perris Union High School B & I (0.08244%)	GO	311,920,284	253,361,867	2.13907	1315	5,419,598
	Metropolitan Water East (0.00350%)	GO	850,000,000	37,300,000	0.03017	2806	<u>11,255</u>
	TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT ⁽³⁾						\$ 13,882,061
	<i>Authorized and Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable⁽⁵⁾</i>	<i>Parcels in 07-2</i>	<i>Applicable</i>
	Temecula Valley Unified School B & I (0.02938%)	GO	\$230,000,000	\$ 57,252,965	0.79162%%	524	\$ 453,227
	Menifee Union School B & I (0.06277%)	GO	180,960,000	74,161,078	3.38850	1315	2,512,945
	Murrieta Valley Unified School B & I (0.11945%)	GO	334,400,000	40,848,228	2.06669	820	844,206
	MT San Jacinto Comm (0.01320%)	GO	295,000,000	105,000,000	0.94317	2806	990,329
	Perris Union High School B & I (0.08244%)	GO	363,420,000	51,499,716	2.13907	1315	1,101,617
	Metropolitan Water East (0.00350%)	GO	850,000,000	0	0.03017	2806	<u>0</u>
	TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS ⁽³⁾						\$ 5,902,325
	TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS						\$ 19,784,386
	TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT						\$ 125,742,591*
	TOTAL OF ALL OUTSTANDING AND UNISSUED DIRECT AND OVERLAPPING INDEBTEDNESS						\$ 159,790,912*
IV.	RATIOS TO FISCAL YEAR 2020-2021 ASSESSED VALUATION						
	Outstanding Land Secured Bonded Debt		9.74*				
	Total Outstanding Bonded Debt		8.67*				

* 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 Series 2015 bonds, Series 2017 bonds, and the preliminary principal amount of the 2020 Bonds.

(3) Additional bonded debt or available bond authorization may exist but is not shown because a tax was not levied for Fiscal Year 2019-20.

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

(5) Percentage applicable determined by Fiscal Year 2019-20 Equalized Roll Assessed Value information.

Source: Webb Municipal Finance, LLC.

Community Facilities Districts, Overlapping Assessments and Maintenance Community Facilities Districts. The Community Facilities District encompasses multiple Tax Rate Areas, with varying base tax rates. For the Parcels which are classified as Single Family Property Developed Property for Fiscal Year 2021-22, the Assigned Special Tax of Fiscal Year 2021-22 is \$1,384.13 per RDU, and \$1,048.99 per RDU for Parcels which are classified as Multifamily Property.

The properties that are within other existing community facilities districts, as noted in Table 2 above, will have higher tax rates. Subsequent to the issuance of the Series 2020 Bonds, additional overlapping community facilities districts and/or assessment districts may be formed and may issue bonds, which would increase the total tax burden of any properties in the Community Facilities District included therein. See “SPECIAL RISK FACTORS — Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property.”

Expected Tax Burden

Table 3 below sets forth an average property tax bill for developed individually owned residential units in the Community Facilities District. The taxes, assessments and charges set forth in Table 3 are based on aggregate estimated Fiscal Year 2021-22 taxes, assessments and charges on the 2,218 parcels owned by individuals as of September 15, 2020. Actual individual property tax bills will vary significantly from parcel to parcel depending on the home size and location, and the Tax Rate Area in which the parcel lies. There are numerous overlapping local agencies within the boundaries of the Community Facilities District as shown in Table 2 herein. Based on the aggregate of the taxes, assessments and charges within the Community Facilities District for Fiscal Year 2021-22 (unless otherwise noted), the average total effective tax rate on homes owned by individuals within the Community Facilities District will be approximately 1.87% and ranges between 1.18% and 3.53% of the assessed values from the Riverside County Assessor’s Office Fiscal Year 2020-21 assessed valuation. The actual amounts charged may vary and may increase in future years.

TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
ESTIMATED FISCAL YEAR 2021-22 TAX OBLIGATION⁽¹⁾
AGGREGATE FOR PARCELS OF DEVELOPED PROPERTY

Fiscal Year 2020-21 Assessed Value ⁽²⁾	\$ 1,026,876,009
Ad Valorem Property Taxes ⁽³⁾	
Basic Levy (1.00000%)	\$ 10,268,760
Temecula Valley Unified School B & I (0.02938%)	301,696
Menifee Union School B & I (0.06277%)	644,570
Murrieta Valley Unified School B & I (0.11945%)	1,226,603
MT San Jacinto Comm (0.01320%)	135,548
Perris Union High School B & I (0.08244%)	846,557
Metropolitan Water East (0.00350%)	<u>35,941</u>
Total General Property Taxes	\$ 13,459,675
Assessment, Special Taxes & Parcel Charges⁽³⁾	
MWD Standby East	\$ 16,059
L&LMD No 89-1-C Zone Grp A Fee	1,043
CSA #103	153,242
Flood Control Stormwater/Cleanwater	8,886
CSA #152	300,594
CFD 17-3M Tierra Del Rey	83,811
EMWD Standby-Combined Charge	92,560
V-Wide Regional FAC LMD 88-1	12,820
L&LMD No 89-1-C Zone 172 Fee	12,550
V-Wide LMD French Valley	323,029
CFD French Valley	937,458
EMWD CFD 2002-05 Crown Valley	347,600
EMWD CFD 2014-67 IA B	204,507
Menifee USD CFD No. 2017-1	300,096
Menifee USD CFD No. 2018-2	337,074
Menifee USD CFD No. 2019-1	15,041
Menifee USD CFD No. 2006-1	85,843
Menifee USD CFD No. 2014-1	256,079
Menifee USD CFD No. 2014-2	363,635
Moreno Valley USD CFD No. 6-1 IA C	461,755
Murrieta Valley USD CFD No. 2006-1 IA A	485,763
Murrieta Valley USD CFD No. 2006-1 IA B	667,769
Perris Union HS CFD No. 92-1	268,622
Riverside County CFD No. 07-2 Clinton Keith ⁽⁴⁾	<u>3,084,422*</u>
Total Assessment Charges	\$ 5,735,834*
Total Property Tax	\$ 19,195,509*
Average Effective Tax Rate	1.87%*

* Preliminary, subject to change.

- (1) Estimated Fiscal Year 2021-22 effective tax obligation based upon Fiscal Year 2019-20 overlapping taxes and assessments.
- (2) Reflects aggregate Fiscal Year 2020-21 assessed value for developed parcels with improvement assessed value, per Riverside County Roll data.
- (3) Reflects actual aggregate amounts applied for Fiscal Year 2019-20 for Developed Property parcels with Fiscal Year 2020-21 improvement assessed value, per Riverside County Roll data. All parcels of Developed property may not be subject to all listed overlapping ad valorem, assessment, special tax and parcel charges listed. Additional overlapping ad valorem, assessment, special tax and parcel charges may exist but were not enrolled in Fiscal Year 2019-20 or were not present in data as provided by Riverside County.
- (4) Reflects the Community Facilities District's aggregate projected Fiscal Year 2021-22 Special Tax levy, for parcels of Developed Property with Fiscal Year 2020-21 improvement assessed value.

Source: Webb Municipal Finance, LLC.

Estimated Assessed Value-to-Lien Ratios

Table 4 below sets forth the estimated assessed value-to-lien ratios for various categories of property ownership within the Community Facilities District based upon ownership status as of September 15, 2020, and the Fiscal Year 2020-21 assessed values. The Fiscal Year 2020-21 assessed values reflect the County's assessment value as of January 1, 2020. The Fiscal Year 202-21 assessed value of the taxable parcels within the Community Facilities District is \$1,089,659,497, of which, the assessed value from property which is expected to be classified as Developed Property for the Fiscal Year 2021-22 Special Tax levy is \$1,051,418,400. The estimated assessed value-to-lien ratio of the Developed Property, Approved Property, and Undeveloped Property within the Community Facilities District based upon the assessed values included on the Fiscal Year 2020-21 Assessor's roll and the allocated principal amount of the Series 2015 Bonds, the Series 2017 Bonds, the Series 2020 Bonds, overlapping debt payable from other taxes and assessments levied on the property within the Community Facilities District (but excluding other overlapping debt within the Community Facilities District secured by *ad valorem* taxes) is approximately 9.74*-to-1. The estimated assessed value-to-lien ratio of the Developed Property within the Community Facilities District based upon the Fiscal Year 2020-21 assessed values and the allocated principal amount of the Series 2015 Bonds, the Series 2017 Bonds, the Series 2020 Bonds, overlapping debt payable from other taxes and assessments levied on the property within the Community Facilities District is approximately 9.40*-to-1. Because a parcel's assessed value generally represents the lower of its acquisition cost and adjustments for inflation (but not more than 2% per year) or its current market value, it may not be indicative of the parcel's market value. No assurance can be given that any of the value-to-lien ratios in Table 4 will be maintained during the period of time that the Series 2020 Bonds are outstanding. The Community Facilities District may issue Additional Bonds for refunding purposes only subject to the terms of the Indenture; however, the Community Facilities District does not have any control over future property values or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which is made through the levy of a tax or an assessment with a lien on a parity with the Special Taxes. See "SPECIAL RISK FACTORS — Property Values; Value-to-Lien Ratios."

Table 5 below sets forth the estimated value-to-lien ratios for parcels within the Community Facilities District by various ranges based upon the direct and overlapping debt information included in Table 2.

* Preliminary, subject to change.

**TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
ASSESSED VALUE-TO-LIEN BY PROPERTY OWNER AND DEVELOPMENT STATUS**

<i>Property Owner</i>	<i>Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy^{(1)*}</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 Series 2015 Bonds</i>	<i>Allocation of Series 2017 Bonds</i>	<i>Allocation of Series 2020 Bonds*</i>	<i>Other Overlapping Land Secured Debt⁽²⁾</i>	<i>Total Direct and Overlapping Land Secured Debt*</i>	<i>Aggregate Value-to-Lien^{(3)*}</i>
Developed Property:													
Developed Individual	2,218	\$ 2,959,987	87.35%	\$ 3,029,118	72.72%	\$ 989,478,559	90.81%	\$ 21,242,944	\$ 6,472,459	\$ 23,776,025	\$ 49,394,687	\$ 100,886,115	9.81:1
Developed Richmond American Homes	92	124,434	3.67	127,340	3.06	13,996,135	1.28	893,026	272,094	999,513	18,672	2,183,304	6.41:1
Developed Pardee Homes	77	104,146	3.07	106,578	2.56	14,551,781	1.34	747,424	227,731	836,549	1,011,776	2,823,480	5.15:1
Developed KB Homes	64	86,563	2.55	88,584	2.13	12,129,361	1.11	621,235	189,283	695,314	1,444,299	2,947,131	4.12:1
Developed Brookfield Homes	50	67,627	2.00	69,207	1.66	12,065,823	1.11	485,340	147,877	543,214	240,697	1,417,127	8.51:1
Developed DR Horton	34	45,986	1.36	47,061	1.13	9,196,741	0.84	330,031	100,556	369,385	803,400	1,603,373	5.74:1
Subtotal Developed Property	2,535	\$ 3,388,744	100.00%	\$ 3,467,888	83.26%	\$ 1,051,418,400	96.49%	\$ 24,320,000	\$ 7,410,000	\$ 27,220,000	\$ 52,910,530	\$ 111,860,530	9.40:1
Approved Property:													
Approved Richmond American Homes	104	\$ 0	0.00	\$ 143,950	3.46%	\$ 14,362,360	1.32%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	N/A
Approved Pardee Homes	82	0	0.00	113,499	2.72	11,047,779	1.01	0	0	0	0	0	N/A
Approved Pulte Homes	39	0	0.00	53,981	1.30	4,784,715	0.44	0	0	0	0	0	N/A
Approved Brookfield Homes	35	0	0.00%	48,445	1.16	4,185,336	0.38	0	0	0	0	0	N/A
Approved KB Homes	2	0	0.00	2,768	0.07	265,320	0.02	0	0	0	0	0	N/A
Subtotal Approved Property	262	\$ 0	0.00%	\$ 362,643	8.71%	\$ 34,645,510	3.18%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	N/A
Undeveloped Property:													
Undeveloped Rancon	3	\$ 0	0.00%	\$ 290,075	6.96%	\$ 1,811,418	0.17%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	N/A
Undeveloped County Owned	3	0	0.00	41,365	0.99	1,651,569	0.15	0	0	0	0	0	N/A
Undeveloped Individual	1	0	0.00	3,302	0.08	132,600	0.01	0	0	0	0	0	N/A
Subtotal Undeveloped Property	7	\$ 0	0.00%	\$ 334,742	8.04%	\$ 3,595,587	0.33%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	N/A
TOTAL	2,804	\$ 3,388,744	100.00%	\$ 4,165,273	100.00%	\$ 1,089,659,497	100.00%	\$ 24,320,000	\$ 7,410,000	\$ 27,220,000	\$ 52,910,530	\$ 111,860,530	9.98:1

* Preliminary, subject to change.

(1) Based upon preliminary Series 2020 sizing and estimated Fiscal Year 2021-22 priority administration in the amount of \$78,832.

(2) Includes overlapping land-secured indebtedness described in Table 2.

(3) Assessed value-to-lien based upon estimated principal amount of the Series 2020 Bonds, the outstanding principal amount of the Series 2015 Bonds and the Series 2017 Bonds, and other overlapping land secured debt.

Source: Webb Municipal Finance, LLC.

