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PRELIMINARY OFFICIAL STATEMENT DATED _____, 2024

NEW ISSUE – BOOK-ENTRY ONLY

NO RATING

In the opinion of Best Best & Krieger LLP, Riverside, California (“Bond Counsel”), subject, however, to certain qualifications described in this Official Statement, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the Bonds is excluded from gross income for federal income tax purposes, and interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, for tax years beginning after December 31, 2022, interest on the Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income tax. See “LEGAL MATTERS — Tax Exemption.”

County of Riverside

State of California

\$26,000,000*

**COMMUNITY FACILITIES DISTRICT NO. 2018-1
(BEDFORD) (IMPROVEMENT AREA NO. 2) OF THE CITY OF CORONA
2024 SPECIAL TAX BONDS**

Dated: Date of Delivery

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

The Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of Corona 2024 Special Tax Bonds (the “Bonds”) are being issued and delivered to (i) finance various public improvements needed with respect to the development within Community Facilities District No. 2018-1 (Bedford) of the City of Corona, County of Riverside, State of California (the “District”), (ii) fund a reserve fund securing the Bonds; and (iii) pay costs of issuance of the Bonds. The District has been formed and Improvement Area No. 2 (“Improvement Area No. 2”) has been designated by the City of Corona (the “City”) and is located in the southeastern portion of the City, in the County of Riverside, California (the “County”).

The 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 a Fiscal Agent Agreement, dated as of August 1, 2024 (the “Fiscal Agent Agreement”), by and between the City, for and on behalf of the District, and The Bank of New York Mellon Trust Company, N.A. as fiscal agent (the “Fiscal Agent”). The Bonds are special obligations of the City and the District and are payable solely from revenues derived from certain annual Special Taxes (as defined in this Official Statement) to be levied on and collected from the owners of certain taxable land within Improvement Area No. 2 and from certain other funds pledged under the Fiscal Agent Agreement, all as further described in this Official Statement. The Special Taxes are to be levied according to the Rate and Method of Apportionment for Improvement Area No. 2 approved by the City Council of the City and the qualified electors within Improvement Area No. 2. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes” and APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” The City Council of the City is the legislative body of the District.

The 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 of the Bonds may be made in integral multiples of \$5,000 and will be in book-entry form only. Purchasers of the Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described in this Official Statement. Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing March 1, 2025. Principal of and interest on the Bonds will be paid by the Fiscal Agent to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Bonds. See “THE BONDS — General Provisions,” “— Book-Entry Only System” and APPENDIX G — “INFORMATION CONCERNING DTC.”

Neither the faith and credit nor the taxing power of the City, the County, the State of California or any political subdivision of such entities is pledged to the payment of the Bonds. Except for the Special Tax Revenues (as defined herein), no other taxes are pledged to the payment of the Bonds. The Bonds are special obligations of the City and the District payable solely from Special Taxes and certain other amounts held under the Fiscal Agent Agreement as more fully described in this Official Statement.

The Bonds are subject to optional redemption, mandatory redemption prior to maturity from special tax prepayments and mandatory sinking fund redemption as described in this Official Statement. See “THE BONDS — Redemption.”

Investment in the Bonds involves risks that are not appropriate for certain investors. Certain events could affect the ability of the City to pay the principal of and interest on the Bonds when due. See the section of this Official Statement entitled “RISK FACTORS” for a discussion of certain risk factors that should be considered, in addition to the other matters set forth in this Official Statement, when evaluating the investment quality of the Bonds.

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

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

The Bonds are offered when, as and if issued and accepted by Stifel, Nicolaus & Company, Incorporated, the Underwriter, subject to approval as to their legality by Best Best & Krieger LLP, Riverside, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the City and the District by the City Attorney and by Stradling Yocca Carlson & Rauth LLP, Newport Beach,

* Preliminary, subject to change.

California, as Disclosure Counsel, for the Underwriter by Anzel Galvan LLP, San Francisco, California, as counsel to the Underwriter, and for the Fiscal Agent by its counsel. It is anticipated that the Bonds in book-entry form will be available for delivery to DTC in New York, New York, on or about _____, 2024.

[STIFEL LOGO]

Dated: _____, 2024.

**COMMUNITY FACILITIES DISTRICT NO. 2018-1
(BEDFORD) (IMPROVEMENT AREA NO. 2) OF THE CITY OF CORONA
2024 SPECIAL TAX BONDS**

**Base CUSIP No.[†] 219680
\$_____ 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>
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\$ _____	% Term Bonds due September 1, 20__	Yield: _____%	Price: _____	CUSIP No. [†] _____
\$ _____	% Term Bonds due September 1, 2054	Yield: _____%	Price: _____	CUSIP No. [†] _____

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the City, the District or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. None of the City, the District or the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

CITY OF CORONA
MAYOR AND CITY COUNCIL

Tom Richins, Mayor
Jim Steiner, Vice Mayor
Jacque Casillas, Council Member
Tony Daddario, Council Member
Wes Speake, Council Member

CITY STAFF

Jacob Ellis, City Manager
Chad Willardson, City Treasurer
Kim Sitton, Finance Director
Dean Derleth, Esq., City Attorney

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Riverside, California

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CSG Advisors Incorporated
San Francisco, California

SPECIAL TAX CONSULTANT

Spicer Consulting Group, LLC
Murrieta, California

APPRAISER

Kitty Siino & Associates, Inc.
Tustin, California

FISCAL AGENT

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

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

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described in this Official Statement, are intended solely as such and are not to be construed as representations of fact. This Official Statement, including any supplement or amendment to this Official Statement, is intended to be deposited with the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found at www.emma.msrb.org.

The information set forth in this Official Statement which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the City or the District. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the District or any other parties described in this Official Statement since the date of this Official Statement. All summaries of the Fiscal Agent Agreement 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 made by this Official Statement to such documents on file with the City for further information. While the City maintains an Internet website for various purposes, none of the information on that website is incorporated by reference in this Official Statement or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the City. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

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

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

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. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions “IMPROVEMENT AREA NO. 2,” “PROPERTY OWNERSHIP AND THE DEVELOPMENT” and “THE MERCHANT BUILDERS.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

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

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[DISTRICT VICINITY MAP]

[DISTRICT LOCATION MAP]

[AERIAL PHOTO]

\$26,000,000*
COMMUNITY FACILITIES DISTRICT NO. 2018-1
(BEDFORD) (IMPROVEMENT AREA NO. 2) OF THE CITY OF CORONA
2024 SPECIAL TAX BONDS

INTRODUCTION

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. A full review should be made of the entire Official Statement. The sale and delivery of Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in APPENDIX D — “SUMMARY OF FISCAL AGENT AGREEMENT — DEFINITIONS” or APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

General

The purpose of this Official Statement (the “Official Statement”) is to provide certain information concerning the issuance of the \$26,000,000* Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of Corona 2024 Special Tax Bonds (the “Bonds”). The proceeds of the Bonds will be used to (i) finance various public improvements needed with respect to the development within Community Facilities District No. 2018-1 (Bedford) of the City of Corona, County of Riverside, State of California (the “District”); (ii) fund a reserve fund securing the Bonds; and (iii) pay costs of issuance of the Bonds.

The 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 a Fiscal Agent Agreement, dated as of August 1, 2024 (the “Fiscal Agent Agreement”), by and between the City of Corona (the “City”), for and on behalf of the District, and The Bank of New York Mellon Trust Company, N.A. (the “Fiscal Agent”). The Bonds are secured under the Fiscal Agent Agreement by a pledge of and lien upon Special Tax Revenues (as defined in this Official Statement) and all moneys in the Bond Fund, the Special Tax Fund (excluding the Surplus Account) and the Reserve Fund, to the extent set forth in the Fiscal Agent Agreement.

The District and Improvement Area No. 2

The District is located southwest of the Interstate 15 freeway and Eagle Glen Parkway in the southeastern portion of the City. The District consists of approximately 276 acres and is generally coterminous with the boundaries of a new master-planned community known as “Bedford.” At build-out, Bedford is expected to include approximately 1,543 homes. A portion of a retail and commercial center is located in the District. Such retail center includes approximately 135,000 square feet of shopping and dining space and a hotel. Arantine Hills Holdings LP, a Delaware limited partnership (the “Developer”) is the master developer of property in the District. Prior to July 2020, the Developer was an affiliated entity of the New Home Company (as defined below), one of the merchant builders within Improvement Area No. 1. In July 2020, such affiliated entity of the New Home Company sold its interest in the Developer. In July 2020, the Developer contracted with Pacific Ventures Management LLC, to manage the development within the District.

Improvement Area No. 2 of the District includes approximately 54 gross acres and consists of the second phase of the residential development within Bedford. The first phase of Bedford is included within Improvement Area No. 1 of the District. Development within Improvement Area No. 1 is complete with 393

* Preliminary, subject to change..

homes owned by individual homeowners. Special taxes levied within Improvement Area No. 1 do not secure, and cannot be used to pay, debt service on the Bonds.

The property within Improvement Area No. 2 is included within Tract Map Nos. 27644 and 37644 and is planned for 486 single family homes. The property within Improvement Area No. 2 which is not subject to the levy of the Special Tax consists primarily of public property. See “IMPROVEMENT AREA NO. 2 — General Description of the District and Improvement Area No. 2” and APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

Formation Proceedings. The District was formed and Improvement Area Nos. 1 through 5 were designated therein, by the City pursuant to the Act. The District constitutes a governmental entity separate and apart from the City.

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 community facilities district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency which forms a community facilities district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district or any improvement area designated therein to repay such indebtedness.

Pursuant to the Act, on May 2, 2018, the City Council adopted Resolution No. 2018-021 (the “Resolution of Intention”), stating its intention to form the District, designate the five improvement areas, and authorize the levy of a special tax on the taxable property within each of such improvement areas. On May 2, 2018, the City Council also adopted Resolution No. 2018-022, stating its intention to incur bonded indebtedness in an aggregate principal amount, with respect to Improvement Area No. 2, not to exceed \$26,000,000, for the purpose of financing the acquisition or construction of certain public facilities to serve the area within the District and its neighboring areas. See “IMPROVEMENT AREA NO. 2 — Description of Authorized Facilities

Subsequent to a noticed public hearing, the City Council adopted Resolution Nos. 2018-035 and 2018-036 on June 20, 2018 (the “Resolution of Formation” and the “Resolution to Incur Debt,” respectively) which established the District, designated the five improvement areas, authorized the levy of special taxes within each of such improvement areas, determined the necessity to incur bonded indebtedness of the District with respect to each of such improvement areas, and called an election within each of such improvement areas on the propositions of incurring bonded indebtedness, levying special taxes and setting an appropriations limit within the District.

On June 20, 2018, an election was held within Improvement Area No. 2 at which the landowners within Improvement Area No. 2 eligible to vote approved the issuance of bonds for the District with respect to Improvement Area No. 2 in an amount not to exceed \$26,000,000. A Notice of Special Tax Lien for Improvement Area No. 2 was recorded in the office of the County Recorder on June 26, 2018 as Document No. 2018-0256722. On July 5, 2018, the City Council, acting as the legislative body of the District, adopted Ordinance No. 3278 (the “Ordinance”) which authorizes the levy within Improvement Area No. 2 of special taxes pursuant to the Rate and Method of Apportionment of Special Tax for Improvement Area No. 2 approved at the June 20, 2018 election (the “Rate and Method”), a copy of which is attached as APPENDIX A.

Section H of the Rate and Method provides for the process by which the District shall, upon the issuance of the Bonds, reduce the Assigned Special Tax A and Backup Special Tax A rates for any Plan Type in a Land Use Class in a Zone such that the Total Effective Tax Rate (as such terms are defined in the Rate and Method) for such Plan Type will not exceed 1.85%. In accordance with Section H of the Rate and Method, the City caused a price point study dated May 24, 2024 (the “Price Point Study”) to be prepared by Empire

Economics, Inc. Capistrano Beach, California. Based on the Price Point Study, none of the Assigned Special Tax A and Backup Special Tax A rates will be reduced in accordance with the Rate and Method.

Property Ownership and Development Status

Improvement Area No. 2 of the District encompasses a portion of Bedford. Bedford is currently planned for approximately 1,543 residential units, a 10-acre commercial site with approximately 135,000 square feet of retail uses, 57 acres of open space and seventeen acres of parks and trails. Improvement Area No. 2 is the second phase of Bedford and is planned for 486 for-sale market-rate residential units in six neighborhoods. Development within Improvement Area No. 1 is complete with 393 homes owned by individual homeowners.

As further described below, the residential units planned within Improvement Area No. 2 include single family detached homes and attached product types. The backbone infrastructure to complete the development in Improvement Area No. 2 is complete with all remaining lots planned for homes in a finished status. The in-tract infrastructure within the merchant builders' projects are also substantially complete.

The Developer is not a homebuilder and has conveyed all property within Improvement Area No. 2 planned for homebuilding to four merchant builders (and with respect to one of the merchant builders, to such builder's landbank). Such merchant builders are: Beazer Homes Holdings, LLC, a Delaware limited liability company ("Beazer Homes"), The New Home Company Southern California LLC, a Delaware limited liability company ("New Home Company"), Tri Pointe Homes Holdings, Inc., a Delaware corporation ("Tri Pointe") and Taylor Morrison of California, LLC, a California limited liability company ("Taylor Morrison").

As of May 24, 2024, the merchant builders within Improvement Area No. 2 had completed and conveyed 248 of the 486 planned homes to individual homeowners. As of such date, Beazer, New Home Company, Tri Pointe and Taylor Morrison owned lots for 60, 29, 82 and 27 homes, respectively, and Bedford – Corona, L.P., a Delaware limited partnership (the "Hearthstone Tri Pointe Landbank"), as land bank for Tri Pointe, owned lots for 40 homes. As of such date, 394 building permits for 486 of the planned homes in Improvement Area No. 2 had been issued. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT" and "THE MERCHANT BUILDERS."

A number of parks and recreational facilities are planned within the District which will serve the Bedford community as a whole. Completed recreational facilities that serve the Bedford community include the Hudson House with amenities such as a multi-purpose building, swimming pools and a park, and the Shed with amenities such as a multi-purpose builder, swimming pool and a park. The Hudson House is located outside of Improvement Area No. 2 and the Shed is located within Improvement Area No. 2. The recreational facilities within Improvement Area No. 2 are owned and operated by the Bedford homeowner's association and are not subject to the Special Tax levy.

Appraisal Report

Kitty Siino & Associates, Inc. (the "Appraiser") has conducted an Appraisal of the land within Improvement Area No. 2 subject to the Special Tax (the "Appraisal Report"). The Appraisal Report sets forth an estimate of the market value of the fee simple interest of the taxable land and improvements within Improvement Area No. 2. The Appraiser is of the opinion that, based upon the assumptions and conditions contained in the Appraisal Report, the minimum market value of the taxable land and improvements in existence within Improvement Area No. 2, as of May 24, 2024 (the "Date of Value"), was \$251,982,896. This estimate of value results in an overall appraised value-to-lien ratio within Improvement Area No. 2 of approximately 9.69-to-1* for Improvement Area No. 2 based on the estimated amount of land secured debt allocated to parcels within Improvement Area No. 2 (which upon the issuance of the Bonds, is expected to

* Preliminary, subject to change.

only include the Bonds). See “IMPROVEMENT AREA NO. 2 — Appraisal Report,” “RISK FACTORS — Parity Taxes and Special Assessments” and APPENDIX B — “APPRAISAL REPORT.”

Sources of Payment for the Bonds

Special Taxes. The Special Tax is that tax which has been authorized to be levied against certain land within Improvement Area No. 2 pursuant to the Act and in accordance with the Rate and Method to satisfy the Special Tax A Requirement (as defined in the Rate and Method). “Special Tax Revenues” are defined in the Fiscal Agent Agreement to mean the proceeds of the Special Taxes received by the City, including any scheduled payments, interest and penalties and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes in the amount of said lien and interest and penalties thereon. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes” and APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” Pursuant to the Fiscal Agent Agreement, the Special Tax Revenues and amounts on deposit in the Bond Fund, the Special Tax Fund (excluding the Surplus Account) and the Reserve Fund established under the Fiscal Agent Agreement will be pledged to the repayment of the Bonds, subject to the application of such funds in accordance with the Fiscal Agent Agreement.

Special taxes levied within improvement areas of the District other than Improvement Area No. 2 are not pledged to and are not available to pay debt service on the Bonds.

Reserve Fund. The Fiscal Agent Agreement establishes a Reserve Fund for the Bonds to be maintained at the Reserve Requirement. The Fiscal Agent Agreement provides that the Reserve Requirement for the Bonds and any Reserve Parity Bonds (as defined below) shall as determined by the City and provided in writing to the Fiscal Agent, equal the lesser of (i) ten percent (10%) of the original issue price of the Bonds and the Reserve Parity Bonds calculated in accordance with Treasury Regulations Section 1.148-2(f)(1), (ii) Maximum Annual Debt Service on the Bonds and the Reserve Parity Bonds, or (iii) 125 percent (125%) of average Annual Debt Service on the Bonds and the Reserve Parity Bonds. The initial Reserve Requirement for the Bonds shall be \$ _____ and shall be increased only upon the issuance of Reserve Parity Bonds pursuant to the Fiscal Agent Agreement; provided, however, that the deposit to the Reserve Fund sub-account for the Reserve Parity Bonds shall not exceed the limitations of Treasury Regulation 1.148-2(f)(1). With respect to Parity Bonds that are not Reserve Parity Bonds, the Reserve Requirement, as of the date of calculation as determined by the City and provided in writing to the Fiscal Agent, shall be the lesser of (i) ten percent (10%) of the original issue price of such Parity Bonds, (ii) Maximum Annual Debt Service on such Parity Bonds, or (iii) 125 percent (125%) of average Annual Debt Service on such Parity Bonds.

The term “Reserve Parity Bonds” is defined in the Fiscal Agent Agreement to mean Parity Bonds which share a combined Reserve Requirement with the Bonds and are secured by the Reserve Fund, pursuant to the Fiscal Agent Agreement.

Subject to the maximum annual amounts of Special Taxes that may be levied in accordance with the Rate and Method, if the amount in the Reserve Fund is less than the Reserve Requirement, the City will covenant in the Fiscal Agent Agreement to restore the amount therein to the Reserve Requirement by the inclusion of a sufficient amount in the next annual Special Tax levy within Improvement Area No. 2. The ability of the City Council to increase the annual Special Taxes levied in Improvement Area No. 2 to replenish the Reserve Fund is subject to the maximum annual amounts of Special Taxes authorized for Improvement Area No. 2 and certain limitations in the Act. The moneys in the Reserve Fund will be used only for payment of the principal of, and interest and any redemption premium on, the Bonds and any Reserve Parity Bonds, and, at the direction of the City, for deposit in the Rebate Fund. The City may establish a reserve fund or account in connection with the issuance of Parity Bonds which are not Reserve Parity Bonds, and in such event, such reserve fund or account for such Parity Bonds will not secure the Bonds and the Reserve Fund will not secure such Parity Bonds. See “SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund.”

The 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 Fiscal Agent in the Bond Fund and the Reserve Fund, to the limited extent described in the Fiscal Agent Agreement. See “SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund.”

Foreclosure Proceeds. The City will covenant in the Fiscal Agent Agreement, for the benefit of the owners of the Bonds, that it will order, and cause to be commenced, judicial foreclosure proceedings against properties in Improvement Area No. 2 with delinquent Special Taxes in excess of \$5,000 by the October 1 following the close of the Fiscal Year in which such Special Taxes were due, and 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, if the amount on deposit in the Reserve Fund is less than the applicable Reserve Requirement, it will commence judicial foreclosure proceedings against all properties in Improvement Area No. 2 with delinquent Special Taxes by October 1, and diligently pursue to completion such foreclosure proceedings. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales.*”

There is no assurance that the property within Improvement Area No. 2 can be sold for the appraised value or assessed values described in this Official Statement, 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 property owners within Improvement Area No. 2. See “RISK FACTORS — Property Values” and APPENDIX B — “APPRAISAL REPORT.”

EXCEPT FOR THE SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY OR THE DISTRICT, BUT ARE SPECIAL OBLIGATIONS OF THE CITY AND THE DISTRICT PAYABLE SOLELY FROM SPECIAL TAXES AND AMOUNTS HELD UNDER THE FISCAL AGENT AGREEMENT AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

Superior Obligations; Parity Bonds. The City will covenant in the Fiscal Agent Agreement that it will not issue, on behalf of the District, any other obligations payable, as to principal or interest, from the Special Tax Revenues which have, or purport to have, any lien upon the Special Tax Revenues superior to the lien of the Bonds. Subject to the requirements set forth in the Fiscal Agent Agreement, the City, on behalf of the District, may issue bonds secured by the Special Tax Revenues on a parity with the Bonds (“Parity Bonds”), but only for the purposes of defeasing or redeeming all or a portion of the Bonds. See “SOURCES OF PAYMENT FOR THE BONDS — Superior Obligations; Parity Bonds.”

Description of the Bonds

The Bonds will be issued and delivered as fully registered Bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in integral multiples of \$5,000, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry only system described in this Official Statement is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Fiscal Agent Agreement. See APPENDIX G — “INFORMATION CONCERNING DTC.”

Principal of, premium, if any, and interest on the Bonds is payable by the Fiscal Agent to DTC, as the registered Owner of the Bonds. 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 Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Fiscal Agent, all

as described in this Official Statement. See “THE BONDS — Book-Entry Only System” and see APPENDIX G — “INFORMATION CONCERNING DTC.”

Redemption

The Bonds are subject to optional redemption, mandatory redemption from Special Tax Prepayments and mandatory sinking fund redemption as described in this Official Statement. For a more complete description of the Bonds and the documentation pursuant to which they are being sold and delivered, see “THE BONDS” and APPENDIX D — “SUMMARY OF FISCAL AGENT AGREEMENT.”

Tax Matters

In the opinion of Bond Counsel, subject, however, to certain qualifications described in this Official Statement, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, the interest on the Bonds is excluded from gross income for federal income tax purposes, and interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, for tax years beginning after December 31, 2022, interest on the Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income tax. For a more complete discussion of such opinion and certain other tax consequences incident to the ownership of the Bonds, including certain exceptions to the tax treatment of interest, see “LEGAL MATTERS — Tax Exemption.”

Professionals Involved in the Offering

The Bank of New York Mellon Trust Company, N.A. will act as Fiscal Agent under the Fiscal Agent Agreement. Stifel, Nicolaus & Company, Incorporated is the Underwriter of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Best Best & Krieger LLP, Riverside, California, Bond Counsel. Certain legal matters will be passed on for the City and the District by the City Attorney’s Office and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel, and for the Underwriter by Anzel Galvan LLP, San Francisco, California, as Underwriter’s Counsel. Other professional services have been performed by Spicer Consulting Group, LLC, Temecula, California, as Special Tax Consultant, CSG Advisors Incorporated, San Francisco, California, as Municipal Advisor, and Kitty Siino & Associates, Tustin, California, as Appraiser. From time-to-time, Bond Counsel and Disclosure Counsel represent the Underwriter in matters unrelated to the Bonds.

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 Bonds, see “LEGAL MATTERS — Financial Interests.”

Continuing Disclosure

Pursuant to a Continuing Disclosure Certificate to be executed by the City (the “City Continuing Disclosure Certificate”), the City, on behalf of the District, will agree to provide, or cause to be provided, on an annual basis, to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board (the “MSRB”), which can be found at www.emma.msrb.org (“EMMA”), certain financial information and operating data. The City will further agree to provide notice to EMMA of certain material events. These covenants are being made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission (the “SEC”).

See “CONTINUING DISCLOSURE” and Appendix E for a description of the specific nature of the annual reports to be filed by the City, on behalf of the District, and notices of listed events to be provided by the City, on behalf of the District.

Bondowners’ Risks

Certain events could affect the timely repayment of the principal of and interest on the Bonds when due. See the section of this Official Statement entitled “RISK FACTORS” for a discussion of certain factors which should be considered, in addition to other matters set forth in this Official Statement, in evaluating an investment in the Bonds. The Bonds are not rated by any rating agency.

Forward Looking Statements

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 (the “Exchange Act”), 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. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions “IMPROVEMENT AREA NO. 2,” “PROPERTY OWNERSHIP AND THE DEVELOPMENT” and “THE MERCHANT BUILDERS.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY AND THE DISTRICT DO NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

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

Brief descriptions of the Bonds and the Fiscal Agent Agreement are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references to the Fiscal Agent Agreement, the Bonds and the constitution and laws of the State as well as the proceedings of the City Council, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Bonds, by reference to the Fiscal Agent Agreement.

Copies of the Fiscal Agent Agreement, the City Continuing Disclosure Certificate and other documents and information referred to in this Official Statement are available for inspection and (upon request and payment to the City of a charge for copying, mailing and handling) for delivery from the City at 400 South Vicentia Avenue, Corona, CA 92882, Attention: Finance Director.

THE FINANCING PLAN

A portion of the Bond proceeds will be used by the District to design, construct and/or acquire certain authorized facilities. See “IMPROVEMENT AREA NO. 2 — Description of Authorized Facilities” for a description of the public facilities authorized to be financed with the proceeds of the Bonds.

Estimated Sources and Uses of Funds

The following table sets forth the expected sources and uses of Bond proceeds:

Sources of Funds

Principal Amount of Bonds
Plus Net Original Issue Premium
Total Sources

Uses of Funds

Improvement Fund
Reserve Fund
Costs of Issuance Fund⁽¹⁾
Underwriter's Discount
Total Uses

⁽¹⁾ Costs of Issuance include legal fees, printing costs, Appraisal Report costs, Municipal Advisor fees, Special Tax Consultant fees, and Fiscal Agent fees, in addition to other miscellaneous costs incidental to Bond issuance.

THE BONDS

General Provisions

The Bonds will be dated their date of delivery and will bear interest at the rates per annum set forth on the inside cover page, payable semiannually on each March 1 and September 1, commencing on March 1, 2025 (each, an "Interest Payment Date"), and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form in integral multiples of \$5,000. See "— Book-Entry Only System."

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date (such fifteenth day, the "Record Date"), in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the dated date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment or from the date of the Bonds, if no interest has previously been paid or made available for payment.

Interest on any Bond will be paid to the person whose name appears as its registered Owner in the registration books held by the Fiscal Agent on the close of business on the Record Date. Interest will be paid by check of the Fiscal Agent mailed by first class mail, postage prepaid, to the registered Owner at its address on the registration books. Pursuant to a written request prior to the Record Date of a Bondowner of at least \$1,000,000 in aggregate principal amount of Bonds, payment will be made by wire transfer in immediately available funds to a designated account in the United States.

