

**AGENDA FOR THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
TEMESCAL VALLEY WATER DISTRICT  
SEPTEMBER 28, 2021, 8:30 A.M. AT  
THE DISTRICT'S ADMINISTRATIVE OFFICE  
22646 TEMESCAL CANYON ROAD,  
TEMESCAL VALLEY, CALIFORNIA 92883**

**THIS MEETING WILL BE HELD VIA TELECONFERENCE ONLY AS  
PERMITTED BY GOVERNOR'S EXECUTIVE ORDER N-29-20.**

The following is a summary of the rules of order governing meetings of the Temescal Valley Water District Board of Directors