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
VALUE-TO-LIEN STRATIFICATION FOR DEVELOPED PROPERTY
(Continued on Next Page)

<i>Assessed Value-to-Lien⁽¹⁾</i>	<i>No. of Parcels</i>	<i>Percent of Total Parcels</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy^{(5)*}</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>
Less than 3.00:1 ⁽²⁾	101	3.98%	\$ 136,607	4.03%	\$ 139,797	4.03%	\$ 10,314,468	0.98%
3.00:1 to 5.99:1 ⁽³⁾	191	7.53	258,008	7.61	264,034	7.61	32,300,603	3.07
6.00:1 to 8.99:1	661	26.07	892,394	26.33	913,236	26.33	264,964,948	25.20
9.00:1 to 11.99:1	1,244	49.07	1,665,535	49.15	1,704,433	49.15	581,166,099	55.27
12.00:1 to 14.99:1	202	7.97	252,254	7.44	258,145	7.44	94,939,386	9.03
Greater than 14.99:1 ⁽⁴⁾	<u>136</u>	<u>5.36</u>	<u>183,946</u>	<u>5.43</u>	<u>188,242</u>	<u>5.43</u>	<u>67,732,896</u>	<u>6.44</u>
Total	2,535	100.00%	\$ 3,388,744	100.00%	\$ 3,467,888	100.00%	\$ 1,051,418,400	100.00%

* Preliminary, subject to change.

(1) Assessed Value-to-Lien based upon the estimated principal amount of the Series 2020 Bonds, the outstanding principal amounts of the Series 2015 Bonds and the Series 2017 Bonds, and other overlapping land secured debt.

(2) Minimum estimated value-to-lien ratio is 0.00:1*. This parcel was part of a forfeiture and has been preliminarily assigned an assessed value of \$0. The parcel previously had an assessed value of \$471,356, which would render a value-to-lien of 9.23:1*. 91 parcels in this category were issued a building permit as of September 15, 2020 and will be classified as Developed Property for Fiscal Year 2021-22, but were not assigned improvement assessed value for Fiscal Year 2020-21, per the County Assessor.

(3) 134 parcels in this category were issued a building permit as of September 15, 2020 and will be classified as Developed Property for Fiscal Year 2021-22, but were not assigned improvement assessed value for Fiscal Year 2020-21, per the County Assessor.

(4) Highest estimated value-to-lien ratio is 27.32:1*.

(5) Based upon the principal amount of the Series 2020 Bonds and estimated Fiscal Year 2021-22 priority administration expense in the amount of \$78,832.

(6) Includes overlapping land-secured indebtedness described in Table 2.

Source: Webb Municipal Finance, LLC.

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
VALUE-TO-LIEN STRATIFICATION FOR DEVELOPED PROPERTY
(Continued from Preceding Page)

<i>Assessed Value-to-Lien⁽¹⁾</i>	<i>Allocation of Series 2015 Bonds</i>	<i>Allocation of Series 2017 Bonds</i>	<i>Allocation of Series 2020 Bonds*</i>	<i>Other Overlapping Land Secured Debt⁽⁶⁾</i>	<i>Total Direct and Overlapping Land Secured Debt*</i>	<i>Aggregate Value-to-Lien*</i>
Less than 3.00:1 ⁽²⁾	\$ 980,387	\$ 298,712	\$ 1,097,292	\$ 2,055,957	\$ 4,432,348	2.33:1
3.00:1 to 5.99:1 ⁽³⁾	1,851,649	564,174	2,072,446	1,643,960	6,132,229	5.27:1
6.00:1 to 8.99:1	6,404,444	1,951,354	7,168,132	18,255,413	33,779,343	7.84:1
9.00:1 to 11.99:1	11,953,043	3,641,943	13,378,365	27,897,869	56,871,220	10.22:1
12.00:1 to 14.99:1	1,810,352	551,592	2,026,224	3,009,288	7,397,456	12.83:1
Greater than 14.99:1 ⁽⁴⁾	<u>1,320,125</u>	<u>402,226</u>	<u>1,477,541</u>	<u>48,042</u>	<u>3,247,934</u>	<u>20.85:1</u>
Total	\$ 24,320,000	\$ 7,410,000	\$ 27,220,000	\$ 52,910,530	\$ 111,860,530	9.40:1

* Preliminary, subject to change.

(1) Assessed value-to-lien ratio based upon estimated principal amount of the Series 2020 Bonds, the outstanding principal amounts of the Series 2015 Bonds and the Series 2017 Bonds, and other overlapping land secured debt.

(2) Minimum estimated value-to-lien ratio is 0.00:1*. This parcel was part of a forfeiture and has been preliminarily assigned an assessed value of \$0. The parcel previously had an assessed value of \$471,356, which would render a value-to-lien of 9.23:1*. 91 parcels in this category were issued a building permit as of September 15, 2020 and will be classified as Developed Property for Fiscal Year 2021-22, but were not assigned improvement assessed value for Fiscal Year 2020-21, per the County Assessor.

(3) 134 parcels in this category were issued a building permit as of September 15, 2020 and will be classified as Developed Property for Fiscal Year 2021-22, but were not assigned improvement assessed value for Fiscal Year 2020-21, per the County Assessor.

(4) Highest estimated Value-to-Lien is 27.32:1*.

(5) Based upon the principal amount of the Series 2020 Bonds and estimated Fiscal Year 2021-22 priority administration expense in the amount of \$78,832.

(6) Includes overlapping land-secured indebtedness described in Table 2.

Source: Webb Municipal Finance, LLC.

Table 6 sets forth the assessed value history within the Community Facilities District for Fiscal Years 2007-08 through 2020-21. Assessed value within the Community Facilities District has grown by more than 640% since Fiscal Year 2007-08. Such growth has been largely driven by new home development, which has averaged over 250 homes annually over the last five years.

**TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
ANNUAL CHANGE IN ASSESSED VALUE**

<i>Fiscal Year</i>	<i>Taxable Parcels</i>	<i>Land Value</i>	<i>Improved Value</i>	<i>Taxable Property Assessed Value⁽¹⁾</i>	<i>% Change</i>
2007-08	410	\$146,805,601	\$ 51,212	\$146,856,813	N/A
2008-09	802	174,582,651	20,376,938	194,959,589	32.75%
2009-10	802	169,948,526	25,065,372	195,013,898	0.03
2010-11	807	66,052,990	34,907,617	100,960,607	(48.23)
2011-12	808	78,427,982	57,117,521	135,545,503	34.26
2012-13	814	85,141,089	91,065,286	176,206,375	30.00
2013-14	889	87,098,353	147,318,601	234,416,954	33.04
2014-15	1,464	98,488,854	219,590,126	318,078,980	35.69
2015-16	1,479	108,980,954	272,551,551	381,532,505	19.95
2016-17	1,820	130,002,230	318,077,635	448,079,865	17.44
2017-18	2,030	167,398,425	448,452,678	615,851,103	37.44
2018-19	2,412	216,154,015	563,654,872	779,808,887	26.62
2019-20	2,695	248,754,145	686,972,133	935,726,278	19.99
2020-21	2,804	289,951,369	799,708,128	1,089,659,497	16.45

⁽¹⁾ Net assessed values as of January 1 of each year from the County Assessor's Roll.
Source: Riverside County and Webb Municipal Finance, LLC.

Largest Taxpayers

For the projected Fiscal Year 2021-22 Special Tax levy, only two property owners within the Community Facilities District are projected to be responsible for more than 3.0% of the projected Fiscal Year 2021-22 Special Tax levy. As of September 15, 2020, Richmond American Homes owned 92 parcels of Developed Property on approximately 15.06 acres associated with its developments called Palmetto, Rosewood, and Seasons and Pardee Homes owned 77 parcels of Developed Property on approximately 10.81 acres associated with its developments called Avena, Braeburn, and Overland. Based on ownership and development status as of September 15, 2020, Richmond American Homes and KB Homes are projected to be responsible for approximately 3.67% and 3.07% of the projected Fiscal Year 2021-22 Special Tax. A summary of the principal taxpayers within the Community Facilities District is set forth in Table 7 below.

**TABLE 7
COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
ESTIMATED VALUE-TO-LIEN RATIOS FOR TOP TEN TAXPAYERS**

<i>Property Owner</i>	<i>Parcels⁽¹⁾</i>	<i>Projected Fiscal Year 2021-22 Special Tax Levy^{(2)*}</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 Series 2015 Bonds</i>	<i>Allocation of Series 2017 Bonds</i>	<i>Allocation of Series 2020 Bonds*</i>	<i>Other Overlapping Land Secured Debt⁽³⁾</i>	<i>Total Direct and Overlapping Land Secured Debt*</i>	<i>Aggregate Value-to-Lien^{(4)*}</i>
Richmond American Homes	92	\$ 124,434	3.67%	\$ 127,340	3.67%	\$ 13,996,135	1.33%	\$ 893,026	\$ 272,094	\$ 999,513	\$ 18,672	\$ 2,183,304	6.41
Pardee Homes	77	104,146	3.07	106,578	3.07	14,551,781	1.38	747,424	227,731	836,549	1,011,776	2,823,480	5.15
KB Home Coastal Inc	64	86,563	2.55	88,584	2.55	12,129,361	1.15	621,235	189,283	695,314	1,441,299	2,947,131	4.12
Brookfield Homes	50	67,627	2.00	69,207	2.00	12,065,823	1.15	485,340	147,877	543,214	240,697	1,417,127	8.51
D R Horton	34	45,986	1.36	47,061	1.36	9,196,741	0.87	330,031	100,556	369,385	803,400	1,603,373	5.74
Individual Owner	3	4,058	0.12	4,152	0.12	1,297,640	0.12	29,120	8,873	32,593	55,685	126,271	10.28
Individual Owner	2	2,705	0.08	2,768	0.08	1,189,975	0.11	19,414	5,915	21,729	43,537	90,594	13.14
Individual Owner	2	2,705	0.08	2,768	0.08	1,087,340	0.10	19,414	5,915	21,729	31,273	78,331	13.88
Individual Owner	2	2,705	0.08	2,768	0.08	1,046,247	0.10	19,414	5,915	21,729	50,498	97,555	10.72
Individual Owner	2	2,705	0.08	2,768	0.08	1,001,473	0.10	19,414	5,915	21,729	63,190	110,247	9.08
All Others	<u>2,207</u>	<u>2,945,110</u>	<u>86.91</u>	<u>3,013,893</u>	<u>86.91</u>	<u>983,855,884</u>	<u>93.57</u>	<u>21,136,169</u>	<u>6,439,926</u>	<u>23,656,518</u>	<u>49,150,502</u>	<u>100,383,116</u>	<u>9.80</u>
Totals	2,535	\$ 3,388,744	100.00%	\$3,467,888	100.00%	\$ 1,051,418,400	100.00%	\$ 24,320,000	\$ 7,410,000	\$ 27,220,000	\$ 52,910,530	\$ 111,860,530	9.40

* Preliminary, subject to change.

(1) Does not include parcels expected to be classified as Approved Property or Undeveloped Property for the projected Fiscal Year 2021-22 Special Tax levy as special taxes are not anticipated to be levied on Approved Property or Undeveloped Property for Fiscal Year 2021-22.

(2) Based upon the principal amount of the Series 2020 Bonds and estimated Fiscal Year 2021-22 priority administration expenses in the amount of \$78,832.

(3) Includes overlapping land-secured indebtedness described in Table 2.

(4) Assessed value-to-lien ratio based upon the principal amount of the Series 2020 Bonds, the outstanding principal amounts of the Series 2015 Bonds and the Series 2017 Bonds, and other overlapping land secured debt.

Source: Webb Municipal Finance, LLC.

Delinquency History

Table 8 below summarizes the Special Tax delinquencies for property within the boundaries of the Community Facilities District for Fiscal Years 2007-08 through 2019-20. The highest fiscal year end delinquency rate in any of these years was 6.60% for Fiscal Year 2008-09.

**TABLE 8
COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH)
OF THE COUNTY OF RIVERSIDE
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2007-08 THROUGH FIRST INSTALLMENT 2019-20**

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies as of June 30 of Fiscal Year</i>			<i>Delinquencies as of September 18, 2020</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>
2007-08	\$ 30,421.00	29	1	\$ 1,049.00	3.45%	0	\$ 0.00	0.00%
2008-09	113,417.88	106	7	7,489.86	6.60	0	0.00	0.00
2009-10	161,524.24	148	1	545.69	0.34	0	0.00	0.00
2010-11	222,640.00	200	2	1,669.80	0.75	0	0.00	0.00
2011-12	345,179.84	304	6	6,245.03	1.81	0	0.00	0.00
2012-13	546,770.22	475	3	2,895.45	0.53	0	0.00	0.00
2013-14	907,428.26	780	6	5,906.70	0.65	0	0.00	0.00
2014-15	1,059,600.16	906	5	4,528.08	0.43	0	0.00	0.00
2015-16	1,299,254.02	1,422	7	5,698.90	0.44	0	0.00	0.00
2016-17	1,576,400.36	1,287 ⁽¹⁾	13	13,334.70	0.85	1	475.04	0.03
2017-18	2,065,720.76	1,645	55	65,120.27	3.15	1	969.10	0.05
2018-19	2,384,824.64	1,858	73	88,100.52	3.69	4	4,901.32	0.21
2019-20	2,809,042.50	2,141	19	16,811.73	0.60	11	10,825.02	0.39

⁽¹⁾ The parcel count decreased between Fiscal Year 2015-16 and 2016-17 because special taxes were levied on parcels of Approved Property and Developed Property in Fiscal Year 2015-16. For Fiscal Year 2016-17, 219 new building permits were issued allowing the Fiscal Year 2016-17 Special Tax to be levied only on parcels of Developed Property.