Principal of the Bonds and any premium due upon redemption is payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Fiscal Agent in Los Angeles, California.

Authority for Issuance

The Bonds are issued pursuant to the Act and the Fiscal Agent Agreement. As required by the Act, the City Council has taken the following actions with respect to establishing the District and the Bonds:

Resolutions of Intention. On May 2, 2018 the City Council adopted a resolution stating its intention to establish the District, designate five improvement areas therein, including Improvement Area No. 2, and to authorize the levy of special taxes therein, and a resolution declaring the necessity to have the District incur bonded indebtedness for Improvement Area No. 2 in an amount not to exceed \$26,000,000.

Resolutions of Formation. Following a noticed public hearing conducted on June 20, 2018, the City Council adopted on that same date resolutions which established the District, designated five improvement areas therein, including Improvement Area No. 2, authorized the levy of special taxes within Improvement Area No. 2, and determined the necessity for the District to incur bonded indebtedness in a maximum aggregate principal amount of \$26,000,000 for Improvement Area No. 2.

Resolution Calling Election. The resolutions adopted by the City Council on June 20, 2018 also called for a consolidated special election by the landowners in Improvement Area No. 2 on the issues of the levy of the special taxes, the incurring of bonded indebtedness for Improvement Area No. 2, and the establishment of an appropriations limit for the District.

Landowner Election and Declaration of Results. On June 20, 2018, an election was held at which the landowners within Improvement Area No. 2 approved ballot propositions authorizing the issuance of up to \$26,000,000 of bonds to finance the design, construction, installation and/or acquisition of various public facilities, the levy of the special taxes and the establishment of an appropriations limit for the District. The landowners within Improvement Area No. 2 approved ballot propositions authorizing the issuance bonds for the District in an aggregate principal amount not to exceed \$26,000,000 for Improvement Area No. 2 to finance public facilities. On June 20, 2018, the City Council adopted a resolution approving the canvass of the votes and declaring the District to be fully formed with the authority to levy the special taxes within Improvement Area No. 2, to incur the bonded indebtedness for Improvement Area No. 2, and to have the established appropriations limit.

Special Tax Lien and Levy. The Notice of Special Tax Lien for Improvement Area No. 2 was recorded in the Office of the County Recorder of the County on June 26, 2018 as Document No. 2018-0256722 reflecting a continuing lien against the taxable property within Improvement Area No. 2 (the “Notice of Special Tax Lien”).

Ordinance Levying Special Taxes. On July 5, 2018, the City Council adopted Ordinance No. 3278 which authorized the levy of special taxes within Improvement Area No. 2.

Resolution Authorizing Issuance of the Bonds. On August __, 2024, the City Council adopted a resolution approving issuance of the Bonds.

Redemption

Optional Redemption. The Bonds are subject to redemption prior to their stated maturity dates at the option of the City on September 1, 20__ or any Interest Payment Date thereafter, from such maturities as selected by the City (and by lot within any one maturity), in integral multiples of \$5,000, from moneys derived by the City from any source, at a redemption price (expressed as a percentage of the principal amount of the Bonds to be redeemed), together with accrued interest to the date of redemption, as follows:

Redemption Dates

Redemption Prices

%

Mandatory Redemption From Special Tax Prepayments. The Bonds are subject to mandatory redemption prior to their stated maturity dates on any Interest Payment Date, as selected among maturities by the City (and by lot within any one maturity), in integral multiples of \$5,000, from moneys derived by the City from Special Tax Prepayments, at redemption prices (expressed as percentages of the principal amounts of the Bonds to be redeemed), together with accrued interest to the date of redemption, as follows:

Redemption Dates

Redemption Prices

%

Special Tax Prepayments and amounts released from the Reserve Fund in connection with Special Tax Prepayments will be allocated to the payment at maturity and redemption of Bonds and any Parity Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of the Bonds and any Parity Bonds and such amounts shall be applied to redeem Bonds and Parity Bonds as nearly as practicable on a pro rata basis among maturities in increments of \$5,000, as directed in writing by the City.

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

Bonds Maturing on September 1, 20__

Sinking Fund Redemption Date (September 1)

Sinking Payments

(Maturity)

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

Bonds Maturing on September 1, 20__

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

Sinking Payments

(Maturity)

The amounts in the foregoing schedules shall be reduced by the City pro rata among sinking fund redemption dates, in order to maintain substantially level Debt Service, as a result of any prior or partial optional or mandatory redemption from Special Tax Prepayments of the Bonds, and the City shall provide the Fiscal Agent with revised sinking fund schedules.

Purchase of Bonds. In lieu of payment at maturity or redemption under the Fiscal Agent Agreement, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the redemption price thereof, plus interest accrued to the date of purchase. In such event, the City shall, as may be appropriate, provide to the Fiscal Agent a revised maturity schedule or a revised mandatory sinking fund schedule for the Bonds, or both.

Notice to Fiscal Agent. An Authorized Officer shall give the Fiscal Agent written notice of the City's intention to redeem Bonds not less than 45 days (or such lesser number of days acceptable to the Fiscal Agent) prior to the applicable redemption date. Such written notice shall specify whether Bonds are to be redeemed by optional redemption or mandatory redemption from Special Tax Prepayments. The requirement to provide such notice to the Fiscal Agent shall not apply to mandatory sinking fund redemption of the Bonds.

Redemption Procedure by Fiscal Agent. So long as the Bonds are held in book-entry form by the DTC, or its nominee, notice of redemption will be given to DTC in such manner as is set forth in the procedures of DTC. It is the responsibility of DTC Participants to provide such notice. See APPENDIX G — "INFORMATION CONCERNING DTC."

If the Bonds are no longer registered in the name of DTC, or its nominee, the Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, or electronically submitted, to the Securities Depositories and to one or more Information Services selected by an Authorized Officer, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books maintained by the Fiscal Agent at its Principal Office; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds. The Fiscal Agent shall also cause notice of any redemption to be mailed, in such manner and within such time, to the Underwriter.

Such notice shall state the date of such notice, the date of issue of the Bonds, the place or places of redemption, the redemption date, the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed, by giving the individual CUSIP number and Bond number of each Bond to be redeemed, or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, shall state as to any Bond called for redemption in part the portion of the principal of the Bond to be redeemed, shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such Bonds will not accrue from and after the redemption date. The cost of the mailing and publication of any such redemption notice shall be paid by the District.

Any notice of optional redemption of the Bonds delivered in accordance with the Fiscal Agent Agreement may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and the City shall not be required to redeem such Bonds and the redemption shall not be made and the Fiscal Agent shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

In the event of a mandatory redemption from Special Tax Prepayments pursuant to the Fiscal Agent Agreement, the City shall transfer or cause to be transferred to the Fiscal Agent for deposit in the Bond Fund moneys in an amount equal to the redemption price of the Bonds being redeemed on or before the fifteenth day of the month preceding the Interest Payment Date upon which such Bonds are to be redeemed.

Selection of Bonds for Redemption. If less than all the Bonds Outstanding are to be redeemed, the portion of any Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof, and, in selecting portions of such Bonds for redemption, the Fiscal Agent shall treat each such Bond as representing the number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond to be redeemed in part by \$5,000.

Partial Redemption of Bonds. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the Bonds of a maturity or any given portion thereof, the Fiscal Agent shall select the Bonds of such maturity to be redeemed, from all Bonds of such maturity or such given portion thereof not previously called for redemption, by lot within a maturity in any manner which the Fiscal Agent in its sole discretion shall deem appropriate.

Upon surrender of Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the Owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption prices of the Bonds called for redemption shall have been deposited in the Bond Fund, such Bonds shall cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and interest shall cease to accrue on the Bonds to be redeemed on the redemption date specified in the notice of redemption.

All Bonds redeemed and purchased by the Fiscal Agent pursuant to the Fiscal Agent Agreement shall be cancelled by the Fiscal Agent.

Registration, Transfer and Exchange

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

Transfer or Exchange. Whenever any Bond is surrendered for registration of transfer or exchange, the Fiscal Agent will authenticate and deliver a new Bond or Bonds of the same maturity, for a like aggregate principal amount of authorized denominations; provided that the Fiscal Agent will not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date established by the Fiscal Agent for selection of Bonds for redemption, or (ii) with respect to Bonds selected for redemption.

Book-Entry Only System

The Bonds will be issued in book-entry form and DTC will act as securities depository. So long as the Bonds are held in book-entry form, principal of, premium, if any, and interest on the Bonds will be paid by the Fiscal Agent directly to DTC for distribution to the beneficial owners of the Bonds in accordance with procedures adopted by DTC. See APPENDIX G — “INFORMATION CONCERNING DTC.”

Debt Service Schedule

The following table presents the annual debt service on the Bonds (including sinking fund redemptions), assuming there are no optional redemptions or mandatory redemptions from Special Tax Prepayments pursuant to the Rate and Method. See “THE BONDS — Redemption” and “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes.”

ANNUAL DEBT SERVICE SCHEDULE

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

Source: Underwriter.

SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations

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

The Special Tax Revenues are the primary security for the repayment of the Bonds. Under the Fiscal Agent Agreement, the City and the District have pledged to repay the Bonds and any Parity Bonds from the Special Tax Revenues (which are the proceeds of the Special Taxes received by the City, including any scheduled payments, 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 in the amount of said lien and interest and penalties thereon) and all moneys deposited in the Bond Fund and the Special Tax Fund (excluding the Surplus Account), to the extent set forth in the Fiscal Agent Agreement. The Bonds and any Reserve Parity Bonds shall be further secured by amounts on deposit in the Reserve Fund.

In the event that the Special Tax Revenues are not received when due, the only sources of funds available to pay the debt service on the Bonds are amounts held by the Fiscal Agent in the Bond Fund and the Reserve Fund.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY OR THE DISTRICT, BUT ARE SPECIAL OBLIGATIONS OF THE CITY AND THE DISTRICT PAYABLE SOLELY FROM SPECIAL TAXES AND AMOUNTS HELD UNDER THE FISCAL AGENT AGREEMENT AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

Special Taxes

Authorization and Pledge. In accordance with the provisions of the Act, the City Council established the District on June 20, 2018 for the purpose of financing the design, construction, installation and/or acquisition of various public improvements required in connection with the proposed development within the District. At a special election held on June 20, 2018, the owners of the property within Improvement Area No. 2 authorized the District to incur indebtedness in an amount not to exceed \$26,000,000 for Improvement Area No. 2 and approved the Rate and Method which authorizes the Special Tax to be levied to repay District indebtedness for Improvement Area No. 2, including the Bonds. On July 5, 2018, the City Council adopted Ordinance No. 3278 which authorized the levy of Special Taxes in Improvement Area No. 2.

The City will covenant in the Fiscal Agent Agreement that each year it will levy Special Taxes up to the maximum rates permitted under the Rate and Method in an amount sufficient, together with other amounts on deposit in the Special Tax Fund, to pay the principal of and interest on any Outstanding Bonds (and any Parity Bonds that may be issued), to replenish the Reserve Fund (and any reserve funds established in connection with Parity Bonds which are not Reserve Parity Bonds) and to pay the estimated Administrative Expenses. **Notwithstanding the foregoing, pursuant to Section 53321(d) of the Act, under no circumstances will the Special Taxes levied against any Assessor's Parcel used as a private residence be increased as a consequence of delinquency or default by the owner of any other Assessor's Parcel or Assessor's Parcels within Improvement Area No. 2 by more than 10%.**

The Special Taxes levied in any Fiscal Year may not exceed the maximum rates authorized pursuant to the Rate and Method. See APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate

to pay the principal of and interest on the Bonds when due. See “RISK FACTORS — Insufficiency of Special Taxes.”

Rate and Method of Apportionment of Special Tax. All capitalized terms used in this section shall have the meaning set forth in Appendix A.

Under the Rate and Method, each parcel in Improvement Area No. 2 will be classified as Taxable Property or Exempt Property. In addition, each parcel will be classified as Developed Property, Approved Property, Undeveloped Property or Public Property and/or Property Owner’s Association Property.

For purposes of the levy of Special Taxes to satisfy the Special Tax A Requirement, a parcel will be classified as “Developed Property” if it is Taxable Property for which a building permit for new construction was issued on or prior to May 1 of the Fiscal Year preceding the Special Tax levy. Under the Rate and Method, Taxable Property with no building permit may be categorized as either “Approved Property,” if a Final Map is recorded prior to January 1 of the Fiscal Year in which the Special Tax is being levied, or as “Undeveloped Property” if such parcels are not Developed Property or Approved Property. The Maximum Special Tax A for each parcel of Developed Property will be the greater of (a) the applicable amount set forth in Table 1 of the Rate and Method (for Fiscal Year 2024-25, ranging from \$2,940 per parcel to \$4,630 per parcel for parcels classified as Detached Residential Property, from \$1,772 per parcel to \$3,906 per parcel for parcels classified as Attached Residential Property, in each case depending upon the size of the residence), and (b) the applicable amount of “Backup Special Tax A.”

The total amount of the Backup Special Tax A for Assessor’s Parcels of Taxable Property is \$70,900 per Acre. The Backup Special Tax A shall not apply to Non-Residential Property, Public Property, or Property Owners’ Association Property.

After classifying the parcels in Improvement Area No. 2, the City Council will determine the Special Tax A Requirement for Improvement for the Fiscal Year. “Special Tax A Requirement” means for Improvement Area No. 2, that amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the calendar year that commences in such Fiscal Year, (ii) an allocable share of Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish reserve funds or accounts established in connection with the issuance of bonds for Improvement Area No. 2 of the District, (v) an amount equal to any reasonable anticipated shortfall due to Special Tax delinquencies, and (vi) the collection or accumulation of funds for the acquisition or construction of facilities provided that the inclusion of such amount does not cause an increase in the levy of the Special Tax on Approved Property or Undeveloped Property, less (vii) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to the Fiscal Agent Agreement.

The Special Tax will be levied first Proportionately on each Assessor’s Parcel of Developed Property in Improvement Area No. 2 up to 100% of the applicable Assigned Special Tax A rate for Improvement Area No. 2 as set forth in Table 1 of the Rate and Method. If additional moneys are needed to satisfy the Special Tax A Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Approved Property at up to 100% of the Maximum Special Tax A applicable to each such Assessor’s Parcel as needed to satisfy the Special Tax A Requirement. If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A applicable to each such Assessor’s Parcel as needed to satisfy the Special Tax A Requirement. If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then the Special Tax on each Assessor’s Parcel of Developed Property whose Maximum Special Tax is the Backup Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Backup Special Tax A as needed to satisfy the Special Tax A Requirement. If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Provisional Undeveloped Property up to

100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

However, pursuant to Section 53321(d) of the Act, notwithstanding the above, under no circumstances will the Special Tax levied against any taxable parcel of residential property within Improvement Area No. 2 be increased by more than 10% as a consequence of a delinquency or default by the owner of any other parcel within Improvement Area No. 2.

The Bonds have been sized so that, assuming no delinquencies, Special Taxes, levied in accordance with the Rate and Method, will generate in each Fiscal Year beginning in Fiscal Year 2024-25 not less than 110% of debt service payable with respect to the Bonds in the calendar year that begins in that Fiscal Year.

Table 1 below sets forth the Fiscal Year 2024-25 Assigned Special Tax A for Developed Property and the Maximum Special Tax A rates for Approved and Undeveloped Property, the projected Fiscal Year 2024-25 Special Tax levy, and the percent of such levy based on land use type, based on development status as of May 24, 2024.

TABLE 1
COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)
IMPROVEMENT AREA NO. 2 OF THE CITY OF CORONA
SPECIAL TAX RATES FOR FISCAL YEAR 2024-25

<i>Land Use Type</i>	<i>Taxable Unit</i>	<i>Residential Floor Area (sq. ft.)</i>	<i>Assigned/ Maximum Tax Rates Fiscal Year 2024-25⁽¹⁾</i>	<i>Special Tax Levy Rates Fiscal Year 2024-25</i>	<i>Percent of Maximum/ Assigned Rate</i>	<i>No. of Units</i>	<i>Acreage</i>	<i>Aggregate Estimated Special Taxes Fiscal Year 2024-25 ^{(2)(3)*}</i>	<i>Percent of Total</i>
Detached Residential Property	RU	Less than 1,500	\$2,940.17	\$2,940.17	100.0%	2	N/A	\$ 5,880.33	0.4%
Detached Residential Property	RU	1,500 - 1,749	3,063.82	3,063.82	100.0	45	N/A	137,872.09	10.0
Detached Residential Property	RU	1,750 - 1,999	3,379.59	3,379.59	100.0	102	N/A	344,718.32	25.1
Detached Residential Property	RU	2,000 - 2,249	3,784.79	3,784.79	100.0	42	N/A	158,961.14	11.6
Detached Residential Property	RU	2,250 - 2,499	3,898.51	3,898.51	100.0	26	N/A	101,361.24	7.4
Detached Residential Property	RU	2,500 - 2,749	4,301.50	4,301.50	100.0	30	N/A	129,044.97	9.4
Detached Residential Property	RU	2,750 - 2,999	4,630.51	4,630.51	100.0	31	N/A	143,545.96	10.5
Detached Residential Property	RU	3,000 - 3,249	4,983.82	0.00	0.0	0	N/A	0.00	0.0
Detached Residential Property	RU	3,250 - 3,499	5,342.65	0.00	0.0	0	N/A	0.00	0.0
Detached Residential Property	RU	3,500 - 3,750	5,493.91	0.00	0.0	0	N/A	0.00	0.0
Detached Residential Property	RU	Greater than 3,750	5,850.52	0.00	0.0	0	N/A	0.00	0.0
Attached Residential Property	RU	Less than 800	1,772.05	0.00	0.0	0	N/A	0.00	0.0
Attached Residential Property	RU	800 - 999	1,899.02	0.00	0.0	0	N/A	0.00	0.0
Attached Residential Property	RU	1,000 - 1,199	2,152.96	0.00	0.0	0	N/A	0.00	0.0
Attached Residential Property	RU	1,200 - 1,399	2,340.65	2,340.65	100.0	26	N/A	60,856.93	4.4
Attached Residential Property	RU	1,400 - 1,599	2,623.30	2,623.30	100.0	78	N/A	204,617.09	14.9
Attached Residential Property	RU	1,600 - 1,799	2,850.74	2,850.74	100.0	12	N/A	34,208.84	2.5
Attached Residential Property	RU	1,800 - 1,999	3,152.15	0.00	0.0	0	N/A	0.00	0.0
Attached Residential Property	RU	2,000 - 2,199	3,170.92	0.00	0.0	0	N/A	0.00	0.0
Attached Residential Property	RU	2,200 - 2,400	3,652.30	0.00	0.0	0	N/A	0.00	0.0
Attached Residential Property	RU	Greater than 2,400	3,906.24	0.00	0.0	0	N/A	0.00	0.0
Approved Property ⁽⁴⁾	Acre	N/A	70,900.76	19,578.52	27.6	92	2.65	51,883.09	3.8
Undeveloped Property	Acre	N/A	70,900.76	16,287.46	0.00	0	0.00	0.00	0.0
Total						486	2.65	\$1,372,949.99	100.0%

* Preliminary, subject to change.

(1) Maximum Special Tax Rate for Land Use Type Approved Property and Undeveloped Property.

(2) Includes estimated Administrative Expenses of \$30,600.

(3) Estimated Special Tax may include rounding.

(4) The Special Tax is levied on Approved Property on a per acre basis.

Prepayment of Special Taxes. The City Council may allow property owners to fully or partially prepay the obligation of parcels of Taxable Property to pay the Special Taxes with respect to the Special Tax A Requirement.

Additionally, the City will covenant in the Fiscal Agent Agreement that the City shall cause all applications of owners of property in Improvement Area No. 2 to prepay and satisfy the Special Tax obligation for their property to be reviewed by the Special Tax Consultant. The City will not accept any such prepayment unless the Special Tax Consultant certifies in writing that following the acceptance of the proposed prepayment by the City and the redemption of Bonds and any Parity Bonds with such prepayment, the amount of Maximum Special Tax A that may be levied on all parcels of Taxable Property after the proposed prepayment will be at least 1.1 times Maximum Annual Debt Service on the Bonds and Parity Bonds that will remain Outstanding after the prepayment plus the estimated annual Administrative Expenses. For purposes of such certification, “Taxable Property” has the meaning set forth in the Rate and Method. (See APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX”). See “THE BONDS — Redemption — *Mandatory Redemption from Special Tax Prepayments.*”

Collection and Application of Special Taxes. The Special Taxes are collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes. The City, on behalf of the District may, however, collect the Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

Covenants to Protect Special Tax Rates. The City will make certain covenants in the Fiscal Agent Agreement for the purpose of ensuring that the current maximum Special Tax rates and method of collection of the Special Taxes are not altered in a manner that would impair the City’s ability to collect sufficient Special Taxes to pay debt service on the Bonds, any Parity Bonds and Administrative Expenses when due. The City will covenant that it will not initiate proceedings under the Act to reduce the Maximum Special Tax rates (the “Maximum Rates”) on then existing Developed Property in Improvement Area No. 2 below the amounts which are necessary to provide Special Tax Revenues in an amount equal to estimated Administrative Expenses for the then current Fiscal Year plus an amount equal to 110% of Maximum Annual Debt Service on the Outstanding Bonds and any Parity Bonds. See “RISK FACTORS — Proposition 218.”

The City will further covenant that in the event an ordinance is adopted by initiative pursuant to Section 3 of Article XIII C of the California Constitution, which purports to reduce or otherwise alter the Maximum Rates, it will commence and pursue legal action seeking to preserve its ability to comply with its covenant contained in the preceding paragraph.

The City will covenant not to permit the tender of Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant certifying that accepting such tender will not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on the Outstanding Bonds following such tender. See “RISK FACTORS — Non-Cash Payments of Special Taxes.”

Although the Special Taxes constitute liens on taxable parcels within Improvement Area No. 2, they do not constitute a personal indebtedness of the owners of property within Improvement Area No. 2. Moreover, other liens for taxes and assessments already exist on the property located within Improvement Area No. 2 and others could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners in Improvement Area No. 2. See “RISK FACTORS — Parity Taxes and Special Assessments.” There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described in the section of this Official Statement entitled “RISK FACTORS.”

Proceeds of Foreclosure Sales. The net proceeds received following a judicial foreclosure sale of land within Improvement Area No. 2 resulting from a landowner's failure to pay the Special Taxes when due are included within the Special Tax Revenues pledged to the payment of principal of and interest on the Bonds and any Parity Bonds under the Fiscal Agent Agreement.

Pursuant to Section 53356.1 of the Government Code, the City will covenant in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds and any Parity Bonds that (i) it will order, and cause to be commenced, judicial foreclosure proceedings against properties in Improvement Area No. 2 with delinquent Special Taxes in excess of \$5,000 by the October 1 following the close of the Fiscal Year in which such Special Taxes were due, and (ii) 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, if the amount on deposit in the Reserve Fund is less than the applicable Reserve Requirement, it will commence judicial foreclosure proceedings against all properties in Improvement Area No. 2 with delinquent Special Taxes by October 1, and diligently pursue to completion such foreclosure proceedings. See APPENDIX D — "SUMMARY OF FISCAL AGENT AGREEMENT — OTHER COVENANTS OF THE CITY."

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 City and the District. See "RISK FACTORS — Bankruptcy and Foreclosure." 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 "RISK FACTORS — Property Values." Although the Act authorizes the City to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the City any obligation to purchase or acquire any lot or parcel of property sold at a foreclosure sale if there is no other purchaser at such sale. The Act provides that, in the case of a delinquency, the Special Tax will have the same lien priority as is provided for *ad valorem* taxes.

No Teeter Plan. Although the Riverside County Board of Supervisors has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan") which allows each entity levying secured property taxes in the County to draw on the amount of property taxes levied rather than the amount actually collected, as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code, the District is not included in the County Teeter Plan. Consequently, the City may not draw on the County Tax Loss Reserve Fund in the event of delinquencies in Special Tax payments within Improvement Area No. 2.

Special Tax Fund

Pursuant to the Fiscal Agent Agreement, there will be established, as a separate fund to be held by the Fiscal Agent, the "Community Facilities District No. 2018-1 of the City of Corona (Improvement Area No. 2) Special Tax Fund" (the "Special Tax Fund") to the credit of which the City will deposit, not later than 10 Business Days after receipt, all Special Tax Revenues received by the City. The Fiscal Agent Agreement will also establish a Surplus Account (the "Surplus Account") in the Special Tax Fund, as a separate account to be held by the Fiscal Agent.

Moneys in the Special Tax Fund (excluding any amounts held in the Surplus Account) will be held by the Fiscal Agent for the benefit of the City and the Owners of the Bonds and any Parity Bonds, will be disbursed as provided below and, pending disbursement, will be subject to a lien in favor of the Owners of the Bonds and any Parity Bonds. Notwithstanding the foregoing, any amounts received by the City which constitute Special Tax Prepayments will be transferred by the City not later than 10 business days after receipt

to the Fiscal Agent for deposit by the Fiscal Agent in the “Special Tax Prepayments Account” established within the Bond Fund pursuant to the Fiscal Agent Agreement.

As soon as practicable after the receipt from the City of any Special Tax Revenues, but no later than 10 Business Days after such receipt, the Fiscal Agent will withdraw from the Special Tax Fund and deposit in the Administrative Expense Fund, an amount equal to the Priority Administrative Expense Requirement. Thereafter, the Fiscal Agent shall deposit in the Interest Account and the Principal Account of the Bond Fund the amounts required by the Fiscal Agent Agreement, as described under “— Bond Fund” below. If after such deposits are made to the Administrative Expense Fund, the Interest Account and the Principal Account there are funds remaining on deposit in the Special Tax Fund, the City shall instruct the Fiscal Agent by an Officer’s Certificate (upon which the Fiscal Agent may conclusively rely) to transfer such amount from the Special Tax Fund to and deposit it, pro rata based on the Outstanding principal amount of the Bonds and any Parity Bonds, in the Reserve Fund and to any reserve accounts established in connection with Parity Bonds which are not Reserve Parity Bonds, to the extent that the amounts on deposit therein are less than the applicable Reserve Requirement. Any funds remaining after such deposits shall be deposited into the Surplus Account and disbursed as described below.

The term “Priority Administrative Expense Requirement” is defined in the Fiscal Agent Agreement to mean an annual amount equal to \$30,600, which amount shall escalate by 2% in each Fiscal Year beginning July 1, 2025.

On September 2 of each year, the amount, if any, on deposit in the Special Tax Fund, including the Surplus Fund, together with the amount then on deposit in the Bond Fund (including the Principal Account therein but excluding the Interest Account and the Special Tax Prepayments Account), as determined by the City, shall not exceed the greater of (i) one year’s earnings on such amounts, or (ii) 1/12th of Annual Debt Service for the then current Bond Year. If on September 2 of any year the amount on deposit in the Special Tax Fund, together with the amount then on deposit in the Bond Fund (other than such excluded amounts), exceeds the maximum amount allowable pursuant to the preceding sentence, as determined by the City and communicated in writing by an Authorized Officer to the Fiscal Agent (upon which the Fiscal Agent may conclusively rely), moneys shall be transferred from the Special Tax Fund to the Administrative Expense Fund to pay any additional Administrative Expenses during the then current Fiscal Year, and thereafter shall be deposited into the Surplus Account all as directed in writing by the City.

Moneys in the Special Tax Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Investment Earnings will be retained in the Special Tax Fund to be used for the purposes of such fund to the extent set forth in the Fiscal Agent Agreement. See APPENDIX D — “SUMMARY OF FISCAL AGENT AGREEMENT.”

Surplus Account

Moneys deposited in the Surplus Account will be transferred by the Fiscal Agent at the direction of an Authorized Officer of the City (i) to the Interest Account and the Principal Account of the Bond Fund to pay the principal of, including mandatory sinking fund payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund, the Reserve Fund, and the reserve account established for Parity Bonds which are not Reserve Parity Bonds, as applicable, are insufficient therefor; (ii) to the Reserve Fund and to the reserve account established for any Parity Bonds which are not Reserve Parity Bonds in order to replenish such fund and account to the applicable Reserve Requirement; (iii) to the Administrative Expense Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Fund are insufficient to pay Administrative Expenses; (iv) to the Project Account of the Improvement Fund to pay for additional costs of the Project until September 1, 20__, after which date no further deposits shall be made to the Project Account; and (v) thereafter to the City for any lawful purpose.

The amounts in the Surplus Account are not pledged to the repayment of the Bonds or any Parity Bonds. In the event that the City reasonably expects to use any portion of the moneys in the Surplus Account to pay debt service on any Bonds or Parity Bonds, the City will notify the Fiscal Agent in a certificate of an Authorized Officer and the Fiscal Agent will segregate such amount into a separate subaccount (the "Surplus Debt Service Subaccount") and the moneys on deposit in such subaccount of the Surplus Account shall be invested at the written direction of the City in Permitted Investments the interest on which is excludable from gross income under Section 103 of the Code (other than bonds the interest on which is a tax preference item for purposes of computing the alternative minimum tax of individuals under the Code) or in Permitted Investments at a yield not in excess of the yield on the issue of Bonds or Parity Bonds to which such amounts are to be applied, unless, in the opinion of Bond Counsel, investment at a higher yield will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes. Moneys in the Surplus Debt Service Sub-Account will be used to pay the principal of, including mandatory sinking fund payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Interest Account and Principal Account are insufficient therefor.

Bond Fund

Pursuant to the Fiscal Agent Agreement, there will be established, as a separate fund to be held by the Fiscal Agent, the "Community Facilities District No. 2018-1 of the City of Corona (Improvement Area No. 2) Bond Fund" (the "Bond Fund") and within the Bond Fund, an Interest Account, a Principal Account, and a Special Tax Prepayments Account. Moneys in the Bond Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds and any Parity Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds and any Parity Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds and any Parity Bonds.

On or before each Interest Payment Date, the Fiscal Agent shall transfer from the Special Tax Fund and deposit into the following respective accounts in the Bond Fund, the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Special Tax Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

Interest Account. On or before each Interest Payment Date, the Fiscal Agent shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on the Bonds and any Parity Bonds on such date. No deposit need be made into the Interest Account on any Interest Payment Date if the amount on deposit therein is at least equal to the interest becoming due and payable on the Bonds and any Parity Bonds on such date. All moneys in the Interest Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the interest on the Bonds and any Parity Bonds as it shall become due and payable (including accrued interest on any Bonds and any Parity Bonds redeemed prior to maturity). All amounts on deposit in the Interest Account on the first day of any Bond Year, to the extent not required to pay any interest then having become due and payable on the Outstanding Bonds and any Parity Bonds, shall be withdrawn therefrom by the Fiscal Agent and transferred to the Special Tax Fund.

Principal Account. On or before each Interest Payment Date which occurs on September 1, the Fiscal Agent shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds and any Parity Bonds becoming due and payable on such date, or the redemption price of the Bonds and any Parity Bonds (consisting of the principal amount thereof and any applicable redemption premium) required to be redeemed on such date pursuant to the Fiscal Agent Agreement. All moneys in the Principal Account shall be used and withdrawn by the Fiscal Agent solely for the purpose of (i) paying the principal of the Bonds and any Parity Bonds at the maturity thereof, or (ii) paying the principal of and premium (if any) on any Bonds and any Parity Bonds upon the redemption thereof pursuant to the Fiscal Agent Agreement. All amounts on deposit in the Principal Account

on the first day of any Bond Year, to the extent not required to pay the principal of any Outstanding Bonds and any Parity Bonds then having become due and payable, shall be withdrawn therefrom by the Fiscal Agent and transferred to the Special Tax Fund.

In the event that moneys on deposit in the Special Tax Fund will be insufficient on any Interest Payment Date for the Fiscal Agent to deposit the required amounts in the Interest Account and the Principal Account, as provided above, the Fiscal Agent shall deposit the available funds first to the Interest Account up to the full amount required to cause the aggregate amount on deposit therein to equal the amount of interest becoming due and payable on the Bonds and any Parity Bonds on the Interest Payment Date, and shall then deposit the remaining available funds in the Special Tax Fund to the Principal Account up to the full amount required to cause the aggregate amount on deposit therein to equal the amount, if any, of principal becoming due and payable on the Bonds and any Parity Bonds on the Interest Payment Date. If, after making such deposits to the Interest Account and the Principal Account, and after transferring moneys from the Reserve Fund (or from the reserve account established with respect to a series of and any Parity Bonds, as applicable) to such accounts, as provided in the Fiscal Agent Agreement, the amount on deposit in the Principal Account is insufficient to pay the full amount of the principal of each of the Bonds and any Parity Bonds which is to be paid at maturity or redeemed on the Interest Payment Date, the Fiscal Agent shall make a prorated payment of the principal of each of such Bonds and any Parity Bonds as specified in an Officer's Certificate provided to the Fiscal Agent.

Reserve Fund

In order to secure further the payment of principal of and interest on the Bonds and any Reserve Parity Bonds, the City will, upon delivery of the Bonds, deposit in the Reserve Fund and thereafter to maintain in the Reserve Fund an amount equal to the Reserve Requirement. The Fiscal Agent Agreement provides that the Reserve Requirement for the Bonds and any Reserve Parity Bonds shall as determined by the City and provided in writing to the Fiscal Agent, equal the lesser of (i) ten percent (10%) of the original issue price of the Bonds and the Reserve Parity Bonds calculated in accordance with Treasury Regulations Section 1.148-2(f)(1), (ii) Maximum Annual Debt Service on the Bonds and the Reserve Parity Bonds, or (iii) 125 percent (125%) of average Annual Debt Service on the Bonds and the Reserve Parity Bonds. The initial Reserve Requirement for the Bonds shall be \$[] and shall be increased only upon the issuance of Reserve Parity Bonds; provided, however, that the deposit to the Reserve Fund sub-account for the Reserve Parity Bonds shall not exceed the limitations of Treasury Regulation 1.148-2(f)(1).

Moneys in the Reserve Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds and any Reserve Parity Bonds as a reserve for the payment of the principal of and interest and any premium on the Bonds and any Reserve Parity Bonds and shall be subject to a lien in favor of the Owners of the Bonds and any Reserve Parity Bonds.

Subject to the limits on the maximum annual Special Tax which may be levied within Improvement Area No. 2, as described in the Rate and Method, the City will covenant to levy Special Taxes in an amount that is anticipated to be sufficient, in light of the other intended uses of the Special Tax proceeds, to maintain the balance in the Reserve Fund at the Reserve Requirement. The ability of the legislative body of the District to increase the annual Special Taxes levied in Improvement Area No. 2 to replenish the Reserve Fund is additionally subject to certain additional limitations under the Act restricting the amount by which Special Taxes on taxable parcels can be increased due to delinquencies of other taxable parcels.

Except as otherwise provided in the Fiscal Agent Agreement, all amounts on deposit in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Interest Account and the Principal Account of the Bond Fund in the event of any deficiency at any time in either of such accounts of the amount then required for payment of the principal of and interest and any premium on the Bonds and any Reserve Parity Bonds or, in accordance with the provisions of the Fiscal Agent Agreement for the purpose of redeeming Bonds and any Reserve Parity Bonds as described below.

Whenever the balance in the Reserve Fund is equal to or exceeds the amount required to redeem or pay the Outstanding Bonds and Reserve Parity Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall, upon receiving written direction from an Authorized Officer (upon which the Fiscal Agent may conclusively rely), transfer the amount in the Reserve Fund to the Interest Account and the Principal Account, in the priority specified in the Fiscal Agent Agreement, to be applied, on the next succeeding Interest Payment Date, to the payment and redemption, in accordance with the Fiscal Agent Agreement, of all of the Outstanding Bonds and Reserve Parity Bonds. In the event that the amount available to be so transferred from the Reserve Fund to the Interest Account and the Principal Account exceeds the amount required to pay and redeem the Outstanding Bonds and Reserve Parity Bonds, the excess shall be transferred to the City to be used for any lawful purpose of the City.

In the event of a prepayment of Special Taxes, under certain circumstances, a portion of the Reserve Fund will be credited to the amount being prepaid and be applied to redeem Bonds and Reserve Parity Bonds.

As described under the caption “—Superior Obligations; Parity Bonds” below, the City may establish a reserve fund or account for Parity Bonds which are not Reserve Parity Bonds. Such reserve fund or account established for Parity Bonds which are not Reserve Parity Bonds will not secure the Bonds or any Reserve Parity Bonds.

See APPENDIX D — “SUMMARY OF FISCAL AGENT AGREEMENT.”

Superior Obligations; Parity Bonds

The City will covenant in the Fiscal Agent Agreement that it will not issue, on behalf of the District, any other obligations payable, as to principal or interest, from the Special Tax Revenues which have, or purport to have, any lien upon the Special Tax Revenues superior to the lien of the Bonds. Subject to the requirements set forth in the Fiscal Agent Agreement, the City, on behalf of the District, may issue Parity Bonds but only for the purposes of defeasing or redeeming all or a portion of the Bonds.

IMPROVEMENT AREA NO. 2

General Description of the District and Improvement Area No. 2

The District consists of approximately 276 acres located southwest of the Interstate 15 freeway and Eagle Glen Parkway in the southeastern portion of the City. The District is generally coterminous with Bedford, a new master-planned community in the City currently planned for approximately 1,543 residential units, a 10-acre commercial site with approximately 135,000 square feet of retail uses, 57 acres of open space and seventeen acres of parks and trails. A number of parks and recreational facilities are planned within the District which will serve the Bedford community as a whole. Completed recreational facilities that serve the Bedford community include the Hudson House with amenities such as a multi-purpose building, swimming pools and a park, and the Shed with amenities such as a multi-purpose builder, swimming pool and a park. The Hudson House is located outside of Improvement Area No. 2 and the Shed is located within Improvement Area No. 2. The recreational facilities within Improvement Area No. 2 are owned and operated by the Bedford homeowner’s association and are not subject to the Special Tax levy.

A retail center on a site of approximately 10 acres is located within Improvement Area No. 5 of the District, which is located toward the northeastern portion of the District. As of the date of this Official Statement, the retail center is complete and includes approximately 135,000 square feet of shopping and dining space. A 101-room Hampton Inn hotel located on the site is nearing completion and is expected to be open in 2024. Any special taxes levied within Improvement Area No. 5 will not be available to pay debt service on the Bonds. With the exception of the proposed commercial development within Improvement Area No. 5 and recreational uses as described above, the balance of the property within the District is planned for residential developments.

The backbone infrastructure necessary to complete development within the District, including Improvement Area No. 2, is complete. The Developer is not a homebuilder and has conveyed all property within Improvement Area No. 2 planned for homebuilding to Beazer Homes, New Home Company, Tri Pointe and Taylor Morrison, and Hearthstone Tri Pointe Landbank, as landbank for Tri Pointe. As of May 24, 2024, the merchant builders within Improvement Area No. 2 had completed and conveyed 248 of the 486 planned homes to individual homeowners. As of such date, Beazer, New Home Company, Tri Pointe and Taylor Morrison owned lots for 60, 29, 82 and 27 homes, respectively, and Hearthstone Tri Pointe Landbank owned lots for 40 homes. As of such date, 394 building permits for 486 of the planned homes in Improvement Area No. 2 had been issued.

Water, sewer, police and fire services to the property within the District are provided by the City. Electricity and natural gas are supplied by Southern California Edison Company and The Gas Company, respectively.

Description of Authorized Facilities

The facilities authorized to be financed from Bond proceeds (the “Facilities”) consist of certain roadways and roadway improvements, tunnels, regional hiking and biking trails, storm drain facilities, flood control facilities, water and wastewater facilities (including, without limitation, domestic and recycled water facilities, water tank facilities, wells, reservoirs, pipelines, waterlines, storm and sewer drains and related infrastructure and improvements), wet and dry utilities, parks, street lights, traffic signals, aquatic center facilities and equipment, fire protection facilities and equipment, law enforcement facilities and equipment, library facilities and equipment, public meeting facilities and equipment, radio communication facilities and equipment, sewer facilities and equipment and related infrastructure improvements, as well as incidental expenses related to the planning, design and completion of such Facilities.

Through June 15, 2024, the Developer has spent over \$273 million in site acquisition and on and off-site development costs for the Bedford project. The estimated cost of the Facilities currently eligible to be financed with proceeds of Bonds and the amount estimated to be financed from proceeds of the Bonds is set forth in Table 2 below. The Developer has completed all infrastructure required to allow for full buildout of the property within Improvement Area No. 2. The merchant builders in Improvement Area No. 2 have completed substantially all of the in-tract infrastructure within their respective projects. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT—The Development—*Infrastructure Requirements and Financing Plan.*”

TABLE 2
COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)
OF THE CITY OF CORONA
(IMPROVEMENT AREA NO. 2)
FACILITIES ELIGIBLE TO BE FINANCED WITH BOND PROCEEDS

<i>Facility Description</i>	<i>Estimated Amount</i>
Developer Contribution for Street, Sewer and Water System Improvements ⁽¹⁾	\$
Dry Utilities	
Sewer and Water System Improvements	
Street and Traffic Improvements	
Soft Costs	
Total Facilities	<u>\$</u>

⁽¹⁾ Reflects the Developer’s fair share of mitigation payments for costs of capital improvements as required under the Development Agreement (as defined below). See “PROPERTY OWNERSHIP AND THE DEVELOPMENT — The Development.”

Source: The Developer.

Estimated Direct and Overlapping Indebtedness

Within the boundaries of Improvement Area No. 2 are other overlapping local agencies providing public services. The approximate amount of the direct and overlapping debt on the parcels within Improvement Area No. 2 as of May 24, 2024 is shown in Table 3 below.

TABLE 3
COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)
OF THE CITY OF CORONA
(IMPROVEMENT AREA NO. 2)
DIRECT AND OVERLAPPING DEBT
AS OF MAY 24, 2024

I. Appraisal Value ⁽¹⁾ \$ 251,982,896

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>Amount Applicable</i>
City of Corona CFD No. 2018-1 IA 2, 2024 Series	CFD	\$ 26,000,000	\$ 26,000,000	100.000%	\$ 26,000,000*
TOTAL LAND SECURED BONDED DEBT					\$ 26,000,000*

III. General Obligation Bond Indebtedness

<i>Outstanding Direct and Overlapping Bonded Debt</i>	<i>Type</i>	<i>Issued</i>	<i>Outstanding</i>	<i>% Applicable⁽²⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$ 850,000,000	\$ 19,215,000	0.178%	\$ 34,105
Riverside Community College Debt Service	GO	349,968,424	282,851,456	0.173	489,559
Corona-Norco Unified School District	GO	620,430,034	467,068,850	0.525	2,453,547
TOTAL OUTSTANDING GENERAL OBLIGATION BONDED DEBT					\$ 2,977,211

<i>Authorized but Unissued Direct and Overlapping Indebtedness</i>	<i>Type</i>	<i>Authorized</i>	<i>Unissued</i>	<i>% Applicable⁽²⁾</i>	<i>Amount Applicable</i>
Metropolitan Water Debt Service	GO	\$ 850,000,000	\$ 0	0.178%	\$ 0
Riverside Community College Debt Service	GO	350,000,000	31,576	0.173	55
Corona-Norco Unified School District	GO	711,000,000	90,569,966	0.525	475,771
City of Corona CFD No. 2018-1 IA 2, 2024 Series ⁽³⁾	CFD	26,000,000	0	100.000	0
TOTAL UNISSUED GENERAL OBLIGATION INDEBTEDNESS					\$ 475,825

TOTAL OUTSTANDING AND UNISSUED GENERAL OBLIGATION INDEBTEDNESS **\$ 3,453,818***

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT	\$ 28,977,211*
TOTAL OF ALL OUTSTANDING DIRECT AND UNISSUED DIRECT OVERLAPPING INDEBTEDNESS	\$ 29,453,036*

IV. Ratios to Appraisal Value

Outstanding Land Secured Bonded Debt	9.69:1*
Total Outstanding Bonded Debt	8.70:1*

* Preliminary, subject to change.

(1) Represents the appraised value as set forth in the Appraisal Report as of May 24, 2024 date of value.

(2) General obligation debt is allocated based on the appraised value (as set forth in the Appraisal Report) within Improvement Area No. 2 as a percentage of the total Fiscal Year 2024-25 assessed valuation within the respective taxing jurisdiction.

(3) Parity Bonds maybe issued for refunding purposes only.

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

Expected Tax Burden

Based on estimated Fiscal Year 2024-25 overlapping tax rates, estimated Administrative Expenses of \$30,600 for Fiscal Year 2024-25, and average appraised values (based on the Appraisal Report) for the residential units within Improvement Area No. 2, the effective tax rates for such units range from 1.71% to 1.86% of such values. Subject to the limitations established by the Rate and Method and the provisions of the Act, the City will covenant in the Fiscal Agent Agreement to levy Special Taxes on parcels of taxable property in Improvement Area No. 2 in each Fiscal Year in an amount sufficient to pay debt service on the outstanding

Bonds and any Parity Bonds. The forgoing estimated tax rate is based on currently available information. The actual amounts charged may vary and may increase in future years depending on the amount of Bonds and Parity Bonds outstanding, the number of delinquencies in Improvement Area No. 2, and additional overlapping taxes and/or assessments, among other factors. The following table shows the estimated effective tax rates for the planned residential product types in Improvement Area No. 2, based on the average of the appraised values set forth in the Appraisal Report.

TABLE 4
COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)
IMPROVEMENT AREA NO. 2 OF THE CITY OF CORONA
ESTIMATED FISCAL YEAR 2024-25 TAX OBLIGATION
FOR A SAMPLE INDIVIDUALLY OWNED DEVELOPED PROPERTY

⁽¹⁾ Reflects the appraised value based as of May 24, 2024, the date of value of the Appraisal Report.

⁽²⁾ Reflects estimated Fiscal Year 2024-25 Special Tax levy and includes priority Administrative Expenses in the amount of \$30,600.

⁽³⁾ Reflects estimated Fiscal Year 2024-25 Special Tax Rates for overlapping taxing jurisdictions.

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

Appraisal Report

As a result of the requirements of Article XIII A of the California Constitution, a property's assessed value is not necessarily indicative of its market value. In order to provide information with respect to the value of the property within Improvement Area No. 2, the City engaged Kitty Siino & Associates, Inc., the Appraiser, to prepare the Appraisal Report. The Appraiser has an "MAI" designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land-secured municipal bonds. The Appraiser was selected by the City and has no material relationships with the City or the owners of the land within Improvement Area No. 2 other than the relationship represented by the engagement to prepare the Appraisal Report. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the California Debt and Investment Advisory Commission. A copy of the Appraisal Report is included as APPENDIX B — "APPRAISAL REPORT" to this Official Statement.

The purpose of the Appraisal Report was to estimate the market value of the fee simple interest of the property within Improvement Area No. 2 subject to the Special Tax levy. The estimate of market value takes into consideration and assumes the improvements to be funded with the proceeds of the Bonds have been installed and that the development costs provided to the Appraiser by the Developer are accurate.

In valuing the property within Improvement Area No. 2, the Appraiser used a sales comparison approach for the property to be developed and, with respect to the builder-owned lots and homes, a discounted cash flow analysis was applied. The discounted cash flow analysis accounts for remaining development costs. To arrive at the absorption schedule, the Appraiser reviewed the absorption rate for each project within Improvement Area No. 2 as well as absorption rates for surrounding projects. Subject to the assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of the Date of Value, the minimum market value of the property within Improvement Area No. 2 subject to the Special Tax lien was \$251,982,896. The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix B. The City makes no representation as to the accuracy of the Appraisal Report. There is no assurance that the property within Improvement Area No. 2 can be sold for the prices set forth in the Appraisal Report or that any parcel can be sold for a price sufficient to pay the Special Tax for that parcel in the event of a default in payment of Special Taxes by the landowner. See "RISK FACTORS — Property Values" and APPENDIX B — "APPRAISAL REPORT."

Estimated Value-to-Lien Ratio

The appraised value of the property within Improvement Area No. 2 as of the Date of Value is \$251,982,896. Dividing the appraised value by the principal amount of the Bonds results in value to lien ratio of 9.69-to-1* for Improvement Area No. 2. Dividing the appraised value by the principal amount of the Bonds plus all overlapping general obligation debt results in an estimated assessed value-to-lien ratio of 8.70-to-1* for Improvement Area No. 2. As of the date of issuance of the Bonds, the City expects that the only land-secured debt applicable to parcels within Improvement Area No. 2 will be the Bonds. However, additional land-secured special tax or assessment debt could be applicable to the parcels within Improvement Area No. 2 in the future. See "RISK FACTORS — Parity Taxes and Special Assessments."

Table 5 below reflects the values assigned to parcels in the Appraisal Report, the estimated principal amount of the Bonds, the overlapping general obligation debt and the estimated appraised value-to-lien ratios in Improvement Area No. 2, based on the estimated Fiscal Year 2024-25 Special Tax levy, categorized by property ownership as of May 24, 2024.

Table 6 below sets forth the estimated appraised value-to-lien ratios for Taxable Property within Improvement Area No. 2 by various ranges based upon the principal amount of the Bonds and overlapping

* Preliminary, subject to change.

general obligation debt. Other than the Bonds, there is currently no overlapping land-secured special tax and assessment debt on the property within Improvement Area No. 2.

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)
OF THE CITY OF CORONA
(IMPROVEMENT AREA NO. 2)
ESTIMATED VALUE-TO-LIEN RATIOS
ALLOCATED BY PROPERTY OWNERSHIP

<i>Property Owner⁽¹⁾</i>	<i>No. of Units</i>	<i>Appraised Property Value⁽²⁾</i>	<i>Maximum CFD No. 2018-1 IA 2 Special Tax</i>	<i>Percentage of Maximum CFD No. 2018-1 IA 2 Special Tax</i>	<i>Estimated Fiscal Year 2024-25 CFD No. 2018-1 IA 2 Special Tax Levy</i>	<i>% of Estimated Fiscal Year 2024-25 CFD No. 2018-1 IA 2 Special Tax Levy</i>	<i>CFD 2018-1 IA 2 Bonds ^{(3)*}</i>	<i>All Other Overlapping Debt ⁽⁴⁾</i>	<i>Appraised Value-to-Lien Ratio[*]</i>
<i>Developed Property⁽⁵⁾</i>									
Individually Owned	248	\$ 172,235,390	\$ 1,129,417	59.76%	\$ 849,505	61.87%	\$ 16,087,355	\$ 1,842,133	9.61:1
Beazer Homes Owned	27	10,989,407	88,407	4.68	88,407	6.44	1,674,193	191,709	5.89:1
Bedford-Corona LP Owned ⁽⁶⁾	6	2,775,037	16,842	0.89	16,650	1.21	315,298	36,104	7.90:1
New Home Co. Owned	29	13,714,976	132,373	7.00	98,950	7.21	1,873,847	214,571	6.57:1
Taylor Morrison Owned	27	12,088,590	181,481	9.60	115,475	8.41	2,186,782	250,404	4.96:1
Tri Pointe Home Owned	57	17,814,761	153,718	8.13	152,081	9.97	2,879,998	329,783	5.24:1
Subtotal Developed Property	394	\$ 229,618,161	\$ 1,702,238	90.07%	\$ 1,321,067	96.22%	\$ 25,017,473	\$ 2,864,704	8.24:1
<i>Approved Property⁽⁵⁾</i>									
Approved - Beazer Homes Owned	33	\$ 7,715,840	\$ 56,374	2.98%	\$ 15,592	1.14%	\$ 295,264	\$ 33,810	23.45:1
Approved - Bedford-Corona LP Owned ⁽⁶⁾	34	8,312,762	82,835	4.38	22,910	1.67	433,856	49,680	17.19:1
Approved - Tri Pointe Homes Owned	25	6,336,133	48,382	2.56	13,381	0.97	253,407	29,017	22.43:1
Subtotal Developer Owned	92	\$ 22,364,735	\$ 187,590	9.93%	\$ 51,883	3.78%	\$ 982,527	\$ 112,507	20.42:1
Total	486	\$ 251,982,896	\$ 1,889,828	100.00%	\$ 1,372,950	100.00%	\$ 26,000,000	\$ 2,977,211	8.70:1

* Preliminary, subject to change.

(1) Based on ownership status as of May 24, 2024.

(2) As of the Date of Value as set forth in the Appraisal Report.

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

(4) See Table 3 above.

(5) Based on development status as of May 24, 2024.

(6) Bedford-Corona LP is the land banking entity for Tri Pointe. As of July 11, 2024, Tri Pointe acquired lots for an additional 16 homes from such land bank. See "THE MERCHANT BUILDERS" below.