Source: Riverside County and Webb Municipal Finance, LLC.

In response to the COVID-19 pandemic, the County has announced that penalties and interest will accrue if the second installment of property taxes were not paid by the April 10, 2020 delinquency date. However, the County has also announced that taxpayers who are impacted directly by COVID-19 may make a cancellation of penalty request to the County Tax Collector by submitting payment of the base tax amount, documentation supporting the request and a specified cancellation of penalty request form by June 30, 2020. See “SPECIAL RISK FACTORS — COVID-19 (Coronavirus) Pandemic” herein.

On May 6, 2020, Governor Newsom issued Executive Order N-61-20 (the “Executive Order”), waiving penalties and interest on taxes on property on the secured or unsecured roll through May 6, 2021 under certain conditions, including: (i) the property is a residential property occupied by the taxpayer or the property is used for a small business, (ii) the taxes owed were not delinquent as of March 4, 2020, (iii) the taxpayer files for relief in a form prescribed by the tax collector, and (iv) the taxpayer demonstrates economic hardship to the satisfaction of the tax collector. The Executive Order may have an effect on the collection of penalties and interest on delinquent Special Taxes and may otherwise affect a property owner’s willingness to pay Special Taxes when due. See “SPECIAL RISK FACTORS — COVID-19 (Coronavirus) Pandemic” herein.

SPECIAL RISK FACTORS

In addition to the other information contained in this Official Statement, the following risk factors should be carefully considered in evaluating the investment quality of the Series 2020 Bonds. The Community

Facilities District cautions prospective investors that 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 Series 2020 Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the Community Facilities District to pay their Special Taxes when due. Any such failure to pay Special Taxes could result in the inability of the Community Facilities District to make full and punctual payments of debt service on the Series 2020 Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the Community Facilities District.

Risks of Real Estate Secured Investments Generally

The Series 2020 Bondowners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Community Facilities District, the supply of or demand for competitive properties in such area, and the market value of residential property 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 and (iii) natural disasters (including, without limitation, earthquakes, fires, floods, droughts and landslides), which may result in uninsured losses.

No assurance can be given that the individual property owners will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See “— Bankruptcy and Foreclosure Delay” below, for a discussion of certain limitations on the Community Facilities District’s ability to pursue judicial proceedings with respect to delinquent parcels.

Failure to Develop Properties

Continued development of property within the Community Facilities District may be subject to economic considerations and unexpected delays, disruptions and changes which may affect the willingness or ability of a property owner to pay the Special Taxes when due. Land development is also subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. It is possible that the approvals necessary to complete development of the property within the Community Facilities District will not be obtained, or if obtained, will not be obtained on a timely basis. Failure to obtain any such approval or to satisfy such governmental requirements could adversely affect land development operations within the Community Facilities District. In addition, there is a risk that future governmental restrictions on land development within the Community Facilities District will be enacted, either directly by a governmental entity with jurisdiction or by the voters through the exercise of the initiative power.

The failure to complete the development of homes and the required infrastructure in the Community Facilities District or substantial delays in the completion of the development of homes and the required infrastructure for the development due to litigation, the inability to obtain required funding, failure to obtain necessary governmental approval or other causes may reduce the value of the property within the Community Facilities District and increase the length of time during which Special Taxes will be payable from Approved Property and Undeveloped Property, and may affect the willingness and ability of the property owners within the Community Facilities District to pay the Special Taxes when due.

Bond Owners should assume that any event that significantly impacts the ability to develop land in the Community Facilities District would cause the property values within the Community Facilities District to decrease substantially and could affect the willingness and ability of the property owners within the Community Facilities District to pay the Special Taxes when due.

Special Taxes Are Not Personal Obligations

The current and future owners of land within the Community Facilities District are not personally liable for the payment of the Special Taxes. Rather, the Special Tax is an obligation only of the land within the Community Facilities District. In the event of foreclosure following delinquency, if the value of the development parcel within the Community Facilities District is not sufficient to fully secure the Special Tax, then the Community Facilities District has no recourse against the landowner under the laws by which the Special Tax has been levied and the Series 2020 Bonds have been issued.

The Series 2020 Bonds Are Special Obligations of the Community Facilities District

The Series 2020 Bonds are not general obligations of the County or the Community Facilities District, but are special obligations of the Community Facilities District payable solely from the Net Special Tax Revenues on a parity with the Series 2015 Bonds, the Series 2017 Bonds and any future Additional Bonds and amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund under the Indenture.

The Community Facilities District has no obligation to pay principal of and interest on the Series 2020 Bonds in the event Special Tax collections are delinquent, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent. Neither the County nor the Community Facilities District is obligated to advance funds from any source other than amounts pledged under the Indenture to pay such debt service on the Series 2020 Bonds.

Property Values; Value-to-Lien Ratios

The value of the property within the Community Facilities District is a critical factor in determining the investment quality of the Series 2020 Bonds. If a property owner is delinquent in the payment of Special Taxes, the Community Facilities District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires, floods, or droughts, stricter land use regulations, delays in development or other events may adversely impact the security underlying the Special Taxes. There is no assurance that assessed values will not decline in the future. See "THE COMMUNITY FACILITIES DISTRICT — Estimated Assessed Value-to-Lien Ratios" herein.

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, adjusted annually by an amount determined by the Riverside County Assessor, generally not to exceed an increase of more than 2.00% per fiscal year. No assurance can be given that a parcel could actually be sold for its assessed value.

No assurance can be given that the estimated value-to-lien ratios as set forth in Table 2 and Tables 4 through 7 will be maintained over time. As discussed herein, many factors which are beyond the control of the Community Facilities District could adversely affect the property values within the Community Facilities District. The Community Facilities District does not have any control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which through the levy of a tax or an assessment is on a parity with the Special Taxes. A decrease in the assessed values in the Community Facilities District or an increase in the indebtedness secured by taxes and amounts with parity liens on property in the Community Facilities District, or both, could result in a lowering of the value-to-lien ratio of the property in the Community Facilities District. See THE COMMUNITY FACILITIES DISTRICT — Estimated Assessed Value-to-Lien Ratios" and "SPECIAL RISK FACTORS — Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property."

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

Burden of Parity Liens, Taxes and Other Special Assessments on the Taxable Property

While the Special Taxes are secured by the Taxable Property, the Taxable Property is subject to parity tax liens and assessments. Table 2 in the section entitled “THE COMMUNITY FACILITIES DISTRICT — Estimated Direct and Overlapping Indebtedness” states the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property and furthermore states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels of Taxable Property.

Various community facilities districts and assessment districts have been formed that overlap portions of the Community Facilities District. See Table 2 herein. One or more improvement districts or community facilities districts may be formed to finance costs relating to certain public facilities and other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the Bonds, the Special Tax may be subordinate only to certain governmental liens. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy.

While governmental taxes, assessments and charges are a common claim against the value of a parcel of Taxable Property, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to pay the Special Tax is a claim with regard to a hazardous substance. See “— Hazardous Substances” below.

The property owners within the Community Facilities District may have formed or are in the process of forming or plan to form additional community facilities districts with other public agencies for issuing bonds. The special tax liens securing these other bonds will be on a parity with the Special Tax liens securing the Series 2020 Bonds in the event of foreclosure. In such an event, the land in the Community Facilities District will have additional debt levied on it and such an event may decrease the likelihood of the ability or willingness of the landowners in the Community Facilities District to pay the Special Taxes.

Disclosure to Future Purchasers

The Community Facilities District has recorded a Notice of Special Tax Lien, in the Office of the Riverside County Recorder on June 21, 2007 as Document No. 2007-0405337. 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 parcel of land or a home in the Community Facilities District or the lending of money thereon. The Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or

long-term lessor of any lot, parcel, or unit subject to a 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 or ability of the purchaser or lessor to pay the Special Tax when due.

Local, State and Federal Land Use Regulations

There can be no assurance that land development operations within the Community Facilities District will not be adversely affected by future government policies, including, but not limited to, governmental policies which directly or indirectly restrict or control development. During the past several years, citizens of a number of local communities in California have placed measures on the ballot designed to control the rate of future development. During the past several years, state and federal regulatory agencies have significantly expanded their involvement in local land use matters through increased regulatory enforcement of various environmental laws, including the Endangered Species Act, the Clean Water Act and the Clear Air Act, among others. Such regulations can substantially impair the rate and amount of development without requiring just compensation unless the effect of the regulation is to deny all economic use of the affected property. Series 2020 Bondowners should assume that any event that significantly impacts the ability to construct homes on land in the Community Facilities District could cause the land values within the Community Facilities District to decrease substantially and could affect the willingness and ability of the owners of land to pay the Special Taxes when due or to proceed with development of land in the Community Facilities District. See “— Failure to Develop Properties” above.

Endangered and Threatened Species

It is illegal to harm or disturb species that have been listed as threatened or endangered by the U.S. Fish & Wildlife Service under the Federal Endangered Species Act or by the California Fish & Game Commission under the California Endangered Species Act without a permit. Thus, the presence of an endangered plant or animal could delay development of or reduce the value of undeveloped property in the Community Facilities District. Failure to develop the undeveloped property in the Community Facilities District or substantial delays in the completion of the development of the property may increase the amount of Special Taxes to be paid by the owners of undeveloped property and affect the willingness and ability of the owners of property within the Community Facilities District to pay the Special Taxes when due.

Certain species covered by the County’s MSHCP are present within the undeveloped property within the Community Facilities District. Development will proceed subject to compliance with the MSHCP and all other applicable federal and state requirements. See “THE COMMUNITY FACILITIES DISTRICT — Environmental Approvals and Permits.”

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of Taxable Property, other less common claims may occur. One of the most serious in terms of the potential reduction in the value of the parcels within the Community Facilities District is a claim with regard to hazardous substances. In general, the owners and operators of parcels within the Community Facilities District may be required by law to remedy conditions of the parcels related to the 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 substances condition of a property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance.

The effect, therefore, should any parcel within the Community Facilities District be affected by a hazardous substance, would be to reduce the marketability and value of the parcel by the costs of remedying the condition, because the owner (or operator) is obligated to remedy the condition. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling or disposing of it. All of these possibilities could significantly affect the financial and legal ability of a property owner to develop the affected parcel or other parcels, as well as the value of the property that is realizable upon a delinquency and foreclosure.

The assessed values of the property within the Community Facilities District do not take into account the possible reduction in marketability and value of any of the parcels of Taxable Property by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The Community Facilities District has not independently verified and is not aware that any of the owners (or operators) of property within the Community Facilities District have such a current liability with respect to any of the parcels of Taxable Property, except as expressly noted. However, it is possible that such liabilities do currently exist and that the Community Facilities District is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels of Taxable Property 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 or disposing of it. All of these possibilities could significantly affect the value of a Taxable Property that is realizable upon a delinquency.

Insufficiency of the Special Tax

The principal source of payment of principal of and interest on the Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the Community Facilities District. The annual levy of the Special Tax is subject to the maximum tax rates authorized and under the Rate and Method, under no circumstances shall the Special Taxes levied against any Parcel of Developed Property that is Residential Property be increased as a consequence of delinquency or default by the owner of any other Parcel or Parcels within the Community Facilities District by more than ten percent (10%). The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the Bonds. Other funds which might be available include funds derived from the payment of penalties on delinquent Special Taxes and funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular Taxable Property and the amount of the levy of the Special Tax against such parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of such parcels and the proportionate share of debt service on the Bonds and certainly not a direct relationship.

The Special Tax levied in any particular tax year on a Taxable Property is based upon the revenue needs of the Community Facilities District and application of the Rate and Method. Application of the Rate and Method will, in turn, be dependent upon certain development factors with respect to each Taxable Property by comparison with similar development factors with respect to the other Taxable Property within the Community Facilities District. Thus, in addition to annual variations of the revenue needs from the Special Tax, the following are some of the factors which might cause the levy of the Special Tax on any particular Taxable Property to vary from the Special Tax that might otherwise be expected:

- (1) Failure of the owners of Taxable Property to pay the Special Tax and delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, thereby resulting in an increased tax burden on the remaining parcels of Taxable Property.

(2) Reduction in the amount of Taxable Property, for such reasons as acquisition of Taxable Property by a government agency and failure of the government agency to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining parcels of Taxable Property.

Except as set forth above under “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein, the Indenture provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales” and in the Act, 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. In addition to the foregoing, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Beneficial Owners of Series 2020 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the Community Facilities District of the proceeds of sale if the Reserve Fund is depleted. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales.”

Special Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Series 2020 Bonds are derived, are customarily billed to the properties within the Community Facilities District on the *ad valorem* property tax bills sent to owners of such properties. The Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales,” for a discussion of the provisions which apply, and procedures which the Community Facilities District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See “SPECIAL RISK FACTORS — Bankruptcy and Foreclosure Delay” below, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessments and limitations on the Community Facilities District’s ability to foreclose on the lien of the Special Taxes in certain circumstances.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Rate and Method” herein. In addition, the Act provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the Community Facilities District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from the Special Tax. In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. In the event that additional property is dedicated to the County or other public entities, this additional property might become exempt from the Special Tax.