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

TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)
OF THE CITY OF CORONA
(IMPROVEMENT AREA NO. 2)
ESTIMATED VALUE-TO-LIEN RATIOS STRATIFICATION*

<i>Value-to-Lien Category</i>	<i>No. of Units</i>	<i>% of Units</i>	<i>Appraised Value ⁽¹⁾</i>	<i>% of Appraised Value</i>	<i>CFD 2018-1 IA No. 2 Estimated Fiscal Year 2024-25 Levy</i>	<i>Percent Share of Estimated Fiscal Year 2024-25 Levy</i>	<i>CFD 2018-1 IA No. 2 Proposed 2024 Bonds ⁽²⁾</i>	<i>Percent Share of Proposed 2024 Bonds</i>	<i>All Other Overlapping Debt</i>	<i>Aggregate Value-to-Lien</i>
Less than 4.00:1 ⁽³⁾	35	7.20%	\$ 9,981,156	3.96%	\$ 130,710	9.52%	\$ 2,475,296	9.52%	\$ 283,441	3.62:1
Between 4.01:1 to 6.00:1	48	9.88	13,494,731	5.36	143,253	10.43	2,712,836	10.43	310,642	4.46:1
Between 6.01:1 to 8.00:1	32	6.58	16,604,052	6.59	101,748	7.41	1,926,829	7.41	220,638	7.73:1
Between 8.01:1 to 10.00:1	200	41.15	141,340,590	56.09	727,194	52.97	13,771,107	52.97	1,576,903	9.21:1
Between 10.01:1 to 12.00:1	80	16.46	48,442,125	19.22	219,428	15.98	4,155,386	15.98	475,825	10.46:1
Greater than 12.00:1 ⁽³⁾⁽⁴⁾	<u>91</u>	<u>18.72</u>	<u>22,120,242</u>	<u>8.78</u>	<u>50,617</u>	<u>3.69</u>	<u>958,546</u>	<u>3.69</u>	<u>109,761</u>	<u>20.71:1</u>
Totals	486	100.00%	\$251,982,896	100.00%	\$ 1,372,950	100.00%	\$26,000,000	100.00%	\$2,977,211	8.70:1

* *Preliminary, subject to change.*

⁽¹⁾ Reflects the appraised value as of May 24, 2024, the date of value of the Appraisal.

⁽²⁾ Allocated based on the estimated Fiscal Year 2024-25 Special Tax levy.

⁽³⁾ The minimum value to lien in the Less than 4.00:1 category is 3.28:1*. The maximum value to lien in the Greater than 12.00:1 category is 29.87:1*.

⁽⁴⁾ Includes 91 of the 92 parcels classified as Approved Property as of May 24, 2024.

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

Delinquency History

The first installment of the Special Tax levy becomes delinquent on December 10 and the second installment becomes delinquent on April 10 of each year. Fiscal Year 2022-23 was the first year of the Special Tax levy within Improvement Area No. 2. The following table shows the history of Special Tax delinquencies within Improvement Area No. 2.

TABLE 7
COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)
IMPROVEMENT AREA NO. 2 OF THE CITY OF CORONA
SPECIAL TAX LEVIES, DELINQUENCIES AND DELINQUENCY RATES
FISCAL YEARS 2022-23 THROUGH 2023-24

<i>Fiscal Year</i>	<i>Amount Levied</i>	<i>Parcels Levied</i>	<i>Delinquencies at Fiscal Year End</i>			<i>Delinquencies as of June 1, 2024</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>
2022-23	\$ 14,314	1	0	\$0	0.00%	0	\$ 0	0.00%
2023-24	529,922	117	N/A	N/A	N/A	7	16,344	3.08

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

City's Collection Practices

The staff of the City provides administrative and other support services for the community facilities districts that have been formed by the City. These services include, but are not limited to, attempting to collect delinquent special taxes prior to the commencement of foreclosure proceedings by sending demand letters to property owners whose special taxes are delinquent advising them of the consequences of failing to pay the applicable special taxes. The City will covenant in the Fiscal Agent Agreement to commence foreclosure proceedings against parcels with delinquent Special Taxes under certain circumstances described in this Official Statement. See "SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales.*"

PROPERTY OWNERSHIP AND THE DEVELOPMENT

The information provided in this section has been included because it may be considered relevant to an informed evaluation and analysis of the Bonds. No assurance can be given that the proposed development of the property within Improvement Area No. 2 will occur in a timely manner or in the configuration or to the density described in this Official Statement, or that New Home Company, Tri Pointe, Beazer Homes, Taylor Morrison or any owners or affiliates thereof described in this Official Statement will or will not retain ownership of their respective property within Improvement Area No. 2. Further, there may be material adverse changes in this information after the date of this Official Statement.

The Bonds are secured by and payable solely from the Special Tax Revenues and amounts on deposit in certain of the funds and accounts established and maintained under the Fiscal Agent Agreement. See "RISK FACTORS" for a discussion of certain of the risk factors that should be considered in evaluating the investment quality of the Bonds. Neither the Bonds nor the Special Taxes are personal obligations of the property owners within Improvement Area No. 2 or any affiliate thereof, and, in the event that a property owner defaults in the payment of its Special Taxes, the City may proceed with judicial foreclosure, but has no direct recourse to the assets of such property owner or any affiliate thereof.

General

The District and Improvement Area No. 2 are within the Bedford master-planned development. The District is generally coterminous with Bedford and is currently planned for approximately 1,543 residential units, a retail center of approximately 135,000 square feet of retail space (which is complete), 57 acres of open space and seventeen acres of parks and trails. A number of parks and recreational facilities are completed within the District which serve the Bedford community as a whole. Completed recreational facilities that serve the Bedford community include the Hudson House with amenities such as a multi-purpose building, swimming pools and a park, and the Shed with amenities such as a multi-purpose builder, swimming pool and a park. The Hudson House is located outside of Improvement Area No. 2 and the Shed is located within Improvement Area No. 2. The recreational facilities within Improvement Area No. 2 are owned and operated by the Bedford homeowner's association and are not subject to the Special Tax levy.

Improvement Area No. 2 of the District includes approximately 54 gross acres and consists of the second phase of development of Bedford. The property within Improvement Area No. 2 is included within Tract Map Nos. 27644 and 37644 and is planned for 486 single family homes.

A portion of a retail and commercial center is located within Improvement Area No. 5, located toward the northeastern portion of the District. Such retail center includes approximately 135,000 square feet of shopping and dining space and a 101-room Hampton inn hotel. As of this Official Statement, the retail center is complete and substantially occupied. The hotel is nearing completion and is expected to be open in 2024. Any special taxes levied within Improvement Area No. 5 will not be available to pay debt service on the Bonds. With the exception of the proposed development within Improvement Area No. 5 and recreational uses as described above, the balance of the property within the District is planned for residential developments.

The Developer has completed all of the backbone infrastructure necessary to serve the development within Improvement Area No. 2 and has satisfied all conditions to allow for full buildout within the District, including Improvement Area No. 2. The development in Improvement Area No. 2 is the second phase of the Bedford master-planned community and certain backbone infrastructure remains to be completed by the Developer in order to allow for full buildout of Bedford. However, completion of such infrastructure is not a condition to development within Improvement Area No. 2. The merchant builders in Improvement Area No. 2 have completed substantially all of the in-tract infrastructure within their respective projects.

The Developer has transferred all of the property planned for residential development in Improvement Area No. 2 to merchant builders (and with respect to one merchant builder, such merchant builder's land bank). The following table summarizes the planned development within Improvement Area No. 2 by the merchant builders.

**COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)
OF THE CITY OF CORONA
(IMPROVEMENT AREA NO. 2)
SUMMARY OF DEVELOPMENTS**

<i>Property Owner</i>	<i>Project Name</i>	<i>Product Type</i>	<i>Expected Number of Units at Buildout⁽¹⁾</i>
Taylor Morrison	Harper	Single Family Detached	87
New Home Company	Monroe	Detached 6-Pack ⁽²⁾	66
New Home Company	Ellis	Detached 8-Pack ⁽²⁾	78
Beazer Homes	Coda	Single Family Detached	72
Tri Pointe	Averly	Attached Townhomes	103
Tri Pointe/Hearthstone Tri Pointe Landbank ⁽³⁾	Wyatt	Attached Duplexes	80
Total			486

⁽¹⁾ Reflects the expected number of units within each project at buildout.

⁽²⁾ Consists of six or eight units sharing a single driveway access.

⁽³⁾ Includes lots that are owned by the Hearthstone Tri Pointe Landbank and expected to be acquired and developed by Tri Pointe.

Source: The Appraiser.

Home construction is underway in all planned projects within Improvement Area No. 2, with 248 of the 486 planned homes owned by individual homeowners as of May 24, 2024. See "THE MERCHANT BUILDERS" below for a description of the status of development within each of the merchant builder's projects within Improvement Area No. 2.

The Developer

General. Arantine Hills Holdings LP, a Delaware limited partnership (previously defined as the Developer), is the master developer of Bedford. The Developer was formed in 2014 by TNHC-Arantine GP LLC, a Delaware limited liability company (an affiliate of The New Home Company Inc., which is one of the merchant builders in Improvement Area No. 2), as general partner, and Arantine Hills Equity LP, a Delaware limited partnership, and TNHC Land Company LLC, a Delaware limited liability company, as limited partners. Under the Limited Partnership Agreement, Arantine Hills Equity LP and TNHC Land Company LLC held 95% and 5% interests in the Developer, respectively. On July 31, 2020 Arantine Hills Equity LP purchased the 5% interest of TNHC Land Company LLC. As a result of such purchase, neither TNHC Land Company LLC nor TNHC-Arantine GP LLC has any ownership interest or management rights with respect to the Developer and the New Home Company is no longer affiliated with the Developer.

On July 31, 2020, Arantine Hills Equity GP, LLC, a Delaware limited liability company, was admitted as the new general partner of Arantine Hills Holdings LP and PV Development Management LLC, an affiliate of Pacific Ventures Management LLC (“Pacific Ventures”), was hired to be the development manager of the Bedford project in the District.

Pacific Ventures is a real estate consulting company with experience in identifying, visioning, planning, entitling, permitting, developing and managing significant land development projects, including master planned communities and resort communities. In addition to the development of large-scale master planned communities for its own account, Pacific Ventures has developed its business to include assisting property owners in planning, entitling, developing and managing large scale projects that may be in undeveloped or partially developed stages.

History of Property Tax Payments; Loan Defaults; Litigation; Bankruptcy. The Developer has represented to the City as follows: (a) during the last five years, neither the Developer, nor any individual or entity which has an ownership interest in the Developer (an “Affiliate”), during the period of its ownership, been delinquent to any material extent in the payment of any ad valorem property tax, special assessment or special tax on property included within the boundaries of a community facilities district or an assessment district within California that (1) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (2) resulted in a foreclosure action being commenced against the delinquent Developer or its Affiliates; (b) no legal proceedings are pending against any the Developer or any Affiliate (with proper service of process having been accomplished), or to the Developer’s knowledge, threatened in writing in which the Developer or any Affiliate may be adjudicated as bankrupt or discharged from any or all of its debts or obligations, or granted an extension of time to pay its debt or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation; (c) neither the Developer nor, to the Developer’s knowledge, any of its Affiliates is currently in material default on any loans, lines of credit or other obligation related to the development of the property within Improvement Area No. 2 or any other project which default is reasonably likely to materially and adversely affect the Developer’s ability to develop such property as described in this Official Statement; and (d) there are no claims, disputes, suits, actions or contingent liabilities by and among the Developer, its Affiliates or any contractors working on the development of the property within Improvement Area No. 2 that are reasonably likely to materially and adversely affect the development of such property as described in this Official Statement.

The Development

Entitlements for the Bedford Development. The Bedford development was originally approved by the City Council as the Arantine Hills Specific Plan in August 2012. Pursuant to Amendment No. 1 to the Arantine Hills Specific Plan (as amended, the “Specific Plan”) approved by the City Council in April 2016, the area within the District is now entitled for up to 1,621 market-rate homes, 10.0 acres of commercial use and a number of parks and open space.

In June 2016, the City Council approved and entered into the Arantine Hills Development Agreement with the Developer (the “Development Agreement”), which provided for the vesting of rights to develop the Bedford project consistent with the terms of the Development Agreement, the Specific Plan and the Final EIR (as defined below). The Development Agreement includes certain development rights upon associated funding and/or construction of public infrastructure and obtaining certain permits. The Developer’s obligations under the Development Agreement include dedication of certain rights of way, funds for local improvements, funding of certain studies relating to traffic projects, and funding of certain drainage and street improvements. In January 2019, the City approved an amendment to the Specific Plan to modify certain planning areas acreages and densities in future phases and incorporate additional property into the plan. The maximum entitlement of 1,621 dwelling units remains unchanged.

Infrastructure Requirements and Financing Plan. Pursuant to the Development Agreement, the conditions of approval of the final map for the Bedford project and the conditions of approval for the final tract map for the property within Improvement Area No. 2 (together, the “Conditions of Approval”), the Developer is obligated to construct or fund the construction of certain street, traffic, water storage, drainage, and park improvements. The Developer has completed the backbone infrastructure (arterial roadways, drainage and water lines) necessary to serve the project within Improvement Area No. 2. As required under the Development Agreement and the Conditions of Approval, the Developer has paid its share of costs for traffic and roadway improvements that are prerequisites to obtaining building permits for production units or certificates of occupancy within Improvement Area No. 2.

Certain backbone infrastructure remains to complete the portions of the Bedford development outside of Improvement Area No. 2. Such improvements include, but are not limited to, roadways, wet and dry utilities and park improvements. The Developer does not believe that it has any remaining development costs within Improvement Area No. 2 and that any additional costs that may arise will be nominal.

The property within Improvement Area No. 2 was located in an area that is designated by the Federal Emergency Management Agency (FEMA) as unmapped Zone X (outside of a 100-year flood zone), and as a result, the base flood elevation for the Bedford project and the limits of the Bedford Wash floodplain located to the northeast of the Bedford development were not previously defined. The City previously required FEMA’s approval of a Conditional Letter of Map Revision (“CLOMR”) for the Bedford project to define the limits of the Bedford Wash floodplain and to establish the base flood elevation for the project. The City has agreed that the CLOMR would not be required and that a final Letter of Map Revision (“LOMR”) from FEMA would be requested after the completed Bedford Canyon Wash/Channel is accepted by the County. The Bedford Canyon Wash/Channel is expected to be ready to be accepted by the County by the second quarter of 2025. The City has agreed to delay processing a LOMR with FEMA until land development currently underway for the expanded commercial center along Bedford Channel is complete. Flood insurance is not required for the property in Improvement Area No. 2.

Environmental Impact Report. On August 15, 2012, the City Council certified the environmental impact report for the Specific Plan. In connection with the approval of the Development Agreement, a supplemental environmental impact report was prepared and was certified by the City Council on May 19, 2016 (as supplemented, the “Final EIR”). In certifying the Final EIR, the City Council adopted a finding of overriding considerations of the benefits of the Bedford project and a mitigation monitoring and reporting program to allow the project to proceed.

THE MERCHANT BUILDERS

The information in this section has been provided by the merchant builders and has been included because it may be considered relevant to an informed evaluation and analysis of the Bonds. No assurance can be given that the proposed development of the property within Improvement Area No. 2 will occur in a timely manner or in the configuration or to the density described in this Official Statement, or that New Home Company, Tri Pointe, Beazer Homes, Taylor Morrison, Hearthstone Tri Pointe Landbank, or any owners or affiliates thereof described in this Official Statement will or will not retain ownership of their respective property within Improvement Area No. 2. Further, there may be material adverse changes in this information after the date of this Official Statement.

The Bonds are secured by and payable solely from the Special Tax Revenues and amounts on deposit in certain of the funds and accounts established and maintained under the Fiscal Agent Agreement. See “RISK FACTORS” for a discussion of certain of the risk factors that should be considered in evaluating the investment quality of the Bonds. Neither the Bonds nor the Special Taxes are personal obligations of the property owners within Improvement Area No. 2 or any affiliate thereof, and, in the event that a property owner defaults in the payment of its Special Taxes, the City may proceed with judicial foreclosure, but has no direct recourse to the assets of such property owner or any affiliate thereof.

New Home Company

General. The New Home Company Southern California LLC, a Delaware limited liability company (previously defined as the “New Home Company”) is a wholly-owned subsidiary of The New Home Company, Inc. (NWHM). NWHM designs, constructs and sells homes in Southern California, Northern California, Arizona, Colorado, Oregon and, Washington. NWHM was a publicly held company listed on the NYSE until September 2021 when the company became privately held upon its purchase by an entity controlled by Apollo Funds (“Apollo”) and managed by affiliates of Apollo Global Management, Inc. (“APO”), a publicly traded company listed on the NYSE. For more information about NWHM, visit its website at www.NewHomeCo.com. *This internet address is included for reference only and the information on the internet site is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the internet site.*

New Home Company Development Plan. Within Improvement Area No. 2, New Home Company acquired all 12 lots (with three or six detached single family homes planned for each lot) for its Monroe project totaling 66 planned homes and all seven lots (with eight or 15 detached single family homes planned for each lot) for its Ellis project totaling 78 planned homes. New Home Company’s plans for its Monroe and Ellis projects are described below.

With respect to the 66 homes planned within the Monroe project, home sizes range from approximately 1,826 square feet to 2,175 square feet with base sales prices currently ranging from approximately \$730,000 to \$785,000. Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives, and any selling concessions or price reductions currently being offered. As of May 24, 2024, New Home Company had completed and conveyed 53 homes within the Monroe project to individual homeowners with actual sales prices ranging from \$647,000 to \$783,000. As of such date, within the Monroe project, New Home Company owned three model homes and ten homes under construction (nine of which were in escrow). New Home Company expects close out of the Monroe project by _____, 2024.

With respect to the 78 homes planned within the Ellis project, home sizes range from approximately 1,730 square feet to 2,013 square feet with base sales prices currently ranging from approximately \$671,000 to \$718,000. Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives, and any selling concessions or price reductions currently being offered. As of May 24, 2024, New Home Company had completed and conveyed 62 homes within the Ellis project to individual homeowners with actual sales prices ranging from \$611,990 to \$797,990. As of such date, within the Ellis project, New Home Company owned three model homes and 12 homes under construction (six of which were in escrow). New Home Company expects close out of the Ellis project by _____, 2024.

Notwithstanding New Home Company’s projections regarding home construction and sellout of its planned development, no assurance can be given that New Home Company will complete its development as currently anticipated, or that home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. New Home Company reserves the right to change its development plan at any time without notice. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. New Home Company continuously evaluates its product lines and prices in light of the then current market conditions. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation.

New Home Company Financing Plan. Through May 24, 2024, the New Home Company had spent approximately \$_____ million on land acquisition, design and construction costs on its project within Improvement Area No. 2. The New Home Company expects to spend approximately \$_____ million in permit and impact fees, and direct and indirect construction costs between May 24, 2024 and full build-out of the homes proposed to be constructed (exclusive of internal financing repayment, sales and marketing, corporate

overhead and other carrying costs). The New Home Company expects to use home sales revenues and internal funding to complete its development in Improvement Area No. 2.

Notwithstanding the current belief of New Home Company that it will have sufficient funds to complete its planned development in Improvement Area No. 2, no assurance can be given that sources of financing available to New Home Company will be sufficient to complete the development and home construction as currently anticipated. Neither New Home Company nor any of its related entities are under any legal obligation of any kind to expend funds for the development and construction of homes on its property in Improvement Area No. 2, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by New Home Company to fund the costs of such development are entirely voluntary.

If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned development by New Home Company within Improvement Area No. 2 and other financing by New Home Company is not put into place, there could be a shortfall in the funds required to complete the planned development by New Home Company or to pay ad valorem property taxes or Special Taxes related to New Home Company's property in Improvement Area No. 2, and the remaining portions of New Home Company's project in Improvement Area No. 2 may not be completed. Many factors beyond New Home Company's control, or a decision by New Home Company to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS – Failure to Develop Properties."

Taylor Morrison

General. As previously defined in this Official Statement, "Taylor Morrison" refers to Taylor Morrison of California, LLC, a California limited liability company, whose sole shareholder is Taylor Morrison Services, Inc., a Delaware corporation qualified in California ("TMSI"). TMSI is controlled by Taylor Morrison Home Corporation, a Delaware corporation ("TMHC"), which is traded on the New York Stock Exchange as "TMHC." TMHC's principal executive offices are located in Scottsdale, Arizona. TMHC was created as a result of the July 2007 merger of two United Kingdom-based, publicly listed homebuilders, Taylor Woodrow plc and George Wimpey plc, the predecessor entities of which commenced homebuilding operations in the United States in 1936. The subsequent integration of Taylor Woodrow, Inc. and Morrison Homes, Inc. in the U.S. formed TMHC and Monarch Corporation in Canada, respectively.

Taylor Morrison is a leading national land developer and homebuilder in the United States and has been named America's Most Trusted Homebuilder® for nine consecutive years (awarded by Lifestory Research). Taylor Morrison serves a broad range of consumers in the entry-level, move-up and resort lifestyle segments across the country. Taylor Morrison is also a land developer, with a portfolio of lifestyle and master-planned communities with single and multi-family detached and attached homes. Taylor Morrison operates under various brand names including Taylor Morrison, Darling Homes Collection by Taylor Morrison, and Esplanade.

TMHC is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the SEC. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including TMHC. The address of such website is www.sec.gov. All documents subsequently filed by TMHC pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of TMHC's Annual Report and each of its other quarterly and current reports, including any amendments, are available under the investors relations tab at its website at www.taylormorrison.com.

The foregoing website addresses and references to filings with the SEC are included for reference only and the information on such websites is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy

or adequacy of the information contained on such websites. Taylor Morrison and TMHC are not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information on such websites may be incomplete or inaccurate and has not been reviewed by the City or Underwriter.

Taylor Morrison Development Plan. Taylor Morrison plans to develop the property that it owns within Improvement Area No. 2 into a neighborhood marketed as “Harper.” Taylor Morrison’s Harper product within Improvement Area No. 2 is expected to consist of 87 single family detached homes at completion, with home sizes ranging from approximately 2,466 square feet to approximately 2,840 square feet and base sales prices ranging from approximately \$920,990 to approximately \$965,990 as of May 24, 2024. Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives, and any selling concessions or price reductions currently being offered. As of May 24, 2024, Taylor Morrison had completed and conveyed 60 homes within the Harper project to individual homeowners, with actual sales prices ranging from \$740,100 to \$989,595. As of such date, Taylor Morrison owned three model homes, 19 homes under construction (12 of which were in escrow) and five finished home sites without any home construction thereon (all of which were in escrow). Taylor Morrison expects to close out of the Harper project in December 2024.

Notwithstanding Taylor Morrison’s projections regarding home construction and sellout of its planned development, no assurance can be given that Taylor Morrison will complete its development as currently anticipated, or that home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Taylor Morrison reserves the right to change its development plan at any time without notice. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. Taylor Morrison continuously evaluates its product lines and prices in light of the then current market conditions. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation.

Taylor Morrison Financing Plan. Through May 24, 2024, Taylor Morrison had spent approximately \$52.6 million on land acquisition, site development, permit and impact fees, and direct and indirect construction costs on its project within Improvement Area No. 2. Taylor Morrison expects to spend approximately \$4.0 million in additional permit and impact fees, and direct and indirect construction costs between May 24, 2024 and full build-out of the homes proposed to be constructed (exclusive of internal financing repayment, sales and marketing, corporate overhead and other carrying costs). Taylor Morrison expects to finance such costs using a combination of home sales revenue and internally generated funds (which may include funding from its parent company).

Notwithstanding the current belief of Taylor Morrison that it will have sufficient funds to complete its planned development in Improvement Area No. 2, no assurance can be given that sources of financing available to Taylor Morrison will be sufficient to complete the development and home construction as currently anticipated. Neither Taylor Morrison nor any of its related entities are under any legal obligation of any kind to expend funds for the development and construction of homes on its property in Improvement Area No. 2, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by Taylor Morrison to fund the costs of such development are entirely voluntary.

If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned development by Taylor Morrison within Improvement Area No. 2 and other financing by Taylor Morrison is not put into place, there could be a shortfall in the funds required to complete the planned development by Taylor Morrison or to pay ad valorem property taxes or Special Taxes related to Taylor Morrison’s property in Improvement Area No. 2, and the remaining portions of Taylor Morrison’s project in Improvement Area No. 2 may not be completed. Many factors beyond Taylor Morrison’s control, or a decision by Taylor Morrison to alter its current plans, may cause the actual sources and uses to differ from the projections. See “SPECIAL RISK FACTORS – Failure to Develop Properties.”

Tri Pointe

General. Tri Pointe Homes Holdings, Inc., a Delaware corporation (previously defined as “Tri Pointe”) is a wholly-owned subsidiary of Tri Pointe Homes, Inc., a Delaware corporation (“Tri Pointe Homes”), a publicly traded company whose common stock is listed on the New York Stock Exchange under the ticker symbol “TPH.” Tri Pointe Homes is engaged in the design, construction and sale of innovative single-family attached and detached homes in 15 markets across ten states and the District of Columbia. In September 2023, Tri Pointe Homes announced the expansion into the greater Salt Lake City region with the launch of a new division in Utah. As of March 2024, the company had not yet commenced significant operations in these new markets. In April 2024, Tri Pointe Homes announced further expansion into Orlando, Florida and the coast Carolinas area of North and South Carolina.

Tri Pointe Homes is subject to the informational requirements of the Exchange Act and, in accordance therewith, files reports, proxy statements, and other information, including financial statements, with the SEC. Such filings, set forth, among other things, certain data relative to the consolidated results of operations and financial position of Tri Pointe Homes and its consolidated subsidiaries, including Tri Pointe, as of such dates (e.g., see Tri Pointe Homes’ Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as filed with the SEC on February 22, 2024 and Tri Pointe Homes’ Quarterly Report on form 10-Q for the quarterly period ended March 31, 2024, as filed with the SEC on April 25, 2024).

The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Tri Pointe Homes. The address of such website is www.sec.gov. All documents filed by Tri Pointe Homes pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of Tri Pointe Homes’ most recent Annual Report on Form 10-K and each of its other quarterly and current reports, including any amendments, are available in the “investors” portion of its website at www.tripointehomes.com.

The foregoing website addresses and references to filings with the SEC are given for reference and convenience only, and the information on such websites and on file with the SEC does not form a part of this Official Statement and is not incorporated by reference herein. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. Tri Pointe Homes and Tri Pointe are not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Tax, and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information on such websites may be incomplete or inaccurate and has not been reviewed by the City or Underwriter.

Tri Pointe Option Agreement. Tri Pointe entered into a Purchase and Sale Agreement and Escrow Instructions (as amended, the “Tri Pointe Purchase and Sale Agreement”) to acquire the lots for the 183 total homes planned within the Averly (103 homes) and Wyatt (80 homes) projects (the “Tri Pointe Property”) from the Developer. Concurrent with the execution of the Tri Pointe Option Agreement (described below), the Hearthstone Tri Pointe Landbank, entered into two Assignment and Assumption of Purchase Agreements and Escrow Instructions (collectively, the “Assignment Agreement”), pursuant to which Tri Pointe assigned to the Hearthstone Tri Pointe Landbank the right to acquire the Tri Pointe Property, and all other rights of “Buyer” under the Tri Pointe Purchase and Sale Agreement, and the Hearthstone Tri Pointe Landbank acquired the Tri Pointe Property from the Developer pursuant to the Tri Pointe Purchase and Sale Agreement.

Hearthstone Tri Pointe Landbank and Tri Pointe entered into an Option and Development Agreement (the “Tri Pointe Option Agreement”) regarding the Tri Pointe Property, whereby Tri Pointe has the option but not the obligation to purchase residential lots or units in the Tri Pointe Property from the Hearthstone Tri Pointe Landbank pursuant to a takedown schedule. Pursuant to the terms of the Tri Pointe Option Agreement, Tri Pointe has the exclusive right and option to purchase the Tri Pointe Property in consideration for (a) payment of an initial deposit; (b) the covenants of Tri Pointe to timely pay option payments under the Tri

Pointe Option Agreement on a monthly basis in arrears; and (c) upon exercise of the option to acquire lots, the payment of the purchase price for each phase of lots acquired.

During the term of the Tri Pointe Option Agreement, Tri Pointe is contractually responsible under the Tri Pointe Option Agreement for paying all property taxes, fees and assessments levied on the Tri Pointe Property, including the Special Taxes.

As of July 11, 2024, Tri Pointe had acquired all lots for the 103 homes planned within the Averly project and lots for 56 of the 80 homes planned within the Wyatt project. The following table sets forth the currently expected schedule of remaining takedowns for Tri Pointe's Wyatt project. No assurance can be given that the acquisition of the remaining lots Tri Pointe plans to acquire in Improvement Area No. 2 will occur as expected.

<i>Date</i>	<i>Number of Units</i>
October 10, 2024	10
January 20, 2025	<u>14</u>
Total	24

Bedford-Corona, L.P., a Delaware limited partnership (previously defined as the "Hearthstone Tri Pointe Landbank") is ultimately controlled by Hearthstone, Inc., a California corporation ("Hearthstone"). Hearthstone is devoted exclusively to investing in residential housing developments on behalf of institutional capital. Hearthstone's investments include single-family subdivisions, condominium and townhouse developments, master planned communities, land development projects and mixed-use communities. Hearthstone was the first, and is today among the largest, institutional investment managers in the country that is dedicated to the residential building industry. At the time Hearthstone was organized in 1992, homebuilders across the United States were suffering from a shortage of capital resulting from changes in federal laws affecting the banking industry and from a loss of investor confidence in real estate. Hearthstone was organized in 1992 in response to changes in federal laws affecting the banking industry that greatly diminished the availability of investment capital for the homebuilding industry and in recognition of the long-term investment opportunity that residential homebuilding presents for institutional investors. Hearthstone manages funds for numerous public and private pension plans, university endowments, Fortune 100 companies, Wall Street investment banks and family offices. Hearthstone invests these funds on behalf of its investors in homebuilding and residential lot development projects with public and private homebuilders in select target markets throughout the United States. Hearthstone has funded and managed over \$16.5 billion in investments to construct over 140,000 homes and lots in 22 states since its inception. Hearthstone's principal office is located in Calabasas, California. Neither the Hearthstone Tri Pointe Landbank nor Hearthstone are affiliated entities of Tri Pointe or the Developer.

Tri Pointe Development Plan. As of May 24, 2024, Tri Pointe has acquired lots for 97 of the 103 homes planned within Improvement Area No. 2 for its Averly project and lots for 40 of the 80 planned homes for the Wyatt project. As described above, Tri Pointe has acquired additional lots for its projects since such date. Tri Pointe's plans for its Averly and Wyatt projects are described below.

With respect to the 103 homes planned within the Averly project, home sizes range from approximately 1,303 square feet to 1,544 square feet with base sales prices currently ranging from approximately \$571,000 to \$602,000. Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives, and any selling concessions or price reductions currently being offered. As of May 24, 2024, Tri Pointe had completed and conveyed 61 homes within the Averly project to individual homeowners with actual sales prices ranging from \$525,000 to \$604,500. As of such date, within the Averly project, Tri Pointe owned six completed homes (including three models), 23 "units" (i.e. a home site) with homes in various stages of construction thereon (20 of which were in escrow) and 13 units with no vertical home construction thereon. Tri Pointe expects close out of the Averly project by _____, 2024.

With respect to the 80 homes within the Wyatt project, home sizes range from approximately 1,450 square feet to 1,610 square feet with base sales prices currently ranging from approximately \$602,000 to \$618,000. Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives, and any selling concessions or price reductions currently being offered. As of May 24, 2024, Tri Pointe had not yet conveyed any homes in the Wyatt project to individual homeowners. As of such date, within the Wyatt project, Tri Pointe owned 28 units with homes in various stages of construction thereon (11 of which were in escrow) and 12 units with no vertical home construction thereon, and Hearthstone Tri Pointe Landbank owned the remaining 40 units containing three completed model homes, three substantially completed production homes and 34 units without any vertical home construction thereon. Between May 24, 2024 and July 11, 2024, Tri Pointe acquired 16 additional units, resulting in Hearthstone Tri Pointe Landbank owning just 24 units as of July 11, 2024. Tri Pointe expects close out of the Wyatt project by _____, 2024.

Notwithstanding Tri Pointe's projections regarding home construction and sellout of its planned development, no assurance can be given that Tri Pointe will complete its development as currently anticipated, or that home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Tri Pointe reserves the right to change its development plan at any time without notice. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. Tri Pointe continuously evaluates its product lines and prices in light of the then current market conditions. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation.

Tri Pointe Financing Plan. Through May 24, 2024, Tri Pointe had spent approximately \$ _____ on land acquisition, site development, permit and impact fees, and direct and indirect construction costs on its project within Improvement Area No. 2. Tri Pointe expects to spend approximately \$ _____ in additional land acquisition, site development, permit and impact fees, and direct and indirect construction costs between May 24, 2024 and full build-out of the homes proposed to be constructed (exclusive of internal financing repayment, sales and marketing, corporate overhead and other carrying costs). Tri Pointe expects to use internally generated funds (which may include home sales revenues and funding from its parent company Tri Pointe Homes) to complete its development in Improvement Area No. 2.

Notwithstanding the current belief of Tri Pointe that it will have sufficient funds to complete its planned development in Improvement Area No. 2, no assurance can be given that sources of financing available to Tri Pointe will be sufficient to complete the development and home construction as currently anticipated. Neither Tri Pointe nor any of its related entities are under any legal obligation of any kind to expend funds for the development and construction of homes on its property in Improvement Area No. 2, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by Tri Pointe to fund the costs of such development are entirely voluntary.

If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned development by Tri Pointe within Improvement Area No. 2 and other financing by Beazer Homes is not put into place, there could be a shortfall in the funds required to complete the planned development by Tri Pointe or to pay ad valorem property taxes or Special Taxes related to Tri Pointe's property in Improvement Area No. 2, and the remaining portions of Tri Pointe's project in Improvement Area No. 2 may not be completed. Many factors beyond Tri Pointe's control, or a decision by Tri Pointe to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS – Failure to Develop Properties."

Beazer Homes

General. Beazer Homes Holdings, LLC, a Delaware limited liability company (previously defined as "Beazer Homes") is a subsidiary of Beazer Homes USA, Inc., a Delaware corporation ("Beazer Homes Corp"). Beazer Homes Corp's common stock is publicly traded on the New York Stock Exchange under the symbol "BZH." Beazer Homes Corp is one of the largest public homebuilders in the United States, operating in more

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

The foregoing website addresses and references to filings with the SEC are included for reference only and the information on such websites is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such websites. Beazer Homes and Beazer Homes Corp are not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes and investors should not rely on the information and financial statements contained on such websites in evaluating whether to buy, hold or sell the Bonds. The information on such websites may be incomplete or inaccurate and has not been reviewed by the City or Underwriter.

Beazer Homes Development Plan. Beazer Homes plans to develop the property that it owns within Improvement Area No. 2 into a neighborhood marketed as "Coda." Beazer Homes' Coda neighborhood is expected to consist of 72 single family detached homes at completion. Home sizes in such project range from approximately 1,535 square feet to approximately 1,810 square feet with base sales prices ranging from approximately \$599,990 to approximately \$687,990 as of May 24, 2024. Base sales prices are subject to change and exclude any lot premiums, options, upgrades, incentives, and any selling concessions or price reductions currently being offered. As of May 24, 2024, Beazer Homes had completed and conveyed 12 homes within the Coda project to individual homeowners, with actual sales prices ranging from \$562,290 to \$651,940. As of such date, Beazer Homes owned three model homes, 27 homes under construction ([27] of which were in escrow) and 33 finished home sites without any home construction thereon (three of which were in escrow). Beazer Homes expects to close out of the Coda project in May 2025.

Notwithstanding Beazer Homes' projections regarding home construction and sellout of its planned development, no assurance can be given that Beazer Homes will complete its development as currently anticipated, or that home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Beazer Homes reserves the right to change its development plan at any time without notice. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. Beazer Homes continuously evaluates its product lines and prices in light of the then current market conditions. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation.

Beazer Homes Financing Plan. Through May 24, 2024, Beazer Homes had spent approximately \$29,255,943 on land acquisition, site development, permit and impact fees, and direct and indirect construction costs on its project within Improvement Area No. 2. Beazer Homes expects to spend approximately \$12,276,190 in additional permit and impact fees, and direct and indirect construction costs between May 24, 2024 and full build-out of the homes proposed to be constructed (exclusive of internal financing repayment, sales and marketing, corporate overhead and other carrying costs). Beazer Homes expects to use internal funding (which may include home sales revenues from its project in Improvement Area No. 2) to complete its development activities within Improvement Area No. 2. However, sales revenues from Beazer Homes' activities in Improvement Area No. 2 are not segregated and set aside for completing its project in Improvement Area No. 2. Notwithstanding the foregoing, Beazer Homes believes that it will have sufficient funds to complete its construction and sale of its homes in Improvement Area No. 2.

Notwithstanding the current belief of Beazer Homes that it will have sufficient funds to complete its planned development in Improvement Area No. 2, no assurance can be given that sources of financing available to Beazer Homes will be sufficient to complete the development and home construction as currently anticipated. Neither Beazer Homes nor any of its related entities are under any legal obligation of any kind to expend funds for the development and construction of homes on its property in Improvement Area No. 2, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by Beazer Homes to fund the costs of such development are entirely voluntary.

If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned development by Beazer Homes within Improvement Area No. 2 and other financing by Beazer Homes is not put into place, there could be a shortfall in the funds required to complete the planned development by Beazer Homes or to pay ad valorem property taxes or Special Taxes related to Beazer Homes' property in Improvement Area No. 2, and the remaining portions of Beazer Homes' project in Improvement Area No. 2 may not be completed. Many factors beyond Beazer Homes' control, or a decision by Beazer Homes to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS – Failure to Develop Properties."

RISK FACTORS

The purchase of the Bonds involves significant investment risks, and, therefore, the Bonds are not suitable investments for many investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth in this Official Statement, in evaluating the investment quality of the Bonds. The Bonds have not been rated by a rating agency. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Bonds. The occurrence of one or more of the events discussed in this section of this Official Statement could adversely affect the ability or willingness of property owners in Improvement Area No. 2 to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the City to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed in this section of this Official Statement could adversely affect the value of the property in Improvement Area No. 2. See "—Property Values" and "—Limited Secondary Market" below.

Risks of Real Estate Secured Investments Generally

The Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of Improvement Area No. 2, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes and floods), which may result in uninsured losses.

No assurance can be given that the current or future merchant builders or future individual homeowners will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See "RISK FACTORS — Bankruptcy and Foreclosure" below, for a discussion of certain limitations on the City's ability to pursue judicial proceedings with respect to delinquent parcels.

Limited Obligations

The Bonds and related interest are not payable from the funds of the City. Except with respect to the Special Tax Revenues, neither the credit nor the taxing power of the District or the City is pledged for the payment of principal or interest of the Bonds, and, except as provided in the Fiscal Agent Agreement, no Owner of the Bonds may compel the exercise of any taxing power by the District or the City or force the

forfeiture of any City or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the City or a legal or equitable pledge, charge, lien or encumbrance upon any of the City's or District's property or upon any of the City's or District's income, receipts or revenues, except the Special Tax Revenues and other amounts pledged under the Fiscal Agent Agreement.

Insufficiency of Special Taxes

The annual amount of Special Tax to be levied on each taxable parcel in Improvement Area No. 2 will generally be based on the development status and land use class to which a parcel of Developed Property is assigned under the Rate and Method. See APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” and “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Rate and Method of Apportionment of Special Tax.*”

The maximum Special Taxes that may be levied within Improvement Area No. 2 are at least 110% of Maximum Annual Debt Service on the Bonds. Notwithstanding that the maximum Special Taxes that may be levied in Improvement Area No. 2 exceeds debt service due on the Bonds, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation as permitted in the Rate and Method.

In order to pay debt service on the Bonds, it is necessary that the Special Taxes be paid in a timely manner. Should the Special Taxes not be paid on time, the City has established a Reserve Fund under the Fiscal Agent Agreement to pay debt service on the Bonds and any Reserve Parity Bonds to the extent other funds are not available. See “SOURCES OF PAYMENT FOR THE BONDS — Reserve Fund.” The City will covenant in the Fiscal Agent Agreement to maintain in the Reserve Fund an amount equal to the Reserve Requirement subject, however, to the limitation that the City may not levy the Special Tax in Improvement Area No. 2 in any Fiscal Year at a rate in excess of the maximum amounts permitted under the Rate and Method. In addition, under no circumstances may the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by owner of any other parcel or parcels within Improvement Area No. 2 by more than 10% in any Fiscal Year. As a result, if a significant number of delinquencies occurs, the City could be unable to replenish the Reserve Fund to the Reserve Requirement. If such defaults were to continue in successive years, the Reserve Fund could be depleted and a default on the Bonds could occur.

The City will covenant in the Fiscal Agent Agreement that, under certain conditions, it will institute judicial foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the Bonds and any Parity Bonds. If foreclosure proceedings were ever instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Tax to protect its security interest. See “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*” for provisions which apply in the event of such foreclosure and which the City is required to follow in the event of delinquencies in the payment of the Special Tax.

In the event that sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds (if the Reserve Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the City on behalf of the District of the proceeds of sale. The City may adjust the future Special Tax levied on taxable parcels in Improvement Area No. 2, subject to the limitation on the maximum Special Tax, to provide an amount required to pay interest on, principal of, and redemption premiums, if any, on the Bonds, and the amount, if any, necessary to replenish the Reserve Fund to an amount equal to the Reserve Requirement and to pay all current expenses. There is, however, no assurance that the total amount of the Special Tax that could be levied and collected against taxable parcels in Improvement Area No. 2 will be at all times sufficient to pay the amounts required to be paid by the Fiscal Agent Agreement, even if the Special Tax is levied at the maximum Special Tax rates. See “— Bankruptcy and Foreclosure” below for a discussion of potential delays in foreclosure actions.

The Rate and Method governing the levy of the Special Tax permits the City Council to classify an Assessor's Parcel as Exempt Property under the circumstances described in Section F of the Rate and Method so long as such classification would not reduce the Acreage of all Taxable Property in Improvement Area No. 2 to less than 23.21 acres. See Section F of APPENDIX A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." If for any reason property within Improvement Area No. 2 becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, another public agency or a religious organization, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within Improvement Area No. 2. This would result in the owners of such property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Act provides that, if any property within Improvement Area No. 2 not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within Improvement Area No. 2 was to become owned by public agencies, collection of the Special Tax might become more difficult and could result in collections of the Special Tax which might not be sufficient to pay principal of and interest on the Bonds when due and a default could occur with respect to the payment of such principal and interest.

Failure to Develop Properties

Development of property within Improvement Area No. 2 may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the Developer, the merchant builders, or any future property owner to pay the Special Taxes when due. Land development is 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. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy such governmental requirements would adversely affect planned land development. Development of land in Improvement Area No. 2 is also subject to the availability of water. Finally, development of land is subject to economic considerations.

No assurance can be given that the remaining proposed development will be fully completed; and for purposes of evaluating the investment quality of the Bonds, prospective purchasers should consider the possibility that such parcels will remain unimproved.

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the Owners of the Bonds should it be necessary for the City to foreclose on the property due to the nonpayment of Special Taxes. The failure to complete development in Improvement Area No. 2 as planned, or substantial delays in the completion of the development may reduce the value of the property within Improvement Area No. 2 and increase the length of time during which Special Taxes will be payable from undeveloped property, and may affect the willingness and ability of the owners of property within Improvement Area No. 2 to pay the Special Taxes when due.

There can be no assurance that land development operations within Improvement Area No. 2 will not be adversely affected by future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, an increase in mortgage interest rates, the income tax treatment of real property ownership, or the national economy. A slowdown of the

development process and the absorption rate could adversely affect land values and reduce the ability or desire of the property owners to pay the annual Special Taxes. In that event, there could be a default in the payment of principal of, and interest on, the Bonds when due.

Owners of the Bonds should assume that any event that significantly impacts the ability to develop land in Improvement Area No. 2 would cause the property values within Improvement Area No. 2 to decrease substantially from those estimated by the Appraiser and could affect the willingness and ability of the owners of land within Improvement Area No. 2 to pay the Special Taxes when due.

The City will levy Special Taxes on Approved Property for Fiscal Year 2024-25 and expects to levy Special Taxes on Approved Property in future fiscal years until the Special Taxes levied on Developed Property are sufficient to pay debt service on the Bonds and to fund Administrative Expenses. Property without vertical improvements thereon is generally less valuable, especially if there are no plans to develop such land or if there are severe restrictions on the development of such land. Property without vertical improvements thereon also provides less security to the Owners of the Bonds should it be necessary for the City to foreclose on such property due to the nonpayment of the Special Taxes. Furthermore, an inability to develop the land within Improvement Area No. 2 as currently proposed will make the Owners of the Bonds dependent upon timely payment of the Special Taxes levied on property without vertical improvements thereon. A slowdown or stoppage in the continued development of Improvement Area No. 2 could reduce the willingness and ability of the merchant builders, or any successors to make Special Tax payments on Approved Property and could greatly reduce the value of such property in the event it has to be foreclosed upon. See “—Property Values.”

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 Bonds are derived, are customarily billed to the properties within Improvement Area No. 2 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 “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*,” for a discussion of the provisions which apply, and procedures which the City is obligated to follow under the Fiscal Agent Agreement, in the event of delinquencies in the payment of Special Taxes. See “RISK FACTORS — FDIC/Federal Government Interests in Properties” below, for a discussion of the policy of the Federal Deposit Insurance Corporation (the “FDIC”) regarding the payment of special taxes and assessment and limitations on the City’s ability to foreclose on the lien of the Special Taxes in certain circumstances where property within Improvement Area No. 2 is owned by the federal government, agencies of the federal government, or, possibly, government sponsored enterprises such as Federal National Mortgage Association (“Fannie Mae”) and Federal Home Loan Mortgage Corporation (“Freddie Mac”).

The City has the authority and the obligation, subject to the Act and the maximum Special Tax rates set forth in the Rate and Method, to increase the levy of Special Taxes against non-delinquent property owners in Improvement Area No. 2 in the event other owners in Improvement Area No. 2 are delinquent. Pursuant to the Rate and Method and the Act, under no circumstances may the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of delinquency or default by owner of any other parcel or parcels within Improvement Area No. 2 by more than 10% in any Fiscal Year. Thus, the City may not be able to increase Special Tax levies in future Fiscal Years by enough to make up for delinquencies for prior Fiscal Years. This would result in draws on the Reserve Fund, and if delinquencies continue and in the aggregate exceed the Reserve Fund balance, defaults would occur in the payment of principal and interest on the Bonds.

Although the City will covenant in the Fiscal Agent Agreement to commence and diligently pursue foreclosure under the circumstances described under the caption “SOURCES OF PAYMENT FOR THE BONDS — Special Taxes — *Proceeds of Foreclosure Sales*,” foreclosure delays may occur under the circumstances described under the caption “RISK FACTORS — Bankruptcy and Foreclosure.” Delinquencies may result as a consequence of many factors. See “RISK FACTORS,” generally, for a discussion of certain potential causes of delinquencies.

Natural Disasters

The District, like all California communities, may be subject to unpredictable seismic activity, fires, flood, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, bridges and property within Improvement Area No. 1. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. The property within Improvement Area No. 2 is not located in an Alquist Priolo Earthquake Study Zone and is not located within one-half mile of an active earthquake fault. Based on geotechnical studies prepared in connection with the grading of the Bedford project, the area within Improvement Area No. 2 is mapped by the County as having a low to very low potential for liquefaction. Additionally, Improvement Area No. 2 is not located in a flood plain area.

In recent years, wildfires have caused extensive damage throughout the State, including within the County. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances entire neighborhoods have been destroyed. Several fires which occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Portions of the District (generally along the southern border) is located within an area which the Department of Forestry and Fire Protection of the State of California (“CalFire”) has designated as a very high fire hazard severity zone. The areas adjacent to Bedford have been designated by CalFire as a very high fire hazard severity zone. In accordance with the Specific Plan and City code, the City fire department has approved a fuel modification plan for Bedford, which includes, among other mitigation measures, limitations on the type of vegetation that may be planted within fuel modification zones established along certain portions of the perimeter of Bedford, minimum setback of structures and irrigation requirements of the fuel modification zones. Maintenance of such zone is expected to be the responsibility of the Bedford homeowner’s association and is subject to inspection by the City. Notwithstanding the foregoing mitigation measures, there is a risk of residential property within Improvement Area No. 2 being destroyed by wildfires and no assurance can be given as to the severity or frequency of wildfires within the vicinity of Improvement Area No. 2.

In the event of a severe earthquake, fire, flood or other natural disaster, there may be significant damage to both property and infrastructure in Improvement Area No. 2. As a result, a substantial portion of the property owners may be unable or unwilling to pay the Special Taxes when due. In addition, the value of land in Improvement Area No. 1 could be diminished in the aftermath of such a natural disaster, reducing the resulting proceeds of foreclosure sales in the event of delinquencies in the payment of the Special Taxes.

Hazardous Substances

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

costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

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

The value of the taxable property within Improvement Area No. 2, as set forth in the various tables in this Official Statement, does not reflect the presence of any hazardous substance or the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the property. The City has not independently verified, but is not aware, that any owner (or operator) of any of the parcels within Improvement Area No. 2 has such a current liability with respect to any such parcel. However, it is possible that such liabilities do currently exist and that City is not aware of them.

Parity Taxes and Special Assessments

Property within Improvement Area No. 2 is subject to taxes imposed by public agencies also having jurisdiction over the land within Improvement Area No. 2. See “IMPROVEMENT AREA NO. 2 — Estimated Direct and Overlapping Indebtedness.”

The Special Taxes and any related penalties will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by the City and other agencies and is co-equal to and independent of the lien for general property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property except, possibly, for liens or security interests held by the Federal Deposit Insurance Corporation. See “RISK FACTORS — Bankruptcy and Foreclosure” below.

The City has no control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within Improvement Area No. 2. In addition, the landowners within Improvement Area No. 2 may, without the consent or knowledge of the City, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within Improvement Area No. 2 described in this Official Statement. See “SOURCES OF PAYMENT FOR BONDS” and “IMPROVEMENT AREA NO. 2 — Estimated Direct and Overlapping Indebtedness.”

Disclosures to Future Purchasers

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value of the parcel is sufficient may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy, and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The City has caused the Notice of Special Tax Lien to be recorded in the Office of the Recorder for the County against each parcel in Improvement Area No. 2. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider

such Special Tax obligation in the purchase of a property within Improvement Area No. 2 or lending of money thereon.

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

Non-Cash Payments of Special Taxes

Under the Act, the City Council as the legislative body of the District may reserve to itself the right and authority to allow the owner of any taxable parcel to tender a Bond or Parity Bond in full or partial payment of any installment of the Special Taxes or the interest or penalties thereon. A Bond or Parity Bond so tendered is to be accepted at par and credit is to be given for any interest accrued thereon to the date of the tender. Thus, if Bonds or Parity Bonds can be purchased in the secondary market at a discount, it may be to the advantage of an owner of a taxable parcel to pay the Special Taxes applicable thereto by tendering a Bond or Parity Bond. Such a practice would decrease the cash flow available to the City to make payments with respect to other Bonds and any Parity Bonds then outstanding; and, unless the practice was limited by the City, the Special Taxes paid in cash could be insufficient to pay the debt service due with respect to such other Bonds and any Parity Bonds. In order to provide some protection against the potential adverse impact on cash flows which might be caused by the tender of Bonds or Parity Bonds in payment of Special Taxes, the Fiscal Agent Agreement includes a covenant pursuant to which the City will not authorize owners of taxable parcels to satisfy Special Tax obligations by the tender of Bonds or Parity Bonds unless the City shall have first obtained a report of an Independent Financial Consultant certifying that doing so would not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on all Outstanding Bonds and Parity Bonds when due.

Payment of the Special Tax Is Not a Personal Obligation of the Owners

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the value of a taxable parcel is not sufficient, taking into account other liens imposed by public agencies, to secure fully the Special Tax levied on such taxable parcel, the City has no recourse against the owner.

Concentration of Ownership

Based on May 24, 2024 ownership information within Improvement Area No. 2, individual homeowners and the merchant builders are expected to be responsible for approximately 61.87% and 38.13%, respectively, of the projected Fiscal Year 2024-25 Special Tax levy.