The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Depletion of Reserve Fund

The Community Facilities District covenants in the Indenture to maintain the Reserve Fund in an amount equal to the Reserve Requirement. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund.” Funds in the Reserve Fund may be used to pay principal of and interest on the Bonds in the event the proceeds of the levy and the collection of the Special Taxes against the property in the Community Facilities District is not sufficient. If the Reserve Fund is depleted, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay Administrative Expenses and principal and interest on the Bonds. However, no replenishment of the Reserve Fund from the proceeds of the Special Taxes can occur as long as the proceeds that are collected from the levy of the Special Taxes at the maximum tax rates, together with available funds, remain insufficient to pay all such amounts. Thus, it is possible that the Reserve Fund will be depleted and not replenished by the levy of the Special Taxes.

Potential Delay and Limitations in Foreclosure Proceedings

The payment of property owners’ taxes and the ability of the Community Facilities District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings, may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales” and “SPECIAL RISK FACTORS — Bankruptcy and Foreclosure Delay” herein. In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

The ability of the Community Facilities District to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”) has or obtains an interest. The FDIC could obtain such an interest by taking over a financial institution which has made a loan which is secured by property within the Community Facilities District. See “SPECIAL RISK FACTORS — FDIC/Federal Government Interests in Properties.”

In addition, potential investors should be aware that judicial foreclosure proceedings are not summary remedies and can be subject to significant procedural and other delays caused by crowded court calendars and other factors beyond control of the Community Facilities District or the County. Potential investors should assume that, under current conditions, it is estimated that a judicial foreclosure of the lien of Special Taxes will take up to two or three years from initiation to the lien foreclosure sale. At a Special Tax lien foreclosure sale, each parcel will be sold for not less than the “minimum bid amount” which is equal to the sum of all delinquent Special Tax installments, penalties and interest thereon, costs of collection (including reasonable attorneys’ fees), post-judgment interest and costs of sale. Each parcel is sold at foreclosure for the amounts secured by the Special Tax lien on such parcel and multiple parcels may not be aggregated in a single “bulk” foreclosure sale. If any parcel fails to obtain a “minimum bid,” the Community Facilities District may, but is not obligated to, seek superior court approval to sell such parcel at an amount less than the minimum bid. Such superior court approval requires the consent of a majority of the aggregate principal amount of the Bonds which are Outstanding at the time.

Delays and uncertainties in the Special Tax lien foreclosure process create significant risks for Beneficial Owners of the Bonds. High rates of special tax payment delinquencies which continue during the pendency of protracted Special Tax lien foreclosure proceedings, could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of property upon foreclosure. In that event, there could be a default in payment of the principal of, and interest on, the Bonds.

Funds Invested in the County Investment Pool

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county. Following payment of the Special Taxes to the Community Facilities District, such funds may be invested in the name of the Community Facilities District for a period of time in the County investment pool. In the event of a petition of or the adjustment of County debts under Chapter 9 of the Federal Bankruptcy Code, a court might hold that the Beneficial Owners of the Series 2020 Bonds do not have a valid and/or prior lien on the Special Taxes or debt service payments where such amounts are deposited in the County investment pool and may not provide the Beneficial Owners of the Series 2020 Bonds with a priority interest in such amounts. In that circumstance, unless the Beneficial Owners of the Series 2020 Bonds could “trace” the funds that have been deposited in the County investment pool, the Beneficial Owners of the Series 2020 Bonds would be unsecured (rather than secured) creditors of the County. There can be no assurance that the Beneficial Owners of the Series 2020 Bonds could successfully so trace the Special Taxes or debt service payments.

No Acceleration Provision

The Indenture does 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 or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. Pursuant to the Indenture and further subject to the prior lien of owners of Bonds, an owner is given the right for the equal benefit and protection of all owners of a series similarly situated to pursue certain remedies described in Appendix C — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

Bankruptcy and Foreclosure Delay

Bankruptcy, insolvency and other laws generally affecting creditors rights could adversely impact the interests of Beneficial Owners of the Series 2020 Bonds. The payment of property owners’ taxes and the ability of the Community Facilities District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State relating to judicial foreclosure. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales.” In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

Although a bankruptcy proceeding would not cause the Special Taxes to become extinguished, the amount of any Special Tax lien 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 prosecuting Superior Court foreclosure proceedings. Such delay would increase the likelihood of a delay or default in payment of delinquent Special Tax installments and the possibility of delinquent Special Tax installments not being paid in full.

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled In re Glasply Marine Industries. In that case, the court held that *ad valorem* property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be “administrative expenses” of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes.

The Bankruptcy Reform Act of 1994 (the “Bankruptcy Reform Act”) included a provision which excepts from the Bankruptcy Code’s automatic stay provisions, “the creation of a statutory lien for an *ad valorem* property tax imposed by . . . a political subdivision of a state if such tax comes due after the filing of the petition [by a debtor in bankruptcy court].” This amendment effectively makes the Glasply holding inoperative as it relates to *ad valorem* real property taxes. However, it is possible that the original rationale of the Glasply ruling could still result in the treatment of post-petition special taxes as “administrative expenses,” rather than as tax liens secured by real property, at least during the pendency of bankruptcy proceedings.

According to the court’s ruling, as administrative expenses, post petition taxes would be paid, assuming that the debtor had sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out of the bankruptcy estate (through foreclosure or otherwise), it would at that time become subject to current *ad valorem* taxes.

The Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as *ad valorem* taxes. No case law exists with respect to how a bankruptcy court would treat the lien for Special Taxes levied after the filing of a petition in bankruptcy. Glasply is controlling precedent on bankruptcy courts in the State. If the Glasply precedent was applied to the levy of the Special Taxes, the amount of Special Taxes received from parcels whose owners declare bankruptcy could be reduced.

The various legal opinions to be delivered concurrently with the delivery of the Series 2020 Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Moreover, the ability of the Community Facilities 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 foreclosure.

FDIC/Federal Government Interests in Properties

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

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

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County in United States Bankruptcy Court and in Federal District Court. The

Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

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

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

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

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

Factors Affecting Parcel Values and Aggregate Value

Geologic, Topographic and Climatic Conditions; Natural Disasters. The value of the Taxable Property in the Community Facilities District in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on the parcels of Taxable Property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes and volcanic eruptions, topographic conditions such as earth movements, landslides, liquefaction, floods or fires, and climatic conditions such as tornadoes, droughts, and the possible reduction in water allocation or availability. If one or more of such conditions occur and results in damage to improvements of varying seriousness, such damage may entail significant repair or replacement costs and repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of the Taxable Property may well depreciate or disappear. As required by the County General Plan and applicable Specific Plans, in certain cases, commercial uses and future homeowner’s associations are required to prepare disaster preparedness plans that include evacuation procedures in the event of a disaster.

The County's 2018 Multi-Jurisdictional Local Hazard Mitigation Plan ("LHMP") provides a County-wide risk assessment of natural, technological and man-made hazards. The top five identified hazards in order of priority risk were identified as earthquakes, influenza pandemic, wildland fires, electrical failures and emergent diseases.

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

The California Department of Forestry and Fire Protection ("CALFIRE") has designated and adopted Fire Hazard Severity Zones in State Responsibility Areas. In addition, the County has adopted CALFIRE recommendations for Very High Fire Hazard Severity Zones in Local Responsibility Areas within the Community Facilities District. Portions of the Community Facilities District are located within State Responsibility Areas and Local Responsibility Areas and include a mixture of Very High Fire Hazard Severity Zone Areas, High Fire Hazard Severity Zone areas, Moderate Fire Hazard Severity Zone areas and areas that are not designated as Fire Hazard Severity Zones. The LHMP indicates that climate change and drought conditions are likely to become more frequent and persistent, contributing to increasing wildfire risk.

Seismic Conditions. The Community Facilities District, like all California communities, may be subject to unpredictable seismic activity. The occurrence of seismic activity in the Community Facilities District could result in substantial damage to properties in the Community Facilities District which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes. Any major damage to structures as a result of seismic activity could result in greater reliance on undeveloped property in the payment of Special Taxes.

Legal Requirements. Other events which may affect the value of a parcel of Taxable Property in the Community Facilities District include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

Billing of Special Taxes

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts the taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by the community facilities district.

Under provisions of the Act, the Special Taxes are billed to the properties within the Community Facilities District which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales" for a discussion of the provisions which apply and procedures which the Community Facilities District is obligated to follow in the event of delinquency in the payment of installments of Special Taxes.

Inability to Collect Special Taxes

In order to pay debt service on the Series 2020 Bonds, it is necessary that the Special Tax levied against land within the Community Facilities District be paid in a timely manner. The Community Facilities District has covenanted in the Indenture under certain conditions to institute foreclosure proceedings against property with delinquent Special Taxes in order to obtain funds to pay debt service on the Series 2020 Bonds. If foreclosure proceedings were instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. In the event such superior court foreclosure is necessary, there could be a delay in principal and interest payments to the owners of the Bonds pending prosecution of the foreclosure proceedings and receipt of the proceeds of the foreclosure sale, if any. No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. Although the Act authorizes the Community Facilities District to cause such an action to be commenced and diligently pursued to completion, the Act does not obligate the Community Facilities District to purchase or otherwise acquire any lot or parcel of property sold at the foreclosure sale if there is no other purchaser at such sale. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Proceeds of Foreclosure Sales.”

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 XIIC and Article XIID 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 as they may relate to community facilities districts are subject to interpretation by the courts. The Initiative could potentially impact the Special Taxes available to the Community Facilities District to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIIC states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On July 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 XIIC 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 Bonds.

It may be possible, however, for voters or the Board of Supervisors of the County acting as the legislative body of the Community Facilities District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. 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 Bonds. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Nevertheless, to the maximum extent that the law permits it to do so, the Community Facilities District will covenant in the Indenture that it will not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds. The Community Facilities District also will covenant in the Indenture that, if an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the Community Facilities District will, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds. However, no assurance can be given as to the enforceability of the foregoing covenants.

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

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

The facts of the San Diego Decision show that there were hundreds of thousands of registered voters within the CCFD (viz., all of the registered voters in the City). The election held in the Community Facilities District had no registered voters within the Community Facilities District at the time of the election to authorize the Special Tax. In the San Diego Decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court’s holding does not apply to the Special Tax election in the Community Facilities District. Moreover, Section 53341 of the Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. Voters within the Community Facilities District approved the Special Tax and the issuance of bonds on June 18, 2007. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, Bond Counsel is of the opinion that no successful challenge to the Special Tax being levied in accordance with the Rate and Method may now be brought.

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

Ballot Initiatives; State Legislation

Articles XIII C and XIII D 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 limitation or established minimum funding provision for particular activities. On March 6, 1995, in the case of *Rossi v. Brown*, the State Supreme Court held that an initiative can repeal a tax ordinance and prohibit the imposition of further such taxes and that the exemption from the referendum requirements does not apply to initiatives. 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 County, or local districts to increase revenues or to increase appropriations or on the ability of the landowners within the Community Facilities District to complete the remaining proposed development.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2020 Bonds or, if a secondary market exists, that the Series 2020 Bonds can be sold at all or for any particular price. Although the Community Facilities District has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Beneficial Owners of the Series 2020 Bonds on a timely basis. See "CONTINUING DISCLOSURE." The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, 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.

Loss of Tax Exemption; Tax Treatment of the Series 2020 Bonds

The interest on the Series 2020 Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020 Bonds as a result of an act or omission of the Community Facilities District in violation of certain provisions of the Code and the covenants of the Indenture. See "LEGAL MATTERS — Tax Matters." In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2020 Bonds, the Community Facilities District has covenanted in the Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2020 Bonds under Section 103 of the Internal Revenue Code of 1986. Should such an event of taxability occur, the Series 2020 Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the optional redemption or mandatory sinking fund redemption provisions of the Indenture. See "THE SERIES 2020 BONDS — Redemption."

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Series 2020 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Series 2020 Bonds. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding any enactment of any such future legislation, as to which Bond Counsel expresses no opinion.

It is possible that subsequent to the issuance of the Series 2020 Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Series 2020 Bonds or the market value of the Series 2020 Bonds. Recently, proposed legislative changes have been introduced in Congress, which, if enacted, could result in

additional federal income or state tax being imposed on owners of tax-exempt state or local obligations, such as the Series 2020 Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Series 2020 Bonds. No assurance can be given that subsequent to the issuance of the Series 2020 Bonds such changes (or other changes) will not be introduced or enacted or interpretations will not occur. Before purchasing any of the Series 2020 Bonds, all potential purchasers should consult their tax advisors regarding possible statutory changes or judicial or regulatory changes or interpretations, and their collateral tax consequences relating to the Series 2020 Bonds.

Potential Early Redemption of Bonds from Prepayments or Assessment Bond Proceeds

Property owners within the Community Facilities District are permitted to prepay their Special Taxes at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. Such prepayments will result in a redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the prepayment. The resulting redemption of Bonds, if any, that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See the caption “THE SERIES 2020 BONDS — Redemption — *Mandatory Redemption from Special Tax Prepayments.*”

Limitations on Remedies

Remedies available to the Beneficial Owners of the Series 2020 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 Series 2020 Bonds or to preserve the tax-exempt status of the Series 2020 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Series 2020 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 and by the exercise of judicial discretion. The Series 2020 Bonds are not subject to acceleration. 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 Beneficial Owners of the Series 2020 Bonds.

Cybersecurity

The Community Facilities District and the County, like many other public and private entities, rely on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Community Facilities District and the County are 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 Community Facilities District’s or the County’s digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. To date, neither the Community Facilities District nor the County have 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 Community Facilities District’s and the County’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 Community Facilities District or the County.

COVID-19 (Coronavirus) Pandemic

The spread of the novel strain of coronavirus called COVID-19 (defined previously as “COVID-19”) is having significant negative impacts throughout the world, including in the County and the State. 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 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 U.S. is restricting certain non-US citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

Potential impacts to the Community Facilities District associated with the COVID-19 pandemic include, but are not limited to, disruption of the regional and local economy with corresponding decreases in value of property in the Community Facilities District and potential increases in the property tax delinquency rate. See the caption “THE COMMUNITY FACILITIES DISTRICT—Delinquency History” for more information regarding actions taken by the County and the State that may have an impact on the collection of penalties and interest with respect to the delinquent Special Taxes within the Community Facilities District.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the Community Facilities District is unknown. As of the date of this Official Statement, the Community Facilities District does not believe that the impacts of the spread of COVID-19 will cause a significant increase in property tax delinquencies that would result in insufficient Special Taxes to make payments on the Series 2020 Bonds.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), by and between the Community Facilities District and the Trustee, the Community Facilities District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) website, or other repository authorized under Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission, certain annual financial information and operating data concerning the Community Facilities District. The Annual Report to be filed by the Community Facilities District is to be filed not later than April 1 of each year, beginning April 1, 2021, and is to include audited financial statements of the Community Facilities District, if any. The full text of the Continuing Disclosure Agreement is set forth in Appendix D — “FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE COMMUNITY FACILITIES DISTRICT.”

Notwithstanding any provision of the Indenture, failure of the Community Facilities District to comply with the Continuing Disclosure Agreement shall not be considered an event of default under the Indenture. However, any holder of the Series 2020 Bonds may take such action as is necessary and appropriate, including seeking mandate or a judgment for specific performance, to cause the Community Facilities District to comply with its obligations with respect to the Continuing Disclosure Agreement.

Prior Community Facilities District Undertakings. The Community Facilities District has entered into prior continuing disclosure obligations under Rule 15c2-12(b)(5) (the “Rule”). The Community Facilities District (not the County) is obligated to comply with the Continuing Disclosure Agreement and, through the Continuing Disclosure Agreement, the Rule. However, the County Board of Supervisors is the legislative body of the Community Facilities District and the County’s other community facilities districts and the Community Facilities District has no employees or staff independent of the County.

Compliance by the County and certain Related Entities with Continuing Disclosure Undertakings. Within the last five years, the County and certain of its related entities have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness. The failure to comply fell into two general categories: (i) failure to provide timely significant event notices, most often with respect to changes in the ratings of outstanding indebtedness, and primarily related to changes in the ratings of various bond insurers insuring the indebtedness of the County or its related entities; and (ii) missing, incomplete or late filing of

annual or quarterly reports, budgets or operating information with respect to a number of the bond issues. In almost every case with respect to obligations related to the General Fund, such information and reports were available on the County's website and/or available in other continuing disclosure filings made by the County, though not directly incorporated by reference across all prior issues filed with the Municipal Securities Rulemaking Board; and in all of the cases where a notice of failure to file was required to be filed, no notice of failure to file such information was provided. The County and its related entities have reviewed their previous filings and have made corrective filings where material, including an omnibus corrective notice regarding bond insurer ratings and ratings of the County's General Fund debt.

In order to ensure ongoing compliance by the County and its related entities with their continuing disclosure undertakings, (i) the County has instituted procedures to ensure future compliance and coordination between the County and its related entities; and (ii) the County has contracted with a consultant to assist the County in filing accurate, complete and timely disclosure reports. The County continues to review its procedures to ensure continued compliance with the Rule.

The County was advised by two underwriters that they filed self-reports under the Securities and Exchange Commission's (the "SEC") Municipalities Continuing Disclosure Cooperation ("MCDC") initiative regarding incorrect statements in the County's official statements concerning the County's compliance with its continuing disclosure requirements. In addition, the County filed a self-report under MCDC with respect to statements concerning continuing disclosure compliance made in official statements for over thirty bond issues of the County and related issuers. In connection with such self-reporting, on March 3, 2017, the SEC notified the County that, as of the date of such notice, the SEC did not intend to recommend any enforcement action by the SEC against the County.

LEGAL MATTERS

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 on the Series 2020 Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Series 2020 Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Series 2020 Bond (the first price at which a substantial amount of the Series 2020 Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Series 2020 Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Series 2020 Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Series 2020 Bond is excluded from gross income of such Beneficial Owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Series 2020 Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2020 Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Series 2020 Bonds to assure that interest (and original issue discount) on the

Series 2020 Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Series 2020 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020 Bonds. The District will covenant to comply with all such requirements.

The amount by which a Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Series 2020 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner's basis in the applicable Series 2020 Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Series 2020 Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2020 Bond to the Beneficial Owner. Purchasers of the Series 2020 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Series 2020 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of a bond counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Series 2020 Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Series 2020 Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Series 2020 Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Series 2020 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series 2020 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2020 Bonds.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2020 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2020 Bonds might be affected as a result of such an audit of the Series 2020 Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2020 Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Series 2020 Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2020 BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE SERIES 2020 BONDS OR THE MARKET VALUE OF THE SERIES 2020 BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2020 BONDS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES WILL BE INTRODUCED WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES 2020 BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2020 BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE SERIES 2020 BONDS, ALL POTENTIAL

PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES 2020 BONDS.

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

Litigation

No litigation is pending or threatened concerning the validity of the Series 2020 Bonds, the pledge of Special Taxes to repay the Series 2020 Bonds, the powers or authority of the Community Facilities District with respect to the Series 2020 Bonds, or seeking to restrain or enjoin development of the land within the Community Facilities District and a certificate of the Community Facilities District to that effect will be furnished to the Underwriter at the time of the original delivery of the Series 2020 Bonds.

Legal Opinion

The validity of the Series 2020 Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel and Disclosure Counsel to the District. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix E hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the County and the District by the County Counsel. Bond Counsel expresses no opinion to the Bondowners as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Series 2020 Bonds and expressly disclaims any duty to advise the Beneficial Owners of the Series 2020 Bonds as to matters related to this Official Statement.

Rating

S&P Global Ratings, a Standard & Poor's Financial Services LLP Business ("S&P") is expected to assign a rating of "_____" to the Series 2020 Bonds. The rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any rating for the Bonds will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by a rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2020 Bonds.

Underwriting

The Series 2020 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, the Underwriter. The Underwriter has agreed to purchase the Series 2020 Bonds at a price of \$_____, being \$_____ aggregate principal amount thereof, less Underwriter's discount of \$_____, [plus/less] [net] original issue premium of \$_____). The purchase agreement relating to the Series 2020 Bonds provides that the Underwriter will purchase all of the Series 2020 Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Series 2020 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

Municipal Advisor

The Community Facilities District has retained Fieldman Rolapp & Associates, Inc., Irvine, California, as Municipal Advisor (the “Municipal Advisor”) in connection with the issuance of the Series 2020 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

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

Financial Interests

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel, the Special Tax Consultant, the Municipal Advisor, and counsel to the Underwriter, are contingent upon the issuance and delivery of the Series 2020 Bonds. From time to time, Bond Counsel and Disclosure Counsel represent the Underwriter on matters unrelated to the Series 2020 Bonds.

Pending Legislation

The Community Facilities District is not aware of any significant pending legislation which would have material adverse consequences on the Series 2020 Bonds or the ability of the Community Facilities District to pay the principal of and interest on the Series 2020 Bonds when due.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2020 Bonds. Quotations and summaries and explanations of the Series 2020 Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions. 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.

The execution and delivery of this Official Statement by an authorized representative of the Community Facilities District has been duly authorized by the Board of Supervisors of the County acting in its capacity as the legislative body of the Community Facilities District.

COMMUNITY FACILITIES DISTRICT NO. 07-2
(CLINTON KEITH) OF THE COUNTY OF RIVERSIDE

By: _____
County Executive Officer

APPENDIX A

AMENDED AND RESTATED RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 07-2 (CLINTON KEITH) OF THE COUNTY OF RIVERSIDE

A Special Tax (all capitalized terms are defined in Section A. Definitions below), shall be levied on each Parcel of Taxable Property located within the boundaries of Community Facilities District No. 07-2 (Clinton Keith) of the County. The amount of Special Tax to be levied each Fiscal Year, commencing in Fiscal Year 2007-2008, on a Parcel shall be determined by the Legislative Body, by applying the appropriate Special Tax for each category of Taxable Property. All real property within the CFD 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 acreage of a Parcel as stated on the most recent Assessor’s Parcel Map, or if the acreage is not shown on such Assessor’s Parcel Map, the acreage as determined from the applicable Final Map, or similar instrument.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code.

“**Administrative Expenses**” means all actual or reasonably estimated costs and expenses of the CFD as determined by the Administrator to be chargeable or allocable to the CFD and that are allowed by the Act and the Indenture, which shall include without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax, Special Tax appeals, initiating and prosecuting a foreclosure action on a Parcel, trustee/fiscal agent expenses and fees, rebate compliance calculation fees, initiating or defending any litigation involving the CFD, continuing disclosure undertakings of the CFD and/or the County, all communications with bondholders, property owners, or other interested persons and the costs of County staff, consultants, and legal counsel incurred on behalf of the CFD in performing such administrative responsibilities.

“**Administrator**” means the County Executive Officer of the County, or his or her designee.

“**Approved Property**” means, for each Fiscal Year, all parcel(s), lot(s) or units(s) of Taxable Property not classified as Public Property or Property Owners’ Association Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding said Fiscal Year, and (ii) that have not been issued a Building Permit prior to the April 1st preceding said Fiscal Year.

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

“**Assessor’s Parcel Number**” means the number assigned by the Assessor of the County for a Parcel on an Assessor’s Parcel Map.

“**Assigned Special Tax**” means the Special Tax determined in accordance with Section C., below.

“**Assumed Administrative Expenses**” means (a) for Fiscal Year 2007-2008, \$70,000, and (b) for any subsequent Fiscal Year, the amount resulting from increasing the Assumed Administrative Expenses

on each July 1, from and including July 1, 2008 to and including the June 30 in such Fiscal Year, by 2.00% of the amount in effect for the previous Fiscal Year.

“**Backup Special Tax**” means the Special Tax determined in accordance with Section C, below.

“**Bonds**” means any bonds or other debt (as defined in the Act) issued by the CFD and secured by the levy of Special Taxes.

“**Building Permit**” means a building permit issued by the County (or another public agency in the event the County no longer issues such permits) for new construction.

“**CFD**” means Community Facilities District No. 07-2 (Clinton Keith) of the County established pursuant to the Act and identified by the Boundary Map attached as Exhibit A.

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

“**Developed Property**” means, for each Fiscal Year, all parcel(s), lot(s) or unit(s) of Taxable Property, not classified as Public Property or Property Owners’ Association Property: (i) that are included in a Final Map that was recorded prior to January 1st preceding said Fiscal Year and (ii) for which a Building Permit has been issued prior to April 1st of the preceding Fiscal Year.

“**Exempt Property**” means, for each Fiscal Year, any Parcel which is exempt from the Special Taxes pursuant to Section E., below.

“**Final Map**” means a recorded final map, parcel map, or lot line adjustment, by which a subdivision of property has been made pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) or a recorded condominium plan approved pursuant to California Civil Code Section 1352 that creates parcel(s), lot(s) or unit(s) for which Building Permits may be issued without further subdivision, as determined by the Administrator.

“**Fiscal Year**” means the period starting on July 1 of any calendar year and ending on June 30 of the following calendar year, commencing July 1, 2007.

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

“**Land Use Category**” means any of the following land use categories: Single Family Property, Multifamily Property, Non-Residential Property, Undeveloped Property, Public Property and Property Owners’ Association Property.

“**Legislative Body**” means the Board of Supervisors of the County acting *ex officio* as the Legislative Body of the CFD.

“**Maximum Special Tax**” means, with respect to a Land Use Category, for each Fiscal Year, the maximum Special Tax which can be levied in such Fiscal Year on any Parcel, determined in accordance with Section C., below.

“**Multifamily Property**” means, for each Fiscal Year, any parcel, lot or unit of Residential Property for which a building permit can or has been issued for attached or detached residential units in a development that has a density of greater than eight (8) Residential Dwelling Units per gross acre, as recorded on a Final Map or as determined by the Administrator.

“Multiple Land Use Property” means, for each Fiscal Year, all parcels of Developed Property and Approved Property assigned to more than one Land Use Category (e.g. one structure containing both Non-Residential Property and Residential Property), as determined by the Administrator.

“Non-Residential Floor Area” means, with regard to Multiple Land Use Property only, all of the square footage within the outside perimeter of all structures on a Parcel used for non-residential purposes, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building. The determination of the amount of Non-Residential Floor Area shall be made by the Administrator with reference to the Building Permit(s) issued for said Parcel, or if these are not available, as otherwise determined by the Administrator. Once such determination has been made for a Parcel, it shall remain fixed in all future Fiscal Years.

“Non-Residential Property” means, for each Fiscal Year, all Parcels of Developed Property and Approved Property for which a Building Permit can or has been issued for any type of non-residential use, as determined by the Administrator.

“Outstanding Bonds” means all Bonds deemed to be outstanding under the Indenture.

“Parcel” means, for each Fiscal Year, an individual legal lot within the boundary of the CFD as shown on an Assessor’s Parcel Map to which an Assessor’s Parcel Number has been assigned.