The timely payment of principal of and interest on the Bonds depends upon the willingness and ability of the current and future property owners in Improvement Area No. 2 to pay the Special Taxes prior to delinquency. General and local economic conditions and governmental requirements or restrictions may affect the willingness of the current property owners, or any successor property owners, to pay the Special Taxes, and there is no assurance that the current property owners, or any successor property owners, will pay such Special Taxes even if financially able to do so. Due to the concentration of ownership of the property within Improvement Area No. 2, a failure by the merchant builders or any successor property owner thereto to pay the Special Taxes may result in a default in the payment of debt service on the Bonds. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT” and “THE MERCHANT BUILDERS.”

Property Values

The value of the property within Improvement Area No. 2 is a critical factor in determining the investment quality of the Bonds. If a property owner is delinquent in the payment of Special Taxes, the City's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See "IMPROVEMENT AREA NO. 2 — Appraisal Report" and APPENDIX B — "APPRAISAL REPORT."

The Appraiser has estimated, on the basis of certain assumptions and limiting conditions contained in the Appraisal Report, that as of the Date of Value, the market value of the property within Improvement Area No. 2 was \$251,982,896. See "IMPROVEMENT AREA NO. 2 — Appraisal Report." The Appraisal Report indicates the Appraiser's opinion as to the minimum market value of the properties referred to therein as of the date and under the conditions specified therein. The Appraiser's opinion reflects conditions prevailing in the applicable market as of the Date of Value. The Appraiser's opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not change adversely in the future.

Prospective purchasers of the Bonds should not assume that the taxable land within Improvement Area No. 2 could be sold for the appraised amount at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of market value, the Appraiser assumes that any sale will be unaffected by undue stimulus and will occur following a reasonable marketing period, which is not always present in a foreclosure sale. See Appendix B for a description of other assumptions made by the Appraiser and for the definitions and limiting conditions used by the Appraiser. Any event which causes one of the Appraiser's assumptions to be untrue could result in a reduction of the value of the taxable land and improvements within Improvement Area No. 2 from the market value estimated by the Appraiser.

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

FDIC/Federal Government Interests in Properties

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

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

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within Improvement Area No. 2 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 City wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In

Rust v. Johnson (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association (“FNMA”) is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The City has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within Improvement Area No. 2, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within Improvement Area No. 2 is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the City to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited. The FDIC’s policy statement regarding the payment of state and local real property taxes (the “Policy Statement”) provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property’s value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution’s affairs, unless abandonment of the FDIC’s interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC’s consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC’s consent.

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

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within Improvement Area No. 2 in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Bankruptcy and Foreclosure

Bankruptcy, insolvency and other laws generally affecting creditors’ rights could adversely impact the interests of owners of the Bonds in at least two ways. First, the payment of property owners’ taxes and the ability of the City 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 “SOURCES OF PAYMENT

FOR THE BONDS—Special Taxes—*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.

Second, the Bankruptcy Code might prevent moneys on deposit in the Improvement Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner or other party and if the court found that the landowner or other party had an interest in such moneys within the meaning of Section 541(a)(1) of the Bankruptcy Code.

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 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.

No Acceleration Provision

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the Bonds or the Fiscal Agent Agreement or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. See “— Limitations on Remedies” below.

Loss of Tax Exemption

As discussed under the caption “LEGAL MATTERS — Tax Exemption,” the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as a result of a failure of the City to comply with certain provisions of the Internal Revenue Code of 1986, as amended. Such an event of taxability would not in and of itself result in an early redemption of the Bonds and the Bonds will remain outstanding to maturity or until redeemed under the redemption provisions of the Fiscal Agent Agreement.

Limitations on Remedies

Remedies available to the owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Fiscal Agent Agreement 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 lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Although the City 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 Owners of the 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.

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 at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” The provisions of the Initiative have not yet been interpreted by the courts, although several lawsuits have been filed requesting the courts to interpret various aspects of the Initiative. The Initiative could potentially impact the Special Taxes available to the City to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIII states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the Rate and Method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On 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 XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.”

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

It may be possible, however, for voters or the City Council acting as the legislative body of the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. 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 City will covenant in the Fiscal Agent Agreement that it will not initiate proceedings under the Act to reduce the Maximum Rates on then existing Developed Property in Improvement Area No. 2 below the amounts which are necessary to provide Special Tax Revenues in an amount equal to estimated Administrative Expenses for the then current Fiscal Year plus an amount equal to one hundred ten percent (110%) of Maximum Annual Debt Service on the Outstanding Bonds and Parity Bonds. The City will also covenant in the Fiscal Agent Agreement that, in the event an initiative is adopted which purports to alter the Rate and Method, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

The interpretation and application of Article XIII C and Article XIII D 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 “RISK FACTORS — Limitations on Remedies.”

Litigation with Respect to Community Facilities Districts

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

The election authorizing the special tax was limited to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located. Thus, the election was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was

modeled after Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because Article XIII A, Section 4 thereof and Article XIII C, Section 2 thereof require that the electors in such an election be the registered voters within the district.

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

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

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

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

The Special Tax Election in the District. With respect to the San Diego Decision, the facts of such case show that there were thousands of registered voters within the CCFD (*viz.*, all of the registered voters in San Diego). The election held in Improvement Area No. 2 of the District had less than 12 registered voters at the time of the election to authorize the Special Taxes. In the San Diego Decision, the court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the court’s holding in the San Diego Decision does not apply to the Special Tax election in the District. Moreover, Section 53341 of the Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. The petitioners in *Horizon* filed the writ of mandate within 30 days of the landowner election. Voters in the District at the time the District was established approved the Special Tax in 2018. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the City believes that no successful challenge to the Special Tax being levied in accordance with the Rate and Method may now be brought.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds).

Ballot Initiatives

Article XIII A, XIII B, 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 limitations or established minimum funding provisions 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. The adoption of any such initiative might place limitations on the ability of the State, the City, or local districts to increase revenues or to increase appropriations.

CONTINUING DISCLOSURE

City Continuing Disclosure

Pursuant to the City Continuing Disclosure Certificate, the City, on behalf of the District, will agree to provide, or cause to be provided, to the EMMA system of the Municipal Securities Rulemaking Board, which can be found on the Internet at www.emma.msrb.org, on an annual basis certain financial information and operating data concerning Improvement Area No. 2. This covenant is being made by the City in order to assist the Underwriter in complying with the Rule.

Certain Fiscal Year 2019 information required to be updated under continuing disclosure undertakings by the City’s redevelopment successor agency was filed approximately 23 days after the date when such information was due, and the City’s audited financial statements for Fiscal Years 2018 through 2021, as well as certain information required to be updated for Fiscal Years 2018 through 2022, was not properly linked to all CUSIPs for one series of bonds issued by the City’s former redevelopment agency. In addition, certain Fiscal Year 2022 information required to be updated under continuing disclosure undertakings for the 2012 Bonds and wastewater revenue bonds issued by the Corona Utility Authority was filed one day after the date when such information was due. Except as set forth in this paragraph, the City, the Corona Utility Authority and their related entities have not failed to comply in all material respects with their continuing disclosure undertakings in the last five years.

In order to assure compliance with its continuing disclosure obligations going forward, the City has adopted continuing disclosure compliance policies and procedures as part of its debt management policy. In addition, the City retains third party consultants (Willdan Financial Services and Spicer Consulting) to assist with its continuing disclosure obligations.

LEGAL MATTERS

Tax Exemption

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. Interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, for tax

years beginning after December 31, 2022, interest on the Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel notes that interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds is based upon certain representations of fact and certifications made by the City and others and is subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds to assure that interest on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements.

Should the interest on the Bonds become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption as a result of such occurrence and will remain outstanding until maturity or until otherwise redeemed in accordance with the Fiscal Agent Agreement.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bond Owners from realizing the full current benefit of the tax status of such interest. Legislative proposals are announced from time to time which generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Bond Counsel's opinion may be affected by action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such action or events are taken or do occur, or whether such actions or events may adversely affect the value or tax treatment of a Bond, and Bond Counsel expresses no opinion with respect thereto.

The IRS has initiated an expanded program for auditing tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit (or by an audit of similar bonds).

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes provided the City continues to comply with certain requirements of the Code, the accrual or receipt of interest on the Bonds may otherwise affect the tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Bonds.

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

Legal Opinion

The legal opinion of Bond Counsel, approving the validity of the Bonds in substantially the form set forth as Appendix F, will be made available to the original purchaser at the time of original delivery. A copy of the legal opinion for the Bonds will be provided with each definitive bond. Certain legal matters will be passed upon for the City and the District by the City Attorney's Office, and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel, and for the Underwriter by Anzel Galvan LLP, San Francisco, California, as counsel to the Underwriter.

Litigation

No litigation is pending or threatened concerning the validity of the Bonds, the pledge of Special Tax Revenues to repay the Bonds, the powers or authority of the City with respect to the Bonds, or seeking to restrain or enjoin development of the land within Improvement Area No. 2 and a certificate of the City to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds.

No Rating

The City has not made and does not contemplate making application to any rating agency for the assignment of a rating of the Bonds.

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of \$_____ (being \$_____ aggregate principal amount thereof, less Underwriter's discount of \$_____ and plus net original issue premium of \$_____). The purchase agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase 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.

Under certain circumstances, the Underwriter may offer and sell the Bonds to certain dealers and others at prices lower or yields greater than the offering prices or yields stated on the inside cover page of this Official Statement. The offering prices or yields may be changed from time to time by the Underwriter.

Municipal Advisor

The City has retained CSG Advisors Incorporated, San Francisco, California, as Municipal Advisor for the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CSG Advisors Incorporated, is an independent 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 Municipal Advisor, the Underwriter, Underwriter's Counsel, Bond Counsel and Disclosure Counsel are contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel and Disclosure Counsel represent the Underwriter on matters unrelated to the Bonds.

Pending Legislation

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

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations and summaries and explanations of the 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.

The execution of this Official Statement by the City Manager of the City and the delivery thereof have been duly authorized by the City Council acting in its capacity as the legislative body of the District.

CITY OF CORONA
ON BEHALF OF COMMUNITY FACILITIES
DISTRICT NO. 2018-1 (BEDFORD) OF THE
CITY OF CORONA

By: _____
City Manager

APPENDIX A

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD) OF THE CITY OF CORONA IMPROVEMENT AREA NO. 2

Special Taxes (all capitalized terms are defined in Section A, “Definitions”, below) shall be applicable to each Assessor’s Parcel of Taxable Property located within the boundaries of Improvement Area No. 2 (“IA No. 2”) of Community Facilities District No. 2018-1 (Bedford) of the City of Corona (“CFD No. 2018-1”). The amount of Special Taxes to be levied in each Fiscal Year on an Assessor’s Parcel, shall be determined by the City Council of the City of Corona, acting in its capacity as the legislative body of CFD No. 2018-1 by applying the appropriate Special Tax for Developed Property, Approved Property, Undeveloped Property, and Provisional Undeveloped Property that is not Exempt Property as set forth below. All of the real property, unless exempted by law or by the provisions hereof in Section F, shall be taxed to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

“Administrative Expenses” means the following actual or reasonably estimated costs directly related to the formation, and administration of CFD No. 2018-1 including, but not limited to: the costs of computing the Special Taxes and preparing the Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs of remitting Special Taxes to the Trustee; the costs of the Trustee (including legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2018-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2018-1 or any designee thereof of complying with disclosure requirements of the City, CFD No. 2018-1 or obligated persons associated with applicable federal and state securities laws and the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs associated with evaluating the Special Tax effective tax rate prior to the issuance of the first series of Bonds; the costs of the City, CFD No. 2018-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the City’s annual administration fees and third party expenses.

Administration Expenses shall also include amounts estimated by the CFD Administrator or advanced by the City or CFD No. 2018-1 for any other administrative purposes of CFD No. 2018-1, including attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

“Approved Property” means all Assessor’s Parcels of Taxable Property: (i) that are included in a Final Map that was recorded prior to the January 1st preceding the Fiscal Year in which the Special Tax is being levied,

and (ii) that have not been issued a building permit on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Assessor’s Parcel” means a lot or parcel of land designated on an Assessor’s Parcel Map with an assigned Assessor’s Parcel Number.

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

“Assessor’s Parcel Number” means that number assigned to an Assessor’s Parcel by the County for purposes of identification.

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

“Attached Final Mapped Units” means, for an Assessor’s Parcel designated as Attached Residential Property, prior to the issuance of Building Permits for all Residential Units approved to be constructed on such Assessor’s Parcel, the number of Residential Units specified in or shown on the Building Permit(s) issued or Final Map.

“Attached Residential Property” means, in any Fiscal Year, all Residential Property for which Building Permits were issued for construction of a residential structure consisting of two or more Residential Units that share common walls, including garage walls. Residential Units to be included in this category shall include, but not be limited to, townhome, condominium, halfplex, duplex and apartment units.

“Backup Special Tax A” means the Special Tax of that name described in Section D below.

“Boundary Map” means a recorded map of CFD No. 2018-1 which indicates the boundaries of the CFD.

“Bonds” means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which Special Tax A within IA No. 2 has been pledged.

“Building Permit” means the first legal document issued by a local agency giving official permission for new construction. For purposes of this definition, “Building Permit” may include any subsequent document(s) authorizing new construction on an Assessor’s Parcel that are issued or changed by the City after the original issuance of Bonds, as determined by the CFD Administrator as necessary to fairly allocate Special Tax A to the Assessor’s Parcel, provided that following such determination the Maximum Special Tax A that may be levied on all Assessor’s Parcels of Taxable Property will be at least 1.1 times maximum annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses.

“Building Square Foot” or “BSF” means one square foot of assessable internal living space, exclusive of garages or other structures not used as living space, as determined by reference to the Building Permit for such Assessor’s Parcel.

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

“CFD Administrator” means an official of the City, or designee thereof, responsible for (i) determining the Special Tax A Requirement, (ii) determining the Special Tax B Requirement, (iii) determining the Special Tax C (Contingent) Requirement, and (iv) providing for the levy and collection of the Special Taxes.

“CFD” or **“CFD No. 2018-1”** means Community Facilities District No. 2018-1 (Bedford) of the City of Corona established by the City under the Act.

“City” means the City of Corona.

“City Council” means the City Council of the City of Corona, acting as the legislative body of Improvement Area No. 2, or its designee.

“Condominium Plan” means a condominium plan as set forth in the California Civil Code, Section 1352.

“County” means the County of Riverside.

“Detached Residential Property” means, in any Fiscal Year, all Residential Property for which a Building Permit has been or may be issued for purposes of constructing a detached Residential Unit on an Assessor’s Parcel. Such Residential Unit does not or will not share a common wall with another Residential Unit, as determined by the CFD Administrator.

“Developed Property” means all Assessor’s Parcels of Taxable Property for which a Building Permit for new construction was issued on or before May 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Taxes as provided for in Section F.

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

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

“Improvement Area No. 2” or **“IA No. 2”** means Improvement Area No. 2 of CFD No. 2018-1.

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

“Land Use Category” means any of the categories listed in Table 1 of Section D Table 2 of Section M and Table 4 of Section S.

“Maximum Special Tax A” means the maximum Special Tax A, determined in accordance with Section D below that can be levied by IA No. 2 in any Fiscal Year on any Assessor’s Parcel.

“Maximum Special Tax B” means the Maximum Special Tax B, as determined in accordance with Section M below that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property within IA No. 2.

“Maximum Special Tax C (Contingent)” means the Maximum Special Tax C (Contingent), as determined in accordance with Section S below that can be levied in any Fiscal Year on any Assessor’s Parcel of Taxable Property within IA No. 2.

“Non-Residential Property” or **“NR”** means all Assessor’s Parcels of Taxable Property for which a Building Permit(s) was issued for a non-residential use. The CFD Administrator shall make the determination if an Assessor’s Parcel is Non-Residential Property.

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

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

“Property Owner’s Association” or “POA” means a corporation formed by a real estate developer for the purpose of marketing, managing, and selling of homes and lots in a residential subdivision.

“Property Owner’s Association Property” means all Assessor’s Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, have been conveyed, dedicated to, or irrevocably offered for dedication to a Property Owner Association, including any master or sub-association.

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

For Special Tax B that is (i) Developed Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor’s Parcels of Developed Property, including Developed Property with Attached Final Mapped Units (ii) Approved Property, that the ratio of the actual Special Tax B levy to the Maximum Special Tax B is the same for all Assessor’s Parcels of Approved Property, and (iii) Undeveloped Property that the ratio of the actual Special Tax B levy per Acre to the Maximum Special Tax B per Acre is the same for all Assessor’s Parcels of Undeveloped Property.

For Special Tax C (Contingent) that is (i) Developed Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all Assessor’s Parcels of Developed Property, including Developed Property with Attached Final Mapped Units (ii) Approved Property, that the ratio of the actual Special Tax C (Contingent) levy to the Maximum Special Tax C (Contingent) is the same for all Assessor’s Parcels of Approved Property, and (iii) Undeveloped Property that the ratio of the actual Special Tax C (Contingent) levy per Acre to the Maximum Special Tax C (Contingent) per Acre is the same for all Assessor’s Parcels of Undeveloped Property.

“Provisional Undeveloped Property” means Public Property or Property Owner Association Property that is not Exempt Property pursuant to Section F.

“Public Property” means all Assessor’s Parcels which, as of July 1st of the Fiscal Year in which the Special Tax is being levied, are used for rights-of-way or any other purpose and is owned by, dedicated to, or irrevocably offered for dedication to the federal government, the State of California, the County, the City, or any other local jurisdiction, provided, however, that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more Residential Units.

“Residential Unit” or “RU” means a residential unit that is used or intended to be used as a domicile by one or more persons, as determined by the CFD Administrator.

“Special Tax(es)” means any of the special taxes authorized to be levied within IA No. 2 pursuant to the Act.

“Special Tax A” means any of the special taxes authorized to be levied within IA No. 2 pursuant to the Act to fund the Special Tax A Requirement.

“Special Tax A Requirement” means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds due in the Calendar Year that commences in such Fiscal Year, (ii) an allocable share of Administrative Expenses, (iii) the costs associated with the release of funds from an escrow account, (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, (v) an amount equal to any reasonable anticipated shortfall due to Special Tax A delinquencies (based on prior years’ delinquency rates), and (vi) the collection or accumulation of funds for the acquisition or construction of facilities authorized by IA No. 2 provided that the inclusion of such amount does not cause an increase in the levy of Special Tax A on Approved Property or Undeveloped Property as set forth in Steps Two and Three of Section E., less (vii) any amounts available to pay debt service or other periodic costs on the Bonds pursuant to the Indenture.

“Special Tax B” means the annual special tax to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax B Requirement.

Special Tax B Requirement” means that amount to be collected in any Fiscal Year to pay for certain costs as required to meet the needs of IA No. 2 in the current Fiscal Year. The costs to be covered shall be the direct costs for maintenance services including but not limited to (i) maintenance and lighting of parks, parkways, streets, roads and open space, (ii) maintenance and operation of water quality improvements, (iii) public street sweeping, (iv) fund an operating reserve for the costs of Special Tax B Services in the amount not to exceed two times the total Maximum Special Tax B for all Taxable Property for that Fiscal Year, as determined by the CFD Administrator, and (v) Administrative Expenses not funded through the Special Tax A Requirement, less (vi) a credit for funds available to reduce the annual Special Tax B levy, as determined by the CFD Administrator. Under no circumstances shall the Special Tax B Requirement include funds for Bonds.

“Special Tax B Services” means the maintenance and operation of the improvements described in Exhibit “C” attached hereto beginning with the date of City acceptance of each improvement for maintenance purposes.

“Special Tax C (Contingent)” means the Special Tax C (Contingent) to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property to fund the Special Tax C (Contingent) Requirement, if required.

“Special Tax C (Contingent) Requirement” means that amount required to be collected in any Fiscal Year to: (i) pay the direct costs of Special Tax C (Contingent) Services anticipated to be incurred or otherwise payable by the City in the Calendar Year commencing in such Fiscal Year; and (ii) Administrative Expenses not funded through the Special Tax A Requirement or the Special Tax B Requirement, less (iii) a credit for funds available to reduce the annual Special Tax C (Contingent) levy, as determined by the CFD Administrator.

“Special Tax C (Contingent) Services” means the City’s maintenance and operation of the improvements described in Exhibit “D” attached hereto following the POA’s default of its obligation to maintain such improvements, which default shall be deemed to have occurred in each of the circumstances described in Section Q.

“Taxable Property” means all Assessor’s Parcels within IA No. 2, which are not Exempt Property.

“Taxable Unit” means either a Residential Unit, Building Square Foot, or an Acre.

“Tract(s)” means an area of land within a subdivision identified by a particular tract number on a Final Map approved for the subdivision.

“Trustee” means the trustee, fiscal agent, or paying agent under the Indenture.

“Undeveloped Property” means all Assessor’s Parcels of Taxable Property which are not Developed Property, Approved Property, Public Property or Property Owner’s Association Property.

B. SPECIAL TAX A

Commencing Fiscal Year 2018-2019 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property, up to the applicable Maximum Special Tax A to fund the Special Tax A Requirement.

C. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX A

Each Fiscal Year, beginning with Fiscal Year 2018-2019, each Assessor’s Parcel within IA No. 2 shall be classified as Taxable Property or Exempt Property. In addition, each Assessor’s Parcel of Taxable Property shall be further classified as Developed Property, Approved Property, Undeveloped Property or Public Property and/or Property Owner’s Association Property.

Assessor’s Parcels of Developed Property shall further be classified as Residential Property or Non-Residential Property. Each Assessor’s Parcel of Residential Property shall further be classified as a Detached Residential Property, or Attached Residential Property. Each Assessor’s Parcel of Detached Residential Property or Attached Residential Property shall be further categorized into Land Use Categories based on its Building Square Footage and assigned to its appropriate Assigned Special Tax A rate.

The determination of the Building Square Footage shall be made by reference to the original Building Permit issued for the Residential Unit of an Assessor’s Parcel. The Building Permit may include any subsequent document(s) authorizing new construction on an Assessor’s Parcel that are issued or changed by the City after the original issuance of Bonds, as determined by the CFD Administrator as necessary to fairly allocate Special Tax A to the Assessor’s Parcel, provided that following such determination the Maximum Special Tax A that may be levied on all Assessor’s Parcels of Taxable Property will be at least 1.1 times maximum annual debt service on all outstanding Bonds plus the estimated annual Administrative Expenses.

D. MAXIMUM SPECIAL TAX A

1. Developed Property

The Maximum Special Tax A for each Assessor’s Parcel of Detached Residential Property or Attached Residential Property in any Fiscal Year shall be the greater of (i) the Assigned Special Tax A or (ii) the Backup Special Tax A.

The Maximum Special Tax A for each Assessor’s Parcel of Non-Residential Property shall be the applicable Assigned Special Tax A described in Table 1 of Section D

a. Assigned Special Tax A

Each Fiscal Year, each Assessor’s Parcel of Detached Residential Property, Attached Residential Property, or Non-Residential Property shall be subject to an Assigned Special Tax A. The Assigned Special Tax A applicable to an Assessor’s Parcel of Developed Property for Fiscal Year 2018-2019 shall be determined pursuant to Table 1 below.

TABLE 1
ASSIGNED SPECIAL TAX A FOR DEVELOPED PROPERTY

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax A Per Taxable Unit
1. Detached Residential Property	RU	Less than 1,500	\$2,663
2. Detached Residential Property	RU	1,500 to 1,749	\$2,775
3. Detached Residential Property	RU	1,750 to 1,999	\$3,061
4. Detached Residential Property	RU	2,000 to 2,249	\$3,428
5. Detached Residential Property	RU	2,250 to 2,499	\$3,531
6. Detached Residential Property	RU	2,500 to 2,749	\$3,896
7. Detached Residential Property	RU	2,750 to 2,999	\$4,194
8. Detached Residential Property	RU	3,000 to 3,249	\$4,514
9. Detached Residential Property	RU	3,250 to 3,499	\$4,839
10. Detached Residential Property	RU	3,500 to 3,750	\$4,976
11. Detached Residential Property	RU	Greater than 3,750	\$5,299
12. Attached Residential Property	RU	Less than 800	\$1,605
13. Attached Residential Property	RU	800 to 999	\$1,720
14. Attached Residential Property	RU	1,000 to 1,199	\$1,950
15. Attached Residential Property	RU	1,200 to 1,399	\$2,120
16. Attached Residential Property	RU	1,400 to 1,599	\$2,376
17. Attached Residential Property	RU	1,600 to 1,799	\$2,582
18. Attached Residential Property	RU	1,800 to 1,999	\$2,855
19. Attached Residential Property	RU	2,000 to 2,199	\$2,872
20. Attached Residential Property	RU	2,200 to 2,400	\$3,308
21. Attached Residential Property	RU	Greater than 2,400	\$3,538
22. Non-Residential Property	BSF	N/A	\$2.04

On each July 1, commencing July 1, 2020, the Assigned Special Tax for Developed Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

b. Multiple Land Use Categories

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax A levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax A for all Land Use Categories located on the Assessor's Parcel. The CFD Administrator's allocation to each Land Use Category shall be final.

c. Backup Special Tax A

The Fiscal Year 2018-2019 Backup Special Tax A for an Assessor's Parcel of Developed Property shall equal \$64,217 per Acre of the Assessor's Parcel. The Backup Special Tax A shall not apply to Non-Residential Property, Public Property, or Property Owners' Association Property.

On each July 1, commencing July 1, 2020, the Backup Special Tax A rate shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

2. Approved Property

The Maximum Special Tax A for each Assessor's Parcel of Approved Property expected to be classified as Residential Property shall be the Backup Special Tax A computed pursuant to Section D.1.c above.

The Maximum Special Tax A for each Assessor's Parcel of Approved Property expected to be classified as Non-Residential Property shall be \$64,217 per Acre.

On each July 1, commencing July 1, 2020, the Maximum Special Tax A for Approved Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

3. Undeveloped Property and/or Provisional Undeveloped Property

The Maximum Special Tax A for each Assessor's Parcel of Undeveloped Property or Provisional Undeveloped Property shall be equal to the product of \$64,217 multiplied by the Acreage of such Assessor's Parcel.

On each July 1, commencing July 1, 2020, the Maximum Special Tax rate for Undeveloped Property or Provisional Undeveloped Property shall be increased by two percent (2.00%) of the amount in effect in the prior Fiscal Year.