“Property Owners’ Association Property” means, for each Fiscal Year, any Parcel which, as of the January 1 preceding said Fiscal Year, is owned by a property owners’ association, including any master or sub-association or is identified on a Final Map as common area to be owned by a property owners’ association. Property Owners’ Association Property includes but is not limited to property dedicated and restricted for the use as streets, open space, park, habitat reserve, clubhouse or recreational facilities.

“Proportionately” means for: (i) Developed Property, that the ratio of the actual Special Tax levy to the Assigned or Backup Special Tax, as applicable, is the same for all Parcels of Developed Property, (ii) Approved Property that the ratio of the actual Special Tax levy to the Maximum Special Tax, is the same for all Parcels of Approved Property, (iii) Undeveloped Property, that the ratio of the actual Special Tax levy per taxable Acre to the Maximum Special Tax per taxable Acre is the same for all Parcels of Undeveloped Property, and (iv) Public Property and/or Property Owners’ Association Property, that is not Exempt Property, that the ratio of the actual Special Tax levy per taxable Acre to the Maximum Special Tax per taxable Acre is the same for all Parcels of Public Property and/or Property Owners’ Association Property, that is not Exempt Property.

“Public Property” means, for each Fiscal Year, any Parcel within the boundary of the CFD which, as of the January 1 preceding said Fiscal Year, is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, or any other public agency, or utility property utilized for the provision of services to the public or a property encumbered with public or utility easements making impractical its utilization for other than the purpose set forth in the easement; provided, however, that any Parcel leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use. Public Property includes but is not limited to, public streets, water and sewer facilities, flood control drainage channels, public schools, or property dedicated and restricted for the use as open space, park or habitat reserve.

“RDU” means Residential Dwelling Unit.

“Residential Dwelling Unit” means, for each Fiscal Year, a building or portion thereof on a Parcel intended for use by one (1) family and containing but one (1) kitchen, which is designed primarily for

residential occupancy including single family and multifamily dwellings. Residential Dwelling Unit shall not include hotels or motels.

“Residential Floor Area” means, with regard to Multiple Land Use Property only, all of the square footage within the outside perimeter of all structures on a Parcel used for residential purposes, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building but generally open on at least two sides. The determination of the amount of Residential Floor Area shall be made by the Administrator with reference to the Building Permit(s) issued for said Parcel or, if these are not available, as otherwise determined by the Administrator. Once such determination has been made for a Parcel, it shall remain fixed in all future Fiscal Years.

“Residential Property” means, for each Fiscal Year, all Parcels of Developed Property and/or Approved Property for which a Building Permit can or has been issued for a Residential Dwelling Unit, as determined by the Administrator.

“Single Family Property” means, for each Fiscal Year, any parcel, lot or unit of Residential Property for which a building permit can or has been issued for attached or detached residential units in a development that has a density of eight (8) Residential Dwelling Units to the gross acre or less, as recorded on a Final Map or as determined by the Administrator.

“Special Tax” means the special tax to be levied in any Fiscal Year on each Parcel of Taxable Property.

“Special Tax Requirement” means, for each Fiscal Year, that amount required in each Fiscal Year to pay: (i) annual debt service on all Outstanding Bonds due in the calendar year which commences in such Fiscal Year; (ii) periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) Administrative Expenses; (iv) an amount equal to any shortfall due to Special Tax delinquencies experienced in the prior Fiscal Year; (v) for acquisition or construction costs of facilities authorized to be financed by the CFD, provided such amount does not cause an increase in the Special Tax levy on Approved Property or Undeveloped Property; and (vi) any amounts required to establish or replenish any reserve funds for the Bonds; less (vii) a credit for funds available to reduce the annual Special Tax levy as determined pursuant to the Indenture.

“Taxable Property” means, for each Fiscal Year, all Parcels in the CFD which are not Exempt Property.

“Total Floor Area” means for any Parcel of Multiple Land Use Property the sum of the Residential Floor Area and Non-Residential Floor Area.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Approved Property, Public Property, or Property Owners’ Association Property and which is not otherwise Exempt Property pursuant to Section E

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year in which the Special Tax is levied, all Parcels shall be categorized as either Developed Property, Approved Property, Undeveloped Property, Public Property, Property Owners’ Association Property or Exempt Property, and shall be subject to the levy of Special Taxes in accordance with this Amended and Restated Rate and Method of Apportionment as determined pursuant to Sections C., D., and E., below. Developed Property and Approved Property shall further be classified as Residential Property, Non-Residential Property or Multiple Land Use Property. Residential Property shall further be classified as Single Family Property or Multifamily Property.

C. SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Parcel of Developed Property that is Single Family or Multifamily Property shall be the greater of: (i) the applicable Assigned Special Tax determined pursuant to Section C.1.b, below, or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Parcel of Developed Property that is Non-Residential Property shall be the Assigned Special Tax determined pursuant to Section C.1.b, below.

b. Assigned Special Tax

For Fiscal Year 2007-2008, the Assigned Special Tax for each Parcel of Developed Property, except Multiple Land Use Property, shall be as described in Table 1 below:

TABLE 1
Developed Property
Assigned Special Taxes
For Fiscal Year 2007-2008

Land Use Category	Taxable Parcel/Acre	Assigned Special Tax Per Parcel
1 – Single Family Property	RDU	\$ 1,049 per RDU
2. – Multifamily Property	RDU	\$ 795 per RDU
3 – Non – Residential Property	Acre	\$ 6,586 per Acre

For each Fiscal Year following Fiscal Year 2007-2008, the Assigned Special Tax shall increase by an amount equal to 2.00% of the Assigned Special Tax in effect for the prior Fiscal Year.

c. Backup Special Tax

(i) If the number of RDU of Single Family Property or Multifamily Property in a specific Final Map is equal to or greater than the proposed number of such RDUs listed in Table 2 below for the corresponding Final Map, the Backup Special Tax for each Parcel of Single Family Property and Multifamily Property that is Developed Property shall be the Assigned Special Tax for such Parcel at the time such Taxable Property becomes Developed Property.

(ii) If the number of RDUs of Single Family Property in a specific Final Map is less than the proposed number of RDU identified in Table 2 below for the corresponding Final Map, then the Backup Special Tax for each RDU of Single Family Property within said Final Map shall equal (x) the number of RDUs of Single Family Property identified in Table 2 below multiplied by the Assigned Special Tax for Single Family Property shown in Table 1, as increased in accordance with Section C.1.b., divided by (y) the number of RDUs of Single Family Property within such Final Map.

(iii) If the number of RDU of Single Family Property in a specific Final Map is subsequently changed or modified, then the Backup Special Tax shall be recalculated for each RDU of Single Family Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each such RDU of Single Family Property within such changed or modified area shall equal the aggregate Backup Special Tax within the changed or modified area prior to the change or modification in such Final Map divided by the number of RDUs of Single Family Property within such changed or modified area after the change or modification in such Final Map. For a Parcel of Single Family Property that is not changed or modified by changes or modifications to a Final Map, the Backup Special Tax shall not be recalculated.

(iv) If the number of RDU of Multifamily Property in a specific Final Map is less than the proposed number of RDU identified in Table 2 below for the corresponding Final Map, then the Backup Special Tax for each RDU of Multifamily Property within said Final Map shall equal (x) the number of RDUs of Multifamily Property identified in Table 2 below multiplied by the Assigned Special Tax for Multifamily Property shown in Table 1 as increased in accordance with Section C.1.b., divided by (y) the number of RDUs of Multifamily Property within such Final Map.

(v) If the number of RDUs of Multifamily Property in a specific Final Map is subsequently changed or modified, then the Backup Special Tax shall be recalculated for each RDU of Multifamily Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each such RDU of Multifamily Property within such changed or modified area shall equal the aggregate Backup Special Tax within the changed or modified area prior to the change or modification in such Final Map divided by the number of RDUs of Multifamily Property within such changed or modified area after the change or modification in such Final Map. For a Parcel of Multifamily Property that is not changed or modified by changes or modifications to a Final Map, the Backup Special Tax shall not be recalculated.

TABLE 2
Proposed Residential Dwelling
Units Per Tract

Final Map	Single Family RDU	Multifamily RDU
33170	140	0
32151	0	180
33307	41	0
30433	502	0
30694	81	0
30695	48	0
30695-1	59	0
30696-1	71	0
30696-F	38	0
30696-4	88	0
30696-2	69	0
Final Map	Single Family RDU	Multifamily RDU
30696-3	172	0
32289	197	0
32290-1	135	0
32290-2	166	0
32290-3	138	0
32290-4	267	0
32290-F	102	0
35328	38	0
28695	140	0
30430	117	0
32011	33	0
34324	0	122

For each Fiscal Year following Fiscal Year 2007-2008, the Backup Special Tax shall increase by an amount equal to 2.00% of the Backup Special Tax in effect for the prior Fiscal Year.

d. Multiple Land Use Property

In some instances a Parcel of Developed Property may be assigned to more than one Land Use Category. The Assigned Special Tax levied on such a Parcel shall be the sum of the Assigned Special Tax levies for all Land Use Categories located on such Parcel. The Backup Special Tax levied on a Parcel shall be the sum of the Backup Special Tax levies that can be imposed on all Land Use Categories located on such Parcel. The Maximum Special Tax

levied on a Parcel shall be the sum of the Maximum Special Tax levies that can be imposed on all Land Use Categories located on such Parcel.

For purposes of calculating the Backup Special Tax for each Land Use Category under such circumstances, the Acreage assigned to each Land Use Category shall be based on the proportion of Residential Floor Area or Non-Residential Floor Area that is built for each Land Use Category as compared with the Total Floor Area built on the Parcel. The Administrator shall determine all allocations made under this section, and all such allocations shall be final.

2. Approved Property

a. Maximum Special Tax

The Maximum Special Tax for each Parcel of Approved Property that is Single Family or Multifamily Property shall be the greater of: (i) the applicable Assigned Special Tax set forth in Table 3, or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax for each Parcel of Approved Property that is Non-Residential Property shall be the Assigned Special Tax set forth in Table 3, below.

b. Assigned Special Tax

For Fiscal Year 2007-2008, the Assigned Special Tax for each Parcel of Approved Property, except Multiple Land Use Property, shall be described in Table 3 below:

TABLE 3
Approved Property
Assigned Special Taxes
For Fiscal Year 2007-2008

Land Use Category	Taxable Parcel/Acre	Assigned Special Tax Per Parcel
1 – Single Family Property	RDU	\$ 1,049 per RDU
2. – Multifamily Property	RDU	\$ 795 per RDU
3 – Non – Residential Property	Acre	\$ 6,586 per Acre

For each Fiscal Year following Fiscal Year 2007-2008, the Assigned Special Tax shall increase by an amount equal to 2.00% of the Assigned Special Tax in effect for the prior Fiscal Year.

c. Backup Special Tax

(i) If the number of RDU of Single Family Property or Multifamily Property in a specific Final Map is equal to or greater than the proposed number of such RDUs listed in Table 2 above for the corresponding Final Map, the Backup Special Tax for each Parcel of Single Family Property and Multifamily Property that is Approved Property shall be the Assigned Special Tax for such Parcel at the time such Taxable Property becomes Approved Property.

(ii) If the number of RDU of Single Family Property in a specific Final Map is less than the proposed number of RDU identified in Table 2 above for the corresponding Final Map, then the Backup Special Tax for each RDU of Single Family Property

within said Final Map shall equal (x) the number of RDUs of Single Family Property identified in Table 2 above multiplied by the Assigned Special Tax for Single Family Property shown in Table 3, as increased in accordance with Section C.2.b., divided by (y) the number of RDUs of Single Family Property within such Final Map.

(iii) If the number of RDUs of Single Family Property in a specific Final Map is subsequently changed or modified, then the Backup Special Tax shall be recalculated for each RDU of Single Family Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each such RDU of Single Family Property within such changed or modified area shall equal the aggregate Backup Special Tax within the changed or modified area prior to the change or modification in such Final Map divided by the number of RDUs of Single Family Property within such changed or modified area after the change or modification in such Final Map. For a Parcel of Single Family Property that is not changed or modified by changes or modifications to a Final Map, the Backup Special Tax shall not be recalculated.

(iv) If the number of RDU of Multifamily Property in a specific Final Map is less than the proposed number of RDU identified in Table 2 above for the corresponding Final Map, then the Backup Special Tax for each RDU of Multifamily Property within said Final Map shall equal (x) the number of RDUs of Multifamily Property identified in Table 2 above multiplied by the Assigned Special Tax for Multifamily Property shown in Table 3 as increased in accordance with Section C.2.b., divided by (y) the number of RDUs of Multifamily Property within such Final Map.

(v) If the number of RDUs of Multifamily Property in a specific Final Map is subsequently changed or modified, then the Backup Special Tax shall be recalculated for each RDU of Multifamily Property within the changed or modified area of said Final Map such that the modified Backup Special Tax for each such RDU of Multifamily Property within such changed or modified area shall equal the aggregate Backup Special Tax within the changed or modified area prior to the change or modification in such Final Map divided by the number of RDUs of Multifamily Property within such changed or modified area after the change or modification in such Final Map. For a Parcel of Multifamily Property that is not changed or modified by changes or modifications to a Final Map, the Backup Special Tax shall not be recalculated.

For each Fiscal Year following Fiscal Year 2007-2008, the Backup Special Tax shall increase by an amount equal to 2.00% of the Backup Special Tax in effect for the prior Fiscal Year.

d. Multiple Land Use Property

In some instances a Parcel of Approved Property may be assigned to more than one Land Use Category. The Assigned Special Tax levied on such a Parcel shall be the sum of the Assigned Special Tax levies for all Land Use Categories located on such Parcel. The Backup Special Tax levied on a Parcel shall be the sum of the Backup Special Tax levies that can be imposed on all Land Use Categories located on such Parcel. The Maximum Special Tax levied on a Parcel shall be the sum of the Maximum Special Tax levies that can be imposed on all Land Use Categories located on such Parcel.

For purposes of calculating the Backup Special Tax for each Land Use Category under such circumstances, the Acreage assigned to each Land Use Category shall be based on the proportion of Residential Floor Area or Non-Residential Floor Area that is built for each Land

Use Category as compared with the Total Floor Area built on the Parcel. The Administrator shall determine all allocations made under this section, and all such allocations shall be final.

3. Undeveloped Property, Property Owners' Association Property and Public Property.

The Maximum Special Tax for each Parcel of Undeveloped Property, Property Owners' Association Property and Public Property is \$ 6,586 per Acre, times the Acreage of the Parcel.

For each Fiscal Year following Fiscal Year 2007-2008, the Maximum Special Tax for Undeveloped Property, Property Owners' Association Property and Public Property shall increase by an amount equal to 2.00% of the Maximum Special Tax in effect for the prior Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2007-2008 and for each following Fiscal Year, the Legislative Body shall levy the Special Tax on all Taxable Property in accordance with the following steps:

First: Prior to the issuance of Bonds, the Special Tax shall be levied on each Parcel of Developed Property at 100% of the applicable Assigned Special Tax to be applied to the cost of the facilities authorized to be financed by the CFD; subsequent to the issuance of the Bonds, the Special Tax shall be levied Proportionately on each Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax, as needed to satisfy the Special Tax Requirement;

Second: If additional moneys are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Parcel of Approved Property at up to 100% of the applicable Assigned Special Tax, as needed to satisfy the Special Tax Requirement;

Third: If additional moneys are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property at up to 100% of the applicable Maximum Special Tax as needed to satisfy the Special Tax Requirement;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied on each Parcel of Approved Property and/or Developed Property whose Maximum Special Tax is derived by the application of the Backup Special Tax, shall be increased Proportionately at up to 100% of the difference between the applicable Maximum Special Tax for each such Parcel less the applicable Assigned Special Tax for such Parcel as needed to satisfy the Special Tax Requirement;

Fifth: If additional moneys are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Property Owners' Association Property that is not Exempt Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Sixth: If additional moneys are needed to satisfy the Special Tax Requirement after the first five steps have been completed, the Special Tax shall be levied Proportionately on each Parcel of Public Property that is not Exempt Property, at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

Notwithstanding the above, under no circumstances shall the Special Taxes levied against any Parcel of Developed Property that is Residential Property be increased as a consequence of delinquency or default by the owner of any other Parcel or Parcels within the CFD by more than ten percent (10%).

E. EXEMPTIONS

Land conveyed or irrevocably offered for dedication to a public agency after formation of the CFD and not otherwise shown as or not exempt pursuant to this Section E, shall be subject to the levy of Special Tax pursuant to Section 53317.3 or 53317.5 of the Act.

Notwithstanding the above, the Special Tax shall not be imposed upon any of the following:

- (1) The Legislative Body shall not levy Special Taxes on up to 233.98 Acres of Public Property which include, but not limited to, public streets, water and sewer facilities, and/or flood control drainage channels but excluding Public Property owned by a public school district.
- (2) The Legislative Body shall not levy Special Taxes on up to 10.36 Acres of Public Property that is owned by a public school district.
- (3) In addition to the exempt Acres of Public Property included in (1) and (2) above, the Legislative Body shall not levy Special Taxes on up to 152.25 Acres of Public Property and/or Property Owners' Association Property that is property dedicated and restricted for the use as open space, park, public streets, recreation area or habitat reserve.
- (4) In addition to the exempt Acres of Property Owners' Association Property referenced in (3) above, the Legislative Body shall not levy Special Taxes on up to 6.95 Acres of Property Owners' Association Property that is dedicated and restricted for use as private streets or golf course.
- (5) The Legislative Body shall not levy Special Taxes on up to 16.50 Acres that has been or is required to be dedicated to a public agency, or non-profit entity pursuant to the Western Riverside County multi-species habitat conservation plan (MSHCP).

If the limit of Acres within one of the categories described in (1), (2) or (3), above, has not been reached, the Legislative Body may, at its discretion as and when it deems appropriate, reallocate and transfer all or a portion of the remaining Acres in said category to either of the other two categories.

After the limit of Acres within each of the above has been reached, the Special Tax obligation for any additional Public Property and/or Property Owners' Association Property acreage may be prepaid pursuant to the provision within Section H., below. Until the Special Tax obligation is prepaid as provided for in the preceding sentence, the Public Property and/or Property Owners' Association Property will be subject to the levy of the Special Tax as provided for in the fifth and sixth steps of Section D. above.

F. MANNER OF COLLECTION, PENALTIES, PROCEDURE & LIEN PRIORITY

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes and shall be subject to the same penalties, the same procedure, sale and lien priority in the case of delinquency; provided, however, that the CFD may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations, and if so collected, a delinquent penalty of 10% of the Special Tax will attach at 5:00 p.m. on the date the Special Tax becomes delinquent and interest at 1.5% per month of the Special Tax will attach on the July 1 after the delinquency date and the first of each month thereafter until redeemed.

G. APPEALS

Any owner of a Parcel claiming that the amount of the Special Tax levied on such Parcel is not correct and/or requesting a refund may file a written notice of appeal with the Administrator once the Special Tax in dispute has been paid but, not later than 12 months after the mailing of the property tax bill on which the Special Tax appears. The Administrator 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, convene the CFD Special Tax Review Board and decide the appeal. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any legal action by such owner.

H. PREPAYMENT OF SPECIAL TAX

No Special Tax prepayment in full or prepayment in part shall be allowed unless the amount of Maximum Special Taxes, based on the categorization and classification hereunder of all Parcels on the date of the calculation, that may be levied on Taxable Property in each Fiscal Year commencing with the Fiscal Year of the proposed prepayment is at least equal to the sum of: (a) 1.1 times the debt service on the Outstanding Bonds due in the calendar year which commences in such Fiscal Year; plus (b) the Assumed Administrative Expenses for such Fiscal Year.

The following definitions apply to this Section H:

“**CFD Public Facilities**” means \$33,992,560 expressed in 2007 dollars, based on proposed TUMF and RBBD fees by the Riverside County Transportation Land Management Agency and the Western Riverside Council of Governments or such lower number as i) shall be determined by the Administrator as sufficient to provide the public facilities under the authorized bonding program of the CFD, or ii) shall be determined by the Legislative Body concurrently with a covenant that it will not issue any more Bonds to be supported by Special Tax levied under this Amended and Restated Rate and Method of Apportionment.

“**Construction Fund**” means a fund or an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

“**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 Administrator 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 escrow accounts or funded by the Outstanding Bonds as defined in Section A, 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 Taxes, which will remain outstanding after the first interest and/or principal payment date following the current Fiscal Year, excluding Bonds to be redeemed at a later date with the proceeds of prior prepayments of Special Taxes.

1. Prepayment in Full

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

The Prepayment Amount (defined below) shall equal the sum of the amount as identified below (capitalized terms as defined below):

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

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

1. Confirm that no Special Tax delinquencies apply to such Parcel.
2. For Parcels of Approved Property and/or Developed Property, compute the Maximum Special Tax obligation for the current Fiscal Year for the Parcel. For Parcels of Undeveloped Property, compute the Maximum Special Tax obligation for the current Fiscal Year for the Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Parcel. For Parcels of Public Property and/or Property Owners' Association Property to be prepaid, compute the Maximum Special Tax for the current Fiscal Year for the Parcel.
3. Divide the Maximum Special Tax obligation derived pursuant to paragraph 2 by the total calculated Maximum Special Taxes for the current Fiscal Year for the entire CFD.
4. Multiply the quotient derived pursuant to paragraph 3 by the principal amount of the Outstanding Bonds to determine the amount of Outstanding Bonds to be redeemed with the Prepayment Amount (the "*Bond Redemption Amount*").
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
6. Determine the Future Facilities Costs.

7. Multiply the quotient derived pursuant to paragraph 3 by the amount derived pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Parcel (the "*Future Facilities Amount*").
8. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds on which Bonds can be redeemed from Special Tax prepayments.
9. Determine the Special Tax levied on the Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the amount the Administrator reasonably expects to derive from the investment of the Bond Redemption Amount, the Redemption Premium and the amount derived pursuant to paragraph 8, from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the Prepayment Amount.
11. Add the amounts derived pursuant to paragraphs 8 and 9 and subtract the amount derived pursuant to paragraph 10 (the "*Defeasance Amount*").
12. Verify the administrative fees and expenses, including the costs of computation of the Prepayment Amount, the costs to invest the Prepayment Amount, the costs of redeeming the Outstanding Bonds, and the costs of recording notices to evidence the prepayment of the Maximum Special Tax obligation for the Parcel and the redemption of Outstanding Bonds (the "*Administrative Fees and Expenses*").
13. The reserve fund credit (the "*Reserve Fund Credit*") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Future Facilities Amount, the Defeasance Amount and the Administrative Fees and Expenses, less the Reserve Fund Credit (the "*Prepayment Amount*").
15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and the Defeasance Amount shall be deposited into the appropriate fund as established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments. The Future Facilities Amount shall be deposited into the Construction Fund. The Administrative Fees and Expenses shall be retained by the CFD.

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

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the Administrator shall remove the current Fiscal Year's Special Tax levy for the prepaying Parcel from the County tax rolls. With respect to any Parcel for which the Special Tax obligation is prepaid, the Legislative Body shall cause a suitable notice to be recorded in compliance

with the Act, to indicate the prepayment of Special Tax and the release of the Special Tax lien for the Parcel, and the obligation of the Parcel to pay the Special Tax shall cease.

2. Prepayment in Part

The Maximum Special Tax on a Parcel of Developed Property or Approved Property may be partially prepaid in increments of \$2,500. For purposes of determining the partial prepayment amount, the provision of Section H.1 or H.2 shall be modified as provided by the following formula:

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

These terms have the following meaning:

- PP = the partial prepayment
- P_E = the Prepayment Amount calculated according to Section H.1 or H.2
- F = the percent by which the owner of the Parcel(s) is partially prepaying the Maximum Special Tax obligation.
- A = the Administrative Fees and Expenses determined pursuant to Section H.2

With respect to any Parcel for which the Maximum Special Tax obligation is partially prepaid, the Administrator shall (i) distribute the Partial Prepayment as provided in Paragraph 13 of Section H.2, and (ii) indicate in the records of the CFD that there has been a Partial Prepayment for the Parcel and that a portion of the Maximum Special Tax obligation equal to the remaining percentage (1.00 - F) of the Maximum Special Tax obligation will, and the Special Tax shall continue on the Parcel pursuant to Section D.

I. TERM OF THE SPECIAL TAX

Special Taxes shall be levied for the period necessary to satisfy the Special Tax Requirement, but in no event shall Special Taxes be levied after Fiscal Year 2044-2045.

APPENDIX B

GENERAL INFORMATION CONCERNING THE COUNTY OF RIVERSIDE

The following information concerning the County of Riverside (the “County”) is presented as general background information. The Bonds are not general obligations of the County but are special obligations of Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside (the “Community Facilities District”), as more fully described in this Official Statement, and the taxing power of the County is not pledged to the payment of the Bonds.

Population

According to the State Department of Finance, Demographic Research Unit, the County’s population was estimated at 2,442,304 as of January 1, 2020, representing an approximately 0.9% increase over the County’s population as estimated for the prior year, compared to the statewide population decrease of 0.4% for the same period. For the period of April 1, 2010 to January 1, 2020, the County’s population grew by approximately 11.54%.

The following table sets forth annual population figures, as of January 1 of each year, for cities located within the County for each of the years listed:

COUNTY OF RIVERSIDE
POPULATION OF CITIES WITHIN THE COUNTY
(As of January 1)

<i>City</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Banning	30,967	31,170	30,950	31,044	31,125
Beaumont	45,617	46,730	46,545	48,401	51,475
Blythe	19,008	19,027	19,651	19,428	19,255
Calimesa	8,212	8,567	9,080	9,159	9,329
Canyon Lake	10,728	10,882	11,213	11,285	11,000
Cathedral City	53,842	54,296	54,466	54,907	53,580
Coachella	44,940	45,273	45,777	46,351	47,186
Corona	163,341	166,819	167,013	168,101	168,248
Desert Hot Springs	29,252	29,347	29,102	29,251	29,660
Eastvale	62,147	63,720	65,725	66,078	66,413
Hemet	80,997	82,417	84,423	84,754	85,175
Indian Wells	5,512	5,549	5,389	5,445	5,403
Indio	85,233	86,632	88,194	89,406	90,751
Jurupa Valley	101,412	103,661	104,661	106,318	107,083
Lake Elsinore	61,422	62,487	62,241	62,949	63,453
La Quinta	39,899	40,605	41,753	42,098	40,660
Menifee	87,608	89,552	90,775	93,452	97,093
Moreno Valley	202,621	204,285	206,046	208,297	208,838
Murrieta	110,166	111,793	116,970	118,125	115,561
Norco	26,727	26,799	26,464	26,386	27,564
Palm Desert	51,250	52,058	53,298	53,625	52,986
Palm Springs	46,534	47,157	48,390	48,733	47,427
Perris	76,070	77,311	76,260	76,971	80,201
Rancho Mirage	18,369	18,579	18,297	18,489	19,114
Riverside	320,226	323,190	326,270	328,101	328,155
San Jacinto	47,085	47,560	47,607	48,878	51,028
Temecula	110,536	112,040	113,248	113,826	111,970
Wildomar	<u>35,270</u>	<u>35,882</u>	<u>35,635</u>	<u>36,066</u>	<u>37,183</u>
TOTALS					
Incorporated	1,974,991	2,003,388	2,025,443	2,045,924	2,056,916
Unincorporated	<u>371,726</u>	<u>379,252</u>	<u>387,093</u>	<u>394,200</u>	<u>385,388</u>
County-Wide	<u>2,346,717</u>	<u>2,382,640</u>	<u>2,412,536</u>	<u>2,440,124</u>	<u>2,442,304</u>
California	39,179,627	39,500,973	39,740,508	39,927,315	39,782,870

Source: State Department of Finance, Demographic Research Unit.