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX A

Commencing Fiscal Year 2018-2019 and for each subsequent Fiscal Year, the City Council shall levy Special Tax A on all Taxable Property in accordance with the following steps:

- Step One: Special Tax A shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax A rates in Table 1 to satisfy the Special Tax A Requirement.
- Step Two: If additional moneys are needed to satisfy the Special Tax A Requirement after the first step has been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Three: If additional moneys are needed to satisfy the Special Tax A Requirement after the first two steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.
- Step Four: If additional moneys are needed to satisfy the Special Tax A Requirement after the first three steps have been completed, then the Special Tax A on each Assessor's Parcel of Developed Property whose Maximum Special Tax A is the Backup Special Tax A shall be increased Proportionately from the Assigned Special Tax A up to 100% of the Backup Special Tax A as needed to satisfy the Special Tax A Requirement.
- Step Five: If additional moneys are needed to satisfy the Special Tax A Requirement after the first four steps have been completed, the Special Tax A shall be levied Proportionately on each Assessor's Parcel of Provisional Undeveloped Property up to 100% of the Maximum Special Tax A applicable to each such Assessor's Parcel as needed to satisfy the Special Tax A Requirement.

Notwithstanding the above, under no circumstances will the Special Taxes levied in any Fiscal Year against any Assessor's Parcel of Residential Property as a result of a delinquency in the payment of the Special Tax A applicable to any other Assessor's Parcel be increased by more than ten percent (10%) above the amount that would have been levied in that Fiscal Year had there never been any such delinquency or default.

F. EXEMPTIONS

The City shall classify as Exempt Property, in order of priority, (i) Assessor's Parcels which are Public Property, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Property Owner's Association Property, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels which are privately owned and are encumbered by or restricted solely for public uses, or (vi) Assessor's Parcels restricted to other types of public uses determined by the City Council, provided that no such classification would reduce the sum of all Taxable Property to less than 23.21 Acres.

Notwithstanding the above, the City Council shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 23.21 Acres. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 23.21 Acres will be classified as Provisional Undeveloped Property, and will be subject to Special Tax A pursuant to Step Five in Section E.

G. PREPAYMENT OF SPECIAL TAX A

The following additional definitions apply to this Section G:

"CFD Public Facilities" means \$17,000,000 expressed in 2019 dollars, which shall increase by the Construction Inflation Index on July 1, 2020, and on each July 1 thereafter, or such lower amount (i) authorized by the City Council to provide the public facilities to be funded under IA No. 2, or (ii) determined by the City Council concurrently with a covenant that it will not issue any more Bonds to be supported by Special Tax A levied under this Rate and Method of Apportionment.

"Construction Fund" means an account specifically identified in the Indenture or functionally equivalent account to hold funds, which are currently available for expenditure to acquire or construct public facilities eligible under IA No. 2.

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

"Future Facilities Costs" means the CFD Public Facilities minus public facility costs previously funded, or that can be funded from funds in the Construction Fund.

"Outstanding Bonds" means all previously issued Bonds secured by the levy of Special Tax A 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 Tax A.

1. Prepayment in Full

The Maximum Special Tax A obligation may be prepaid and permanently satisfied for (i) Assessor's Parcels of Developed Property, (ii) Assessor's Parcels of Approved Property or Undeveloped Property for which a

Building Permit has been issued, (iii) Approved or Undeveloped Property for which a Building Permit has not been issued, and (iv) Assessor's Parcels of Public Property or Property Owner's Association Property that are not Exempt Property pursuant to Section F. The Maximum Special Tax A obligation applicable to an Assessor's Parcel may be fully prepaid and the obligation to pay the Special Tax A for such Assessor's Parcel permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Maximum Special Tax A obligation for such Assessor's Parcel shall provide the CFD Administrator with written notice of intent to prepay, and within 5 business days of receipt of such notice, the CFD Administrator shall notify such owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2018-1 in calculating the Prepayment Amount (as defined below) for the Assessor's Parcel. Within 15 days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the Prepayment Amount for the Assessor's Parcel. Prepayment must be made not less than 60 days prior to the redemption date for any Bonds to be redeemed with the proceeds of such Prepayment Amount.

The Prepayment Amount shall be calculated as follows (capitalized terms are defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
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 Assessor's Parcel.
2. For an Assessor's Parcel of Developed Property, compute the Maximum Special Tax A for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has been issued, compute the Maximum Special Tax A for the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has been issued for the Assessor's Parcel. For an Assessor's Parcel of Approved Property or Undeveloped Property for which a Building Permit has not been issued, Public Property or Property Owner's Association Property to be prepaid, compute the Maximum Special Tax A for the Assessor's Parcel.
3. Divide the Maximum Special Tax A derived pursuant to paragraph 2 by the total amount of Special Taxes that could be levied at the Maximum Special Tax A at build out of all Assessor's Parcels of Taxable Property based on the applicable Maximum Special Tax A for Assessor's Parcels of Developed Property not including any Assessor's Parcels for which the Special Tax A obligation has been previously prepaid.
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 determined pursuant to paragraph 6 to determine the amount of Future Facilities Costs for the Assessor's 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 the Prepayment Amount.
9. Determine the Special Tax A levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Determine the amount the CFD Administrator reasonably expects to derive from the investment of the Bond Redemption Amount and the Redemption Premium 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 of CFD No. 2018-1, including the cost of computation of the Prepayment Amount, the cost to invest the Prepayment Amount, the cost of redeeming the Outstanding Bonds, and the cost of recording notices to evidence the prepayment of the Maximum Special Tax A obligation for the Assessor's 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 Amount, 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 Amount 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.
15. From the Prepayment Amount, the Bond Redemption Amount, the Redemption Premium, and 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 not be sufficient to redeem an aggregate principal amount of Outstanding Bonds which is equally divisible by \$5,000. In such event, the increment above \$5,000 or an integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next redemption from other Special Tax A prepayments of Outstanding Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax A levy as determined pursuant to paragraph 9 above, the CFD Administrator shall remove the current Fiscal Year's Special Tax A levy for the Assessor's Parcel from the County tax roll. With respect to any Assessor's Parcel for which the Maximum Special Tax A obligation is prepaid, the City Council shall cause a suitable notice to be recorded in compliance with the Act,

to indicate the prepayment of Maximum Special Tax A obligation and the release of the Special Tax A lien for the Assessor's Parcel, and the obligation to pay the Special Tax A for such Assessor's Parcel shall cease.

Notwithstanding the foregoing, no Special Tax A prepayment shall be allowed unless the amount of Maximum Special Tax A that may be levied on all Assessor's Parcels of Taxable Property after the proposed prepayment will be at least 1.1 times maximum annual debt service on the Bonds that will remain outstanding after the prepayment plus the estimated annual Administrative Expenses.

Tenders of Bonds in prepayment of the Maximum Special Tax A obligation may be accepted upon the terms and conditions established by the City Council pursuant to the Act. However, the use of Bond tenders shall only be allowed on a case-by-case basis as specifically approved by the City Council.

2. Prepayment in Part

The Maximum Special Tax A obligation for an Assessor's Parcel of Developed Property, Approved Property or Undeveloped Property may be partially prepaid. For purposes of determining the partial prepayment amount, the provisions of Section G.1 shall be modified as provided by the following formula:

$$PP = ((P_E - A) \times F) + A$$

These terms have the following meaning:

PP = Partial Prepayment

P_E = the Prepayment Amount calculated according to Section G.1

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Special Tax A obligation

A = the Administrative Fees and Expenses determined pursuant to Section G.1

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax A obligation for the Assessor's Parcel shall notify the CFD Administrator of (i) such owner's intent to partially prepay the Maximum Special Tax A obligation, (ii) the percentage of the Maximum Special Tax A obligation such owner wishes to prepay, and (iii) the company or agency that will be acting as the escrow agent, if any. Within 5 days of receipt of such notice, the CFD Administrator shall notify such property owner of the amount of the non-refundable deposit determined to cover the cost to be incurred by CFD No. 2018-1 in calculating the amount of a partial prepayment. Within 15 business days of receipt of such non-refundable deposit, the CFD Administrator shall notify such owner of the amount of the Partial Prepayment for the Assessor's Parcel. A Partial Prepayment must be made not less than 60 days prior to the redemption date for the Outstanding Bonds to be redeemed with the proceeds of the Partial Prepayment.

With respect to any Assessor's Parcel for which the Maximum Special Tax A obligation is partially prepaid, the CFD Administrator shall (i) distribute the Partial Prepayment Amount as provided in Paragraph 15 of Section G.1, and (ii) indicate in the records of CFD No. 2018-1 that there has been a Partial Prepayment for the Assessor's Parcel and that a portion of the Special Tax A obligation equal to the remaining percentage (1.00 - F) of Special Tax A obligation will continue on the Assessor's Parcel pursuant to Section E.

H. SPECIAL TAX A REDUCTION

The following definitions apply to this Section H:

"Date of Issuance" means the date a bond purchase contract related to the sale of the Bonds is entered into between the underwriter of the Bonds and IA No. 2.

“PACE Charges” means a contractual assessment or special tax as established by a public agency pursuant to AB811 or SB555, respectively, levied on certain parcels to fund eligible improvements to private property and entered into voluntarily by the property owner.

“Plan Type” means a discrete residential plan type (generally consisting of residential dwelling units that share a common product type (e.g., detached, attached, cluster) and that have nearly identical amounts of living area) that is constructed or expected to be constructed within IA No. 2 as identified in the Price Point Study.

“Price Point” means, with respect to the Residential Units in each Plan Type, as of the date of the applicable Price Point Study, the base price of such Residential Units, estimated by the Price Point Consultant as of such date, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area, view, or lot size. The Price Point shall not be less than the current base prices (as modified by the criteria set forth in the immediately preceding sentence) of Residential Units offered for sale to members of the general public.

“Price Point Consultant” means any consultant or firm of such consultants selected by IA No. 2 that (a) has substantial experience in performing price point studies or otherwise estimating or confirming pricing for Residential Units within community facilities districts, (b) is well versed in analyzing economic and real estate data that relates to the pricing of Residential Units in community facilities districts, (c) is independent and not under the control of CFD No. 2018-1 or the City, (d) does not have any substantial interest, direct or indirect, with or in (i) IA No. 2, (ii) the City, (iii) any owner of real property in IA No. 2, or (iv) any real property in IA No. 2, and (e) is not connected with CFD No. 2018-1 or the City as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 2018-1 or the City.

“Price Point Study” means a price point study or a letter updating a previous price point study, which (a) has been prepared by the Price Point Consultant, (b) sets forth the Plan Types constructed or expected to be constructed within IA No. 2, (c) sets forth the estimated number of constructed and expected Residential Units for each Plan Type, (d) sets forth such Price Point Consultant’s estimate of the Price Point for each Plan Type and (e) uses a date for establishing such Price Points that is no earlier than 30 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to Section H herein. The Price Point Study will only include the for-sale Residential Property in IA No. 2.

“Total Effective Tax Rate” means, for a Plan Type, the quotient of (a) the Total Tax and Assessment Obligation for such Plan Type divided by (b) the Price Point for such Plan Type, converted to a percentage.

“Total Tax and Assessment Obligation” means, with respect to a Plan Type in IA No. 2, for the Fiscal Year for which the calculation is being performed, the quotient of (a) the sum of the Assigned Special Tax A, applicable Special Tax B, and estimated ad valorem property taxes, special assessments, special taxes for any overlapping community facilities districts, and any other governmental taxes, fees and charges (excluding PACE Charges levied on individual Assessor’s Parcels) and Special Tax C (Contingent) unless otherwise directed by the City levied or imposed on all Residential Units of such Plan Type in IA No. 2 in such Fiscal Year or that would have been levied or imposed on all such Residential Units had such Residential Units been completed, sold and subject to such levies and impositions in such Fiscal Year divided by (b) the number of Residential Units in such Plan Type in IA No. 2. The Total Tax and Assessment Obligation for each Plan Type shall be calculated based on the applicable Building Square Footage, Price Point, and number of constructed and expected Residential Units for such Plan Type in IA No. 2 as identified in the Price Point Study.

1. Prior to the Issuance of the First Building Permit

Prior to the issuance of bonds, upon the written request of the Developer submitted to the City within one hundred fifty (150) calendar days before the projected date of the first Building Permit permitting the construction of a non-model Residential Unit for a Land Use Category within IA No. 2, the following steps

shall be taken for each Land Use Category of for-sale Residential Property in IA No. 2 for evaluating Special Tax A:

Step No.:

1. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax and Assessment Obligation and Total Effective Tax Rate for each Plan Type in IA No. 2.
2. Separately, for each Land Use Category of for-sale Residential Property in IA No. 2, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Category is less than or equal to 1.85%.
 - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Category in IA No. 2 is less than or equal to 1.85%, then there shall be no change in Special Tax A for such Land Use Category in IA No. 2.
 - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Category in IA No. 2 is greater than 1.85%, the CFD Administrator shall calculate a revised Assigned Special Tax A for such Land Use Category in IA No. 2, which revised Assigned Special Tax A shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Category to exceed 1.85%.
3. If the Assigned Special Tax A for any Land Use Category is revised pursuant to step 3.b. above, the CFD Administrator shall calculate a revised Backup Special Tax A for all Developed Property within IA No. 2. The revised Backup Special Tax A per Acre shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax A per Acre as set forth in Section D.1.c. above, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Tax A for all Land Use Categories of Residential Property resulting from the calculations in steps 2.a. and 2.b. above. The weighted average percentage will be calculated by taking the sum of the products of the number of units constructed or expected to be constructed in each Land Use Category multiplied by the percentage change in the Assigned Special Tax A (pursuant to step 2.b. above) for each Land Use Category (or 0 for Land Use Categories that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed within IA No. 2 and converted to a percentage.
4. If the Assigned Special Tax A for any Land Use Category is revised pursuant to step 2.b. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Tax A substantially in the form of Exhibit "A" hereto and shall deliver such Certificate of Reduction in Special Tax A to IA No. 2. The Certificate of Reduction in Special Tax A shall be completed for all Land Use Categories and shall set forth, as applicable, either (i) the reduced Assigned Special Tax A for a Land Use Category as calculated pursuant to step 2.b., or (ii) the Assigned Special Tax A as identified in Table 1 Section D for a Land Use Category that was not revised as determined pursuant to step 2.a.; as well as either (i) the revised Backup Special Tax A as calculated pursuant to step 3, or (ii) the Backup Special Tax A as identified in Section D.1.c. that was not revised as determined pursuant to step 3.
5. As soon as practicable after the execution by CFD No. 2018-1 of the acknowledgement on the Certificate of Reduction in Special Tax A, CFD No. 2018-1 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for IA No. 2 reflecting the Assigned Special Tax A and the Backup Special Tax A for IA No. 2 set forth in such Certificate of Reduction in Special Tax A.

6. If the Assigned Special Tax A is not required to be changed for any Land Use Category based on the calculations performed under step 2 above, there shall be no reduction in the Maximum Special Tax A, and no Certificate of Reduction in Special Tax A shall be required. However the CFD Administrator shall prepare and deliver to CFD No. 2018-1 a Certificate of No Reduction in Special Tax A substantially in the form of Exhibit "B" hereto that states that the calculations required pursuant to this Section H have been made and that no changes to the Maximum Special Tax A are necessary.

7. CFD No. 2018-1 and the CFD Administrator shall take no further actions under this Section H upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 2018-1 on a Certificate of Reduction in Special Tax A pursuant to step 5; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Tax A pursuant to step 6.

2. Prior to the Date of Issuance of the First Series of Bonds

Prior to the issuance of the first series of Bonds, the following steps shall be taken for each Land Use Category of for-sale Residential Property in IA No. 2 for evaluating Special Tax A:

Step No.:

1. At least 30 days prior to the expected Date of Issuance of the first series of Bonds, but only in the event the Date of Issuance would occur more than one (1) year from the date of the Resolution of Formation establishing IA No. 2 authorizing the issuance of such Bonds, IA No. 2 shall cause a Price Point Study to be delivered to the CFD Administrator. Notwithstanding the above, if a Price Point Study has been prepared within one hundred twenty (120) days prior to the expected Date of Issuance pursuant to Section H.2. of the Rate and Method of Apportionment, then no additional Price Point Study shall be performed and the requirements of Section H.1. of this Rate and Method of Apportionment shall be waived.

2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Tax and Assessment Obligation and Total Effective Tax Rate for each Plan Type in IA No. 2.

3. Separately, for each Land Use Category of for-sale Residential Property in IA No. 2, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Category is less than or equal to 1.95%.

a. If the Total Effective Tax Rate for all Plan Types in a Land Use Category in IA No. 2 is less than or equal to 1.95%, then there shall be no change in Special Tax A for such Land Use Category in IA No. 2.

b. If the Total Effective Tax Rate for any Plan Type in a Land Use Category in IA No. 2 is greater than 1.95%, the CFD Administrator shall calculate a revised Assigned Special Tax A for such Land Use Category in IA No. 2, which revised Assigned Special Tax A shall be the highest amount (rounded to the nearest whole dollar) that will not cause the Total Effective Tax Rate for any Plan Type in such Land Use Category to exceed 1.95%.

4. If the Assigned Special Tax A for any Land Use Category is revised pursuant to step 3.b. above, the CFD Administrator shall calculate a revised Backup Special Tax A for all Developed Property within IA No. 2. The revised Backup Special Tax A per Acre shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax A per Acre as set forth in Section D.1.c. above, reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Tax A for all Land Use Categories of Residential Property resulting from the calculations in steps 3.a. and 3.b. above. The weighted average percentage will be calculated by taking the sum of

the products of the number of units constructed or expected to be constructed in each Land Use Category multiplied by the percentage change in the Assigned Special Tax A (pursuant to step 3.b. above) for each Land Use Category (or 0 for Land Use Categories that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed within IA No. 2 and converted to a percentage.

5. If the Assigned Special Tax A for any Land Use Category is revised pursuant to step 3.b. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Tax A substantially in the form of Exhibit “A” hereto and shall deliver such Certificate of Reduction in Special Tax A to IA No. 2. The Certificate of Reduction in Special Tax A shall be completed for all Land Use Categories and shall set forth, as applicable, either (i) the reduced Assigned Special Tax A for a Land Use Category as calculated pursuant to step 3.b., or (ii) the Assigned Special Tax A as identified in Table 1 Section D for a Land Use Category that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax A as calculated pursuant to step 4, or (ii) the Backup Special Tax A as identified in Section D.1.c. that was not revised as determined pursuant to step 4.

6. If the Date of Issuance of the first series of Bonds is within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 2018-1 shall execute the acknowledgement on such Certificate of Reduction in Special Tax A, dated as of the closing date of such Bonds, and upon the closing of such first series of Bonds, the Assigned Special Tax A for each Land Use Category and the Backup Special Tax A shall be, for all purposes, as set forth in such Certificate of Reduction in Special Tax A. If the Date of Issuance of the first series of Bonds is not within 120 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Tax A shall not be acknowledged by CFD No. 2018-1 and shall, as of such date, be void and of no further force and effect. In such case, if subsequently a first series of Bonds is expected to be issued, at least 30 days prior to the expected Date of Issuance of such first series of Bonds, the CFD Administrator shall cause a new Price Point Study to be delivered to the CFD Administrator and, following such delivery, steps 2 through 5 of this section shall be performed based on such new Price Point Study.

7. As soon as practicable after the execution by CFD No. 2018-1 of the acknowledgement on the Certificate of Reduction in Special Tax A, CFD No. 2018-1 shall cause to be recorded in the records of the County Recorder an Amended Notice of Special Tax Lien for IA No. 2 reflecting the Assigned Special Tax A and the Backup Special Tax A for IA No. 2 set forth in such Certificate of Reduction in Special Tax A.

8. If the Assigned Special Tax A is not required to be changed for any Land Use Category based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax A, and no Certificate of Reduction in Special Tax A shall be required. However the CFD Administrator shall prepare and deliver to CFD No. 2018-1 a Certificate of No Reduction in Special Tax A substantially in the form of Exhibit “B” hereto dated as of the closing date of the first series of Bonds that states that the calculations required pursuant to this Section H have been made and that no changes to the Maximum Special Tax A are necessary.

9. CFD No. 2018-1 and the CFD Administrator shall take no further actions under this Section H upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 2018-1 on a Certificate of Reduction in Special Tax A pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Tax A pursuant to step 8.

I. TERMINATION OF SPECIAL TAX A

For each Fiscal Year that any Bonds are outstanding the Special Tax A shall be levied on all Assessor's Parcels subject to the Special Tax A as necessary to satisfy the Special Tax A Requirement. The Special Tax A shall cease not later than the 2060-2061 Fiscal Year, however, Special Tax A will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all required interest and principal payments on the IA No. 2 Bonds have been paid; (ii) all authorized facilities of IA No. 2 have been acquired and all reimbursements have been paid pursuant to the Acquisition Agreement, (iii) no delinquent Special Tax A remain uncollected and (iv) all other obligations of IA No. 2 Special Tax A have been satisfied.

J. MANNER OF COLLECTION

The Special Tax A shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that IA No. 2 may collect Special Tax A at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

K. SPECIAL TAX B

Commencing Fiscal Year 2018-2019 and for each subsequent Fiscal Year, the City Council shall levy Special Tax B on all Taxable Property, up to the applicable Maximum Special Tax B to fund the Special Tax B Requirement.

L. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX B

For each Fiscal Year, all Assessor's Parcels of Taxable Property within IA No. 2 shall be classified as Developed Property, Approved Property, or Undeveloped Property, and shall be subject to the levy of Special Tax B as determined pursuant to Sections M and N below. Assessor's Parcels of Developed Property and Approved Property shall be classified as either Residential Property or Non-Residential Property. For Residential Property the number of Residential Units shall be determined by the CFD Administrator.

M. MAXIMUM SPECIAL TAX B

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property which are classified as Residential Property, including all Developed Property with Attached Final Mapped Units, all such Assessor's Parcels shall be assigned the number of Residential Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permits issued or Final Map as determined by the CFD Administrator. Once a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Residential Units contained within the building or buildings, and the Special Tax B levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Residential Units by the Maximum Special Tax B per Residential Unit.

For purposes of determining the applicable Maximum Special Tax B for Assessor's Parcels of Developed Property and Approved Property which are classified as Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor's Parcel, the Special Tax B levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax per Acre.

1. Developed Property

a. Maximum Special Tax B

The Maximum Special Tax B for each Assessor's Parcel of Taxable Property, including all Developed Property with Attached Final Mapped Units, for Fiscal Year 2018-2019 is identified in Table 2 below:

**TABLE 2
MAXIMUM SPECIAL TAX B FOR DEVELOPED PROPERTY**

Land Use Category	Taxable Unit	Maximum Special Tax B Per Taxable Unit
1. Residential Property, including Attached Final Mapped Units	RU	\$209
2. Non-Residential Property	Acre	\$2,109

On each July 1, commencing on July 1, 2019 the Maximum Special Tax B for Developed Property shall increase by i) the percentage increase in the Consumer Price Index (All Items) for Los Angeles - Riverside - Orange County (1982-84 = 100) since the beginning of the preceding Fiscal Year, or ii) by two percent (2.0%), whichever is greater.

b. Multiple Land Use Categories

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax B that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax B that can be levied for each Land Use Category located on that Assessor's Parcel. For an Assessor's Parcel that contains more than one land use, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved by the City for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

2. Approved Property and Undeveloped Property

The Maximum Special Tax B for each Assessor's Parcel of Approved Property and Undeveloped Property for Fiscal Year 2018-2019 is identified in Table 3 below:

**TABLE 3
MAXIMUM SPECIAL TAX B RATES FOR APPROVED PROPERTY
AND UNDEVELOPED PROPERTY**

Maximum Special Tax B Per Acre
\$2,109

On each July 1, commencing on July 1, 2019 the Maximum Special Tax B for Approved Property and Undeveloped Property shall increase by i) the percentage increase in the Consumer Price Index (All Items) for Los Angeles - Riverside - Orange County (1982-84 = 100) since the beginning of the preceding Fiscal Year, or ii) by two percent (2.0%), whichever is greater.

N. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX B

Commencing with Fiscal Year 2018-2019 and for each following Fiscal Year, the Council shall determine the Special Tax B Requirement and shall levy the Special Tax B on all Assessor's Parcels of Taxable Property

until the aggregate amount of Special Tax B equals the Special Tax B Requirement. The Special Tax B shall be levied for each Fiscal Year as follows:

- Step One: The Special Tax B shall be levied Proportionately on all Assessor's Parcels of Developed Property, including Developed Property with Attached Final Mapped Units, at up to 100% of the applicable Maximum Special Tax B to satisfy the Special Tax B Requirement;
- Step Two: If additional moneys are needed to satisfy the Special Tax B Requirement after the first step has been completed, the Special Tax B shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax B for Approved Property;
- Step Three: If additional monies are needed to satisfy the Special Tax B Requirement after the first two steps has been completed, the Special Tax B shall be levied Proportionately on all Assessor's Parcels of Undeveloped Property at up to 100% of the Maximum Special Tax B for Undeveloped Property.

O. DURATION OF SPECIAL TAX B

The Special Tax B shall be levied in perpetuity to fund the Special Tax B Requirement, unless no longer required as determined at the sole discretion of the City Council.

P. MANNER OF COLLECTION

The Special Tax B shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that IA No. 2 may collect the Special Tax B at a different time or in a different manner if necessary to meet its funding requirements.

Q. SPECIAL TAX C (CONTINGENT)

The City Council shall levy Special Tax C (Contingent) commencing in the first Fiscal Year following the POA's default of its obligation to maintain the improvements described in Exhibit "D" attached hereto, which default shall be deemed to have occurred in each of the following circumstances:

- (i) the POA files for bankruptcy;
- (ii) the POA is dissolved;
- (iii) the POA ceases to levy annual assessments for the maintenance of the improvements described above; or
- (iv) the POA fails to maintain such improvements at the same level as the City maintains similar improvements throughout the City and within ninety (90) days after written notice from the City, or such longer period permitted by the City Manager, fails to remedy such maintenance deficiency to the reasonable satisfaction of the City Council.

R. ASSIGNMENT TO LAND USE CATEGORY FOR SPECIAL TAX C (CONTINGENT)

For each Fiscal Year that Special Tax C (Contingent) is authorized to be levied, all Assessor's Parcels of Taxable Property within IA No. 2 shall be classified as Developed Property, Approved Property, or Undeveloped Property, and shall be subject to the levy of Special Taxes as determined pursuant to Sections S and T below. Assessor's Parcels of Developed Property and Approved Property shall be classified as either

Residential Property or Non-Residential Property. For Residential Property the number of Residential Units shall be determined by the CFD Administrator.