INDUSTRY AND EMPLOYMENT

The County is a part of the Riverside-San Bernardino Primary Metropolitan Statistical Area (“PMSA”), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the PMSA has large and growing commercial and service sector employment, as reflected in the following table.

The following table represents the Annual Average Labor Force and Industry Employment for the period from 2015 through 2019.

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

	2015	2016	2017	2018	2019
Civilian Labor Force	1,954,200	1,983,300	2,017,700	2,053,400	2,071,800
Civilian Employment	1,825,800	1,865,200	1,914,900	1,966,800	1,988,600
Civilian Unemployment	128,500	118,000	102,800	86,600	83,200
Civilian Unemployment Rate	6.6%	6.0%	5.1%	4.2%	4.0%
Total Farm	14,800	14,600	14,500	14,500	15,100
Total Nonfarm	1,354,400	1,403,300	1,454,900	1,506,700	1,541,800
Total Private	1,121,100	1,161,000	1,203,900	1,249,500	1,281,300
Goods Producing	183,100	191,600	197,600	207,500	208,300
Mining and Logging	1,300	900	1,000	1,200	1,200
Construction	85,700	92,000	97,400	105,200	105,900
Manufacturing	96,200	98,700	99,200	101,100	101,200
Service Providing	1,171,200	1,211,700	1,257,300	1,299,300	1,333,500
Trade, Transportation and Utilities	333,100	347,900	365,500	379,600	390,700
Wholesale Trade	60,500	61,600	62,600	65,500	66,700
Retail Trade	174,400	178,300	180,900	181,200	181,300
Transportation, Warehousing and Utilities	98,100	108,000	122,100	132,900	142,800
Information	11,700	11,800	11,600	11,400	11,500
Financial Activities	43,700	44,300	43,900	43,800	44,200
Professional and Business Services	147,400	144,900	146,900	151,400	155,500
Educational and Health Services	206,300	215,700	226,700	239,500	250,100
Leisure and Hospitality	151,700	160,200	166,300	170,600	175,200
Other Services	44,000	44,600	45,400	45,800	45,800
Government	<u>233,300</u>	<u>242,300</u>	<u>251,000</u>	<u>257,200</u>	<u>260,500</u>
Total, All Industries	<u>1,369,100</u>	<u>1,417,900</u>	<u>1,469,400</u>	<u>1,521,200</u>	<u>1,556,900</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 B.

Source: State of California, Employment Development Department, March 2019 Benchmark.

The following table summarizes the labor force, employment and unemployment figures for the period from 2015 through 2019 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⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate (%)⁽³⁾</i>
2015				
Riverside County	1,034,200	965,000	69,300	6.7%
State of California	18,851,100	17,681,800	1,169,200	6.2
United States ⁽⁴⁾	157,130,000	148,834,000	8,296,000	5.3
2016				
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 ⁽⁴⁾	159,187,000	151,436,000	7,751,000	4.9
2017				
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 ⁽⁴⁾	160,320,000	153,337,000	6,982,000	4.4
2018				
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 ⁽⁴⁾	162,075,000	155,761,000	6,314,000	3.9
2019				
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 ⁽⁴⁾	163,539,000	157,538,000	6,001,000	3.7

⁽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 2019 Benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

Largest Employers

The following table shows the largest employers located in the County as of Fiscal Year ending June 30, 2019.

LARGEST EMPLOYERS County of Riverside (As of June 30, 2019)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	County of Riverside	21,215	County Government
2.	March Air Reserve Base	9,000	Military Reserve Base
3.	University of California-Riverside	8,735	University
4.	Kaiser Permanente Riverside Medical Center	5,592	Medical Center
5.	Corona-Norco Unified School District	4,989	School District
6.	Pechanga Resort and Casino	4,683	Casino & Resort
7.	Riverside Unified School District	4,335	School District
8.	Hemet Unified School District	4,302	School District
9.	Eisenhower Medical Center	3,743	Medical Center
10.	Moreno Valley Unified School District	3,684	School District

Source: County of Riverside Comprehensive Annual Financial Report for the year ending June 30, 2019.

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 23% between 2014 and 2018. The following tables summarize personal income for Riverside County for 2014 through 2018.

PERSONAL INCOME Riverside County 2014-2018 (Dollars in Thousands)

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2014	\$80,555,648	N/A
2015	86,033,655	6.8%
2016	90,385,180	5.1
2017	94,210,345	4.2
2018	99,591,680	5.7

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⁽¹⁾

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2014	\$34,753	\$52,363	\$47,071
2015	36,642	55,808	48,994
2016	37,936	57,801	49,890
2017	38,975	60,219	51,910
2018	40,637	63,711	54,526
2019 ⁽¹⁾	n/a	66,661	56,663

⁽¹⁾ Data for 2019 is preliminary.

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

Commercial Activity

Commercial activity is an important factor in the County’s economy. Much of the County’s commercial activity is concentrated in central business districts or small neighborhood commercial centers in cities. There are five regional shopping malls in the County: Galleria at Tyler (Riverside), Hemet Valley Mall, Westfield Palm Desert Shopping Center, Moreno Valley Mall and the Promenade at Temecula. There are also two factory outlet malls (Desert Hills Factory Stores and Lake Elsinore Outlet Center) and over 200 area centers in the County.

The table below presents taxable sales for the years 2014 through 2019 for the County.

TAXABLE SALES
County of Riverside
2014-2019
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2014	48,453	\$32,035,687
2015 ⁽¹⁾	56,846	32,910,909
2016	57,742	34,231,143
2017	58,969	34,132,814
2018	61,433	38,919,497
2019	64,063	40,557,844

⁽¹⁾ Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.

Source: “Taxable Sales in California (Sales & Use Tax)” - California State Board of Equalization for 2014; Taxable Sales in California, California Department of Tax and Fee Administration for 2015-2019.

Building and Real Estate Activity

The table below sets forth a summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) from 2015 through 2019.

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

	2015	2016	2017	2018	2019
Valuation (\$000):					
Residential	\$1,536,742	\$1,759,535	\$1,903,417	\$2,558,081	\$2,275,405
Non-residential	911,465	1,346,019	1,433,691	1,959,680	1,285,856
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	1,189	1,039	1,070	1,628	1,778
Total	6,196	6,701	7,335	9,168	8,341

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

Agriculture*

In 2018, principal agricultural products were nursery stock, milk, table grapes, lemons, bell peppers, dates, eggs, hay, grapefruits and avocados.

Four areas in the County account for a major portion of the agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border.

The County, and all of Southern California, experienced a severe drought between 2011 and 2015. See "—Environmental Control Services" below. The County cannot predict the impact that a future prolonged drought would have on agricultural production in the County.

The following table sets forth the value of agricultural production in the County for the years 2014 through 2018.

COUNTY OF RIVERSIDE VALUE OF AGRICULTURAL PRODUCTION

	2014	2015	2016	2017	2018
Citrus Fruits	\$ 170,891,000	\$ 199,772,000	\$ 200,101,000	\$ 177,055,000	\$ 170,775,000
Trees and Vines	223,593,000	234,928,000	227,444,000	228,315,000	249,150,000
Vegetables, Melons, Misc.	337,404,000	327,199,000	365,157,000	331,986,000	371,570,000
Field and Seed Crops	156,575,000	122,794,000	97,184,000	96,063,000	93,282,000
Nursery	172,910,000	158,648,000	150,426,000	153,749,000	165,758,000
Apiculture	4,819,000	4,897,000	5,082,000	5,415,000	5,473,000
Aquaculture	5,078,000	5,397,000	4,624,000	4,764,000	4,732,000
Livestock and Poultry	290,746,000	260,015,000	225,758,000	221,175,000	238,468,000
Grand Total	<u>\$ 1,362,016,000</u>	<u>\$ 1,313,650,000</u>	<u>\$ 1,275,776,000</u>	<u>\$ 1,218,522,000</u>	<u>\$ 1,299,208,000</u>

(1) The last data for which information is available.
Source: Riverside County Agricultural Commissioner.

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwest from Riverside through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County's desert cities and Arizona. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County. Riverside 91 Express Lanes that connect with the OCTA SR-91 Express Lanes at the Orange County/Riverside County line and continue to the Interstate 15/State Route 91 interchange opened in March 2017. When travelling along State Route 91 through Corona, vehicles are able to use either the tolled express lanes or the free general purpose lanes; vehicles soon will have a similar choice when travelling along the northern part of Interstate 15 in Riverside County. Riverside 15 Express Lanes from State Route 60 in Eastvale and Jurupa Valley to Cajalco Road in Corona are currently under construction and are expected to open later in 2020.

Metrolink provides commuter rail service to Los Angeles, San Bernardino and Orange Counties from nine stations in western Riverside County, including the Perris Valley area. Transcontinental passenger rail service is provided by Amtrak with stops in Riverside and Palm Springs. Freight service to major west coast and national markets is provided by two transcontinental railroads – Union Pacific Railroad and the BNSF Railway Company. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. There are also four municipal transit operators in the western County providing services within the cities of Banning, Beaumont, Corona and Riverside. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, servicing the area from Desert Hot Springs to Oasis and from Palm Springs to Riverside. The Palo Verde Valley Transit Agency provides service in the far eastern portion of the County (City of Blythe and surrounding communities).

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Ontario International Airport Authority and was transferred by the City of Los Angeles to the joint powers authority in October 2016. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe, Chiriaco-Summit, and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. The March AFB Joint Powers Authority (the "JPA"), comprised of the County and the Cities of Riverside, Moreno Valley and Perris, is responsible for planning and developing joint military and civilian use. The JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

Education

There are three elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in the County. Approximately ninety percent of all K-12 students attend schools in the unified school districts. The three largest unified school districts are Corona-Norco Unified School District, Riverside Unified School District and Moreno Valley Unified School District.

There are nine two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley, Palo Verde Valley, Banning and Temecula. There are also three universities located in the City of Riverside – the University of California, Riverside

(“UCR”), La Sierra University and California Baptist University. The City of Palm Desert also has a UCR campus and California State University, San Bernardino campus.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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

APPENDIX D

**FORM OF CONTINUING DISCLOSURE AGREEMENT
OF COMMUNITY FACILITIES DISTRICT**

Upon delivery of the Series 2020 Bonds, the Community Facilities District expects to enter into a Continuing Disclosure Agreement with respect to the Series 2020 Bonds in substantially the following form:

[TO BE INSERTED BY BOND COUNSEL]

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Bond Counsel will deliver an opinion for the 2020 Bonds substantially in the form set forth below.

[Closing Date]

Community Facilities District No. 07-2 (Clinton Keith)
of the County of Riverside
Riverside, California

Re: \$_____ *Community Facilities District No. 07-2 (Clinton Keith) of the County of
Riverside Special Tax Bonds, Series 2020*

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the County of Riverside taken in connection with the formation of Community Facilities District No. 07-2 (Clinton Keith) of the County of Riverside (the “District”) and the authorization and issuance of the District’s Special Tax Bonds, Series 2020, in the aggregate principal amount of \$_____ (the “Bonds”) and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the District, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), and Indenture dated as of August 1, 2015, as supplemented by that certain First Supplement to Indenture, dated as of June 1, 2017, and that certain Second Supplemental Indenture dated as of November 1, 2020, (collectively, the “Indenture”), each by and between the District and U.S. Bank National Association, as trustee (the “Trustee”). All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

The Bonds are dated their date of delivery and mature on the dates and in the amounts set forth in the Indenture. The Bonds bear interest payable semiannually on each March 1 and September 1, commencing on March 1, 2021, at the rates per annum set forth in the Indenture. The 2020 Bonds are registered 2020 Bonds in the form set forth in the Indenture, redeemable in the amounts, at the times and in the manner provided for in the Indenture.

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

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

(2) The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses and we express no opinion as to any provisions with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

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

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

(6) The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

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

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 call attention to the fact that the rights and obligations of the District under the Indenture and the Bonds are subject to and may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

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.

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

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

Respectfully submitted,

APPENDIX F

BOOK-ENTRY AND DTC

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Community Facilities District believes to be reliable, but the Community Facilities District 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. Reference made to www.dttc.com is presented as a link for additional information regarding DTC and is not a part of this Official Statement.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Community Facilities District No 07-2 (Clinton Keith) of the County of Riverside Special Tax Bonds, Series 2017 (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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal of such issue.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Community Facilities 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 Community Facilities 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 nor its nominee, the Trustee, or the Community Facilities 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 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 Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Community Facilities District believes to be reliable, but the Community Facilities District takes no responsibility for the accuracy thereof.

APPENDIX G
BOUNDARIES