S. MAXIMUM SPECIAL TAX C (CONTINGENT)

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property which are classified as Residential Property, all such Assessor's Parcels shall be assigned the number of Residential Unit(s) constructed thereon, or approved to be constructed thereon, as specified in or shown on the Building Permit(s) issued or Final Map as determined by the CFD Administrator. Once a single family attached building or buildings have been built on an Assessor's Parcel, the CFD Administrator shall determine the actual number of Residential Units contained within the building or buildings, and the Special Tax C (Contingent) levied against the Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the actual number of Residential Units by the Maximum Special Tax C (Contingent) per Residential Unit identified for the Assessor's Parcel.

For purposes of determining the applicable Maximum Special Tax C (Contingent) for Assessor's Parcels of Developed Property and Approved Property which are classified as Non-Residential Property, all such Assessor's Parcels shall be assigned the number of Acres as shown on the Final Map as determined by the CFD Administrator. Once the CFD Administrator determines the actual number of Acres for an Assessor's Parcel, the Special Tax C (Contingent) levied against an Assessor's Parcel in the next Fiscal Year shall be calculated by multiplying the number of Acres by the Maximum Special Tax C (Contingent) per Acre.

1. Developed Property

a. Maximum Special Tax C (Contingent)

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Taxable Property for Fiscal Year 2018-2019 is identified in Table 2 below:

**TABLE 4
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR DEVELOPED PROPERTY**

Land Use Category	Taxable Unit	Maximum Special Tax C (Contingent) Per Taxable Unit
1. Residential Property, including Attached Final Mapped Units	RU	\$61
2. Non-Residential Property	Acre	\$606

On each July 1, commencing on July 1, 2019 the Maximum Special Tax C (Contingent) for Developed Property shall increase by i) the percentage increase in the Consumer Price Index (All Items) for Los Angeles - Riverside - Orange County (1982-84 = 100) since the beginning of the preceding Fiscal Year, or ii) by two percent (2.0%), whichever is greater.

b. Multiple Land Use Categories

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Category. The Maximum Special Tax C (Contingent) that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Tax C (Contingent) that can be levied for each Land Use Category located on that Assessor's Parcel. For an Assessor's Parcel that contains more than one land use, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

2. Approved Property and Undeveloped Property

The Maximum Special Tax C (Contingent) for each Assessor's Parcel of Approved Property and Undeveloped Property for Fiscal Year 2018-2019 is identified in Table 5 below:

**TABLE 5
MAXIMUM SPECIAL TAX C (CONTINGENT) FOR
APPROVED PROPERTY AND UNDEVELOPED PROPERTY**

Maximum Special Tax C (Contingent) Per Acre
\$606

On each July 1, commencing on July 1, 2019 the Maximum Special Tax C (Contingent) for Approved Property and Undeveloped Property shall increase by i) the percentage increase in the Consumer Price Index (All Items) for Los Angeles - Riverside - Orange County (1982-84 = 100) since the beginning of the preceding Fiscal Year, or ii) by two percent (2.0%), whichever is greater.

T. METHOD OF APPORTIONMENT OF ANNUAL SPECIAL TAX

Commencing with the first Fiscal Year in which Special Tax C (Contingent) is authorized to be levied and for each following Fiscal Year, the Council shall determine the Special Tax C (Contingent) Requirement and shall levy the Special Tax C (Contingent) on all Assessor's Parcels of Taxable Property until the aggregate amount of Special Tax C (Contingent) equals the Special Tax C (Contingent) Requirement. The Special Tax C (Contingent) shall be levied for each Fiscal Year as follows:

- Step One: The Special Tax C (Contingent) shall be levied Proportionately on all Assessor's Parcels of Developed Property, including all Developed Property with Attached Final Mapped Units, at up to 100% of the applicable Maximum Special Tax C (Contingent) to satisfy the Special Tax C (Contingent) Requirement;
- Step Two: If additional moneys are needed to satisfy the Special Tax C (Contingent) Requirement after the first step has been completed, the Special Tax C (Contingent) shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax C (Contingent) for Approved Property;
- Step Three: If additional monies are needed to satisfy the Special Tax C (Contingent) Requirement after the first two steps has been completed, the Special Tax C (Contingent) shall be levied Proportionately on all Assessor's Parcels of Undeveloped Property up to 100% of the Maximum Special Tax C (Contingent) for Undeveloped Property.

U. DURATION OF SPECIAL TAX C (CONTINGENT)

The Special Tax C (Contingent) shall be levied in perpetuity to fund the Special Tax C (Contingent) Requirement, unless no longer required as determined at the sole discretion of the City Council.

V. MANNER OF COLLECTION OF SPECIAL TAX C (CONTINGENT)

The Special Tax C (Contingent) shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that IA No. 2 may collect the Special Tax C (Contingent) at a different time or in a different manner if necessary to meet its funding requirements.

W. APPEALS OF SPECIAL TAXES

Any taxpayer may file a written appeal of the Special Taxes on his/her Assessor's Parcel(s) with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall take any of the following actions, in order of priority, in order to correct the error:

- (i) amend the Special Tax levy for the current Fiscal Year prior to the payment date;
- (ii) require the CFD to reimburse the taxpayer the amount of the overpayment to the extent of the available funds of IA No. 2; or
- (iii) grant a credit against, eliminate or reduce the future Special Taxes levied on the taxpayer's property within IA No. 2 in the amount of the overpayment.

The CFD Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Taxes and any taxpayer who appeals, as herein specified.

EXHIBIT “A”

CERTIFICATE OF REDUCTION OF SPECIAL TAX A

**COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)
OF THE CITY OF CORONA
IMPROVEMENT AREA NO. 2**

1. Pursuant to Section H of the Rate and Method of Apportionment, the Maximum Special Tax A for Developed Property for [certain or all] Land Use Categories within IA No. 2 has been reduced.
2. The calculations made pursuant to Section H were based upon a Price Point Study that was received by the CFD Administrator on
3. Tables 1A below show the Assigned Special Tax A for each Land Use Category in IA No. 2 after such reduction.

**TABLE 1A
ASSIGNED SPECIAL TAX A FOR DEVELOPED PROPERTY**

Land Use Category	Taxable Unit	Building Square Footage	Assigned Special Tax A Per Taxable Unit
1. Detached Residential Property	RU	Less than 1,500	\$
2. Detached Residential Property	RU	1,500 to 1,749	\$
3. Detached Residential Property	RU	1,750 to 1,999	\$
4. Detached Residential Property	RU	2,000 to 2,249	\$
5. Detached Residential Property	RU	2,250 to 2,499	\$
6. Detached Residential Property	RU	2,500 to 2,749	\$
7. Detached Residential Property	RU	2,750 to 2,999	\$
8. Detached Residential Property	RU	3,000 to 3,249	\$
9. Detached Residential Property	RU	3,250 to 3,499	\$
10. Detached Residential Property	RU	3,500 to 3,750	\$
11. Detached Residential Property	RU	Greater than 3,750	\$
12. Attached Residential Property	RU	Less than 800	\$
13. Attached Residential Property	RU	800 to 999	\$
14. Attached Residential Property	RU	1,000 to 1,199	\$
15. Attached Residential Property	RU	1,200 to 1,399	\$
16. Attached Residential Property	RU	1,400 to 1,599	\$
17. Attached Residential Property	RU	1,600 to 1,799	\$
18. Attached Residential Property	RU	1,800 to 1,999	\$
19. Attached Residential Property	RU	2,000 to 2,199	\$
20. Attached Residential Property	RU	2,200 to 2,400	\$
21. Attached Residential Property	RU	Greater than 2,400	\$

4. The Backup Special Tax A for each Assessor's Parcel of Developed Property shall equal an amount per Acre after such reduction as shown below.

The Backup Special Tax for an Assessor's Parcel of Developed Property shall equal \$ _____ per Acre of the Assessor's Parcel. The Backup Special Tax shall not apply to Non-Residential Property, Public Property, or Property Owners' Association Property.

5. Upon execution of the Certificate of Reduction of Special Tax A by the City and CFD No. 2018-1 the City shall cause an amended Notice of Special Tax Lien for IA No. 2 to be recorded reflecting the modifications set forth herein.

Submitted

CFD ADMINISTRATOR

By: _____ Date: _____

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 2018-1, receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

Improvement Area No. 2 of Community Facilities District No. 2018-1 (Bedford) of the City of Corona

By: _____
Date as of: _____

EXHIBIT “B”

CERTIFICATE OF NO REDUCTION OF SPECIAL TAX A

**IMPROVEMENT AREA NO. 2 OF COMMUNITY FACILITIES DISTRICT NO. 2018-1
(BEDFORD)
OF THE CITY OF CORONA**

1. All calculations required pursuant to Section H of the Rate and Method of Apportionment have been made based upon a Price Point Study that was received by the CFD Administrator on _____.
2. Total Effective Tax Rate for all Plan Types in all Land Use Categories is less than or equal to 1.95%
3. The Maximum Special Tax A for Developed Property within IA No. 2, including the Assigned Special Tax A set forth in Sections D.1.a. and the Backup Special Tax A set forth in Section D.1.c. of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: _____ Date as of: [closing date of Bonds]

EXHIBIT “C”

DESCRIPTION OF AUTHORIZED SPECIAL TAX B SERVICES

COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD) OF THE CITY OF CORONA IMPROVEMENT AREA NO. 2

The services which may be funded with proceeds of Special Tax B of IA No. 2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. These services including the following:

(a) maintenance and lighting of perimeter parks, parkways, streets, roads and open space, which maintenance and lighting services may include, without limitation, furnishing of electrical power to street lights and traffic signals; repair and replacement of damaged or inoperative light bulbs, fixtures and standards; maintenance (including irrigation and replacement) of landscaping vegetation situated on or adjacent to parks, parkways, streets, roads and open space; maintenance and repair of irrigation facilities; maintenance of public signage; graffiti removal from and maintenance and repair of public structures situated on parks, parkways, streets, roads and open space; maintenance and repair of playground or recreation program equipment or facilities situated on any park; and

(b) maintenance and operation of water quality improvements which include storm drainage and flood protection facilities, including, without limitation, drainage inlets, catch basin inserts, infiltration basins, flood control channels, fossil fuel filters, and similar facilities. Maintenance services may include but is not limited to the repair, removal or replacement of all or part of any of the water quality improvements, fossil fuel filters within the public right-of-way including the removal of petroleum hydrocarbons and other pollutants from water runoff, or appurtenant facilities, clearing of inlets and outlets; erosion repairs; and cleanup to improvements, and other items necessary for the maintenance, servicing; or both of the water quality basin improvements within flood control channel improvements; and

(c) public street sweeping, on the segments of the arterials within the boundaries of IA No. 2; as well as local roads within residential subdivisions located within IA No. 2; and any portions adjacent to the properties within IA No. 2; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax B may be expended to pay “Administrative Expenses,” as said term is defined in the Rate and Method of Apportionment.

EXHIBIT “D”

DESCRIPTION OF AUTHORIZED SPECIAL TAX C (CONTINGENT) SERVICES

**COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD)
OF THE CITY OF CORONA
IMPROVEMENT AREA NO. 2**

The services which may be funded with proceeds of Special Tax C (Contingent) of IA No. 2, as provided by Section 53313 of the Act, will include all costs attributable to maintaining, servicing, cleaning, repairing and/or replacing landscaped areas (may include reserves for replacement) in public street right-of-ways, public landscaping, public open spaces and other similar landscaped areas officially dedicated for public use. The authorized Special Tax C Services include the following:

(a) maintenance and operation of water quality improvements, which include the bio-retention facility and appurtenances as shown on the Final WQMP Site Plan and as an Exhibit in the Report of Responsible Officer, which shall be maintained as described in the Storm Water Management Plan on file with the City of Corona. Maintenance services may include, but are not limited to the repair, removal or replacement of all or part of any of the water quality improvements; and

In addition to payment of the cost and expense of the forgoing services, proceeds of Special Tax C (Contingent) may be expended to pay “Administrative Expenses,” as said term is defined in the Rate and Method of Apportionment.

APPENDIX B
APPRAISAL REPORT

APPENDIX C

SUPPLEMENTAL INFORMATION CONCERNING CITY OF CORONA AND COUNTY OF RIVERSIDE

The Bonds will not be secured by any pledge of ad valorem taxes or City General Fund revenues but will be payable solely from Special Taxes to levied on and collected from the owners of certain taxable land within the District. The information set forth below is included in the Official Statement for background purposes only.

General Description and Background

Incorporated in 1896, the City of Corona is a general law city that now functions under a Council/Manager form of government. A five member City Council is elected at large for staggered four-year terms. The Mayor is appointed annually by and from the City Council. The City Manager is appointed by the City Council.

Riverside County, which encompasses 7,303 square miles, was organized in 1893 from territory in San Bernardino and San Diego Counties. Located in the southeastern portion of California, Riverside County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the South by San Diego and Imperial Counties and on the west by Orange and Los Angeles Counties. There are 28 incorporated cities in Riverside County.

Riverside County's varying topology includes desert, valley and mountain areas as well as gently rolling terrain. Three distinct geographical areas characterize Riverside County: the western valley area, the higher elevations of the mountains, and the deserts. The western valley, the San Jacinto Mountains and the Cleveland National Forest experience the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions. Riverside County is the site for famous resorts, such as Palm Springs, as well as a leading area for inland water recreation. Nearly 20 lakes in Riverside County are open to the public. The dry summers and moderate to cool winters make it possible to enjoy these and other recreational and cultural facilities on a year-round basis.

Population

The following sets forth the City, the County and the State population estimates as of January 1, for the years 2020 to 2024:

CITY OF CORONA, RIVERSIDE COUNTY AND STATE OF CALIFORNIA Estimated Population

<i>Year (January 1)</i>	<i>City of Corona</i>	<i>Riverside County</i>	<i>State of California</i>
2020	156,670	2,418,185	39,538,223
2021	157,202	2,419,165	39,327,868
2022	156,879	2,427,832	39,114,785
2023	156,268	2,428,580	39,061,058
2024	156,615	2,442,378	39,128,162

Source: State of California Department of Finance, Demographic Research Unit. 2020 Census Benchmark.

Employment and Industry

The City is included in the Riverside-San Bernardino-Ontario labor market area. The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 4.7% in 2023, up from 4.2% in 2022.

The following table shows the average annual estimated numbers of wage and salary workers by industry. The table does not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

RIVERSIDE-SAN BERNARDINO-ONTARIO METROPOLITAN STATISTICAL AREA (RIVERSIDE COUNTY)

Civilian Labor Force, Employment and Unemployment (Annual Averages)

	2019	2020	2021	2022	2023
Civilian Labor Force	2,071,600	2,091,700	2,120,600	2,148,700	2,171,500
Civilian Employment	1,987,500	1,885,400	1,964,300	2,058,400	2,068,800
Civilian Unemployment	84,000	206,200	156,300	90,200	102,700
Civilian Unemployment Rate	4.1%	9.9%	7.4%	4.2%	4.7%
 Total Farm	15,400	14,100	13,700	13,800	13,100
Total Nonfarm	1,552,700	1,495,800	1,575,100	1,659,800	1,679,800
Total Private	1,291,500	1,247,800	1,333,100	1,409,800	1,418,900
Goods Producing	209,700	202,200	207,700	216,300	216,100
Mining and Logging	1,200	1,300	1,400	1,500	1,500
Construction	107,200	104,900	110,100	114,700	115,700
Manufacturing	101,300	96,000	96,100	100,000	98,900
Service Providing	1,343,000	1,293,700	1,367,400	1,443,500	1,463,700
Trade, Transportation and Utilities	395,100	406,900	443,200	464,900	456,500
Wholesale Trade	67,700	65,600	67,400	69,500	68,700
Retail Trade	180,700	168,800	177,000	181,000	182,700
Transportation, Warehousing and Utilities	146,600	172,500	198,800	214,400	205,100
Information	14,100	12,400	12,500	13,000	13,300
Financial Activities	45,000	44,100	45,200	46,000	44,900
Professional and Business Services	155,300	152,100	166,600	173,900	164,800
Educational and Health Services	250,300	248,800	254,300	267,500	287,500
Leisure and Hospitality	175,900	141,300	160,200	180,900	186,500
Other Services	46,200	40,200	43,600	47,400	49,300
Government	<u>261,200</u>	<u>248,000</u>	<u>242,000</u>	<u>250,000</u>	<u>260,900</u>
Total, All Industries	1,568,100	1,509,900	1,588,800	1,673,500	1,692,900

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 E.

Source: State of California, Employment Development Department, March 2023 Benchmark.

Major Employers

The table below shows the 10 largest employers in the City as of June 30, 2023.

CITY OF CORONA LARGEST EMPLOYERS (As of June 30, 2023)

<i>Rank</i>	<i>Name of Business</i>	<i>Employees</i>	<i>Type of Business</i>
1.	Corona-Norco Unified School District	4,914	School District
2.	Kaiser Permanente	450	Medical
3.	Corona Regional Medical Center	1,129	Medical
4.	Fender USA Corona	1,029	Manufacturing
5.	Monster Energy	1,027	Beverage
6.	City of Corona	910	Municipal
7.	TWR Framing Enterprises	750	Construction
8.	All American Asphalt	650	Materials and Construction
9.	Veg Fresh Farms	605	Food Services
10.	Thermal Structures	418	Manufacturing

Source: City of Corona 2023 Annual Comprehensive Financial Report.

The table below shows the 10 largest employers in the County as of June 30, 2023.

COUNTY OF RIVERSIDE LARGEST EMPLOYERS (As of June 30, 2023)

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

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

Construction Activity

The following is a summary of the valuation of building permits issued in the County for the years 2018 to 2022.

COUNTY OF RIVERSIDE Building Permit Valuations (Valuation in Thousands of Dollars)					
	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
RESIDENTIAL					
New Single-Family	\$ 2,200,021	\$ 1,834,821	\$ 2,315,365	\$ 2,013,159	\$ 2,429,329
New Multi-Family	232,707	282,465	93,149	149,081	339,475
Alterations and Adjustments	<u>125,353</u>	<u>158,117</u>	<u>110,788</u>	<u>100,402</u>	<u>152,309</u>
Total Residential	\$ 2,558,081	\$ 2,275,404	\$ 2,519,303	\$ 2,262,642	\$ 2,921,113
NON-RESIDENTIAL					
New Commercial ⁽¹⁾	\$ 703,977	\$ 312,035	\$ 313,728	\$ 607,980	\$ 643,697
New Industrial	529,326	493,872	225,401	184,817	83,556
Other Buildings ⁽²⁾	410,606	179,861	233,709	460,240	449,607
Alterations & Additions	<u>315,771</u>	<u>300,086</u>	<u>380,937</u>	<u>290,962</u>	<u>524,757</u>
Total Nonresidential	\$ 1,959,680	\$ 1,285,855	\$ 1,153,777	\$ 1,543,998	\$ 1,701,617
TOTAL ALL BUILDING	\$ 4,517,761	\$ 3,561,260	\$ 3,673,080	\$ 3,806,640	\$ 4,622,730

⁽¹⁾ Includes office buildings, stores & other mercantile, hotels & motels, amusement & recreation, parking garages and service stations & repair.

⁽²⁾ Includes churches and religious buildings, medical and institutional buildings, agricultural and storage buildings, hospitals and institutional buildings, public works and utility buildings, schools and educational buildings, structures other than buildings, and residential garages.

Source: California Homebuilding Foundation.

APPENDIX D

SUMMARY OF FISCAL AGENT AGREEMENT

The following is a summary of certain provisions of the Fiscal Agent Agreement which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the respective agreements for a full and complete statement of the provisions thereof.

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING OF THE CITY

This Continuing Disclosure Certificate, dated as of August 1, 2024 (the “Disclosure Certificate”), is executed and delivered by the City of Corona (the “Issuer”), for and on behalf of Community Facilities District No. 2018-1 (Bedford) of the City of Corona (the “District”), in connection with the issuance and delivery by the Issuer of its \$_____ Community Facilities District No. 2018-1 (Bedford) (Improvement Area No. 2) of the City of Corona 2020 Special Tax Bonds (the “Bonds”). The Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of August 1, 2024 (the “Fiscal Agent Agreement”), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the “Fiscal Agent”). The Issuer covenants as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

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

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

“Disclosure Representative” shall mean the City Manager or the Finance Director of the Issuer, or their designee, or such other officer or employee as the Issuer shall designate in writing from time to time.

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

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

“Fiscal Year” shall mean the period from July 1 to June 30, or any other period selected by the Issuer as its fiscal year.

“Improvement Area No. 2” shall mean Improvement Area No. 2 of the District.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule,

or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future

“Official Statement” shall mean the Official Statement dated _____, 2024 relating to the Bonds.

“Participating Underwriter” shall mean the original underwriter of the Bonds that is required to comply with the Rule in connection with offering of the Bonds.

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

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, provide not later than March 1 after the end of the Issuer’s Fiscal Year, commencing with the report due on March 1, 2025, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report; and provided further that the first Annual Report shall consist solely of the Official Statement.

An Annual Report shall be provided at least annually notwithstanding any Fiscal Year longer than 12 calendar months. The Issuer’s Fiscal Year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The Issuer will promptly notify the MSRB and the Fiscal Agent of a change in its Fiscal Year.

(b) Not later than fifteen (15) business days prior to each March 1, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner in the manner prescribed by the MSRB.

(c) The Dissemination Agent shall: (i) determine each year prior to March 1 the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and (b) if the Dissemination Agent is other than the Issuer, certify to the Issuer that the Annual Report has been filed with the MSRB pursuant to this Disclosure Certificate, and stating, to the extent that it can confirm such filing of the Annual Report, the date that it was filed.

SECTION 4. Content of Annual Report. The Issuer’s Annual Report shall contain or include by reference:

(a) The audited financial statements of the Issuer for the most recent Fiscal Year of the Issuer then ended. If the Issuer prepares audited financial statements and if the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the Issuer in a format similar to the financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements of the Issuer shall be audited by such auditor as shall then be required or permitted by State law or the Fiscal Agent Agreement. Audited financial statements, if prepared by the Issuer, shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the Issuer may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are

prepared. In the event that the Issuer shall modify the basis upon which its financial statements are prepared, the Issuer shall provide the information referenced in Section 8(d) below.

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

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

(ii) the balance in each fund under the Fiscal Agent Agreement as of the September 2 preceding the filing of the Annual Report;

(iii) a description of any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a summary of the facts related to the collection of any Backup Special Tax and a description of any parcels for which the Special Taxes have been prepaid, including the amount prepaid, since the date of the last Annual Report;

(iv) an update of Table 5 in the Official Statement, provided, however, that such update need not include the appraised value of the property within Improvement Area No. 2 and may include the assessed value of such property for the then current Fiscal Year; provided, however, that overlapping debt information need not be provided;

(v) a description of any event known to the Issuer which reduces the taxable acreage or which results in a moratorium on future building within Improvement Area No. 2;

(vi) a table setting forth for the five most recent Fiscal Years in which Special Taxes were levied, the amount of Special Taxes levied in each Fiscal Year and the percentage delinquent as of June 30 of such Fiscal Year and as of the date of the Annual Report, and a description of the status of any foreclosure actions being pursued by the Issuer with respect to delinquent Special Taxes; and

(vii) any information not already included under (i) through (vi) above that the Issuer is required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

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

(d) Financial information relating to the District referenced in Section 4(b) and 4(c) may be updated from time to time, and such updates may involve displaying data in a different format or table or eliminating data that is no longer available.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB).
- (vi) Tender offers.
- (vii) Defeasances.
- (viii) Rating changes.
- (ix) Bankruptcy, insolvency, receivership or similar proceedings.
- (X) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (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.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) business days after occurrence:

(i) Unless described in Section 5(a)(v), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds.

- (ii) Modifications to the rights of Bondholders.
- (iii) Optional, unscheduled or contingent Bond calls.
- (iv) Release, substitution or sale of property securing repayment of the Bonds.
- (v) Non-payment related defaults.
- (vi) The consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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 the name of a trustee.

(viii) Incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event under subsection (b) would be material under applicable federal securities laws, and if the Dissemination Agent is other than the Issuer, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB in a timely manner not more than ten (10) business days after the event. Notwithstanding the foregoing, notice of Listed Events described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Fiscal Agent Agreement.

(d) If the Issuer determines that a Listed Event under subsection (b) would not be material under applicable federal securities laws and if the Dissemination Agent is other than the Issuer, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence.

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

SECTION 6. Termination of Reporting Obligation. The obligation of the Issuer under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing 30 days' written notice to the Issuer and the Fiscal Agent. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Issuer and shall have no duty to review any information provided to it by the Issuer. The Dissemination Agent shall have no duty to prepare any information report, nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Issuer in a timely manner and in a form suitable for filing.

SECTION 8. Amendment.

(a) This Disclosure Certificate may be amended, without the consent of the Owners, if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby; (ii) this Disclosure Certificate as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the Issuer shall have obtained an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the same effect as set forth in clause (ii) above and to the effect that the amendment does not materially impair the interests of the Owners or Beneficial Owners.

(b) This Disclosure Certificate may be amended upon obtaining consent of Owners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of the Owners of the Bonds, provided that the conditions set forth in Section 8(a)(ii) and (iii) have been satisfied.

(c) To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

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

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and the Rule, may apply to the Issuer, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer or the Fiscal Agent to comply with this Disclosure Certificate shall be an action to compel performance.

No Owner or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Issuer satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Issuer shall have refused to comply therewith within a reasonable time.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Fiscal Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including

attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. In performing its duties hereunder, the Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Owners, or any other party. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Notices. Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

Disclosure Representative: Finance Director
City of Corona
400 South Vicentia Avenue
Corona, California 92882-2187

Fiscal Agent: The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, California 90071

Participating Underwriter: Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 35th Floor
San Francisco, California 94104

CITY OF CORONA, for and on behalf of
COMMUNITY FACILITIES DISTRICT
NO. 2018-1 (BEDFORD) OF THE CITY OF
CORONA, COUNTY OF RIVERSIDE, STATE
OF CALIFORNIA

By: _____
Authorized Officer

APPENDIX F
PROPOSED FORM OF BOND COUNSEL OPINION

APPENDIX G

INFORMATION CONCERNING DTC

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the City which the City believes to be reliable, but the City and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 City or the Fiscal Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent, or the City, 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 City or the Fiscal Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Fiscal Agent, 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 Fiscal Agent. 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 Fiscal Agent'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 City or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

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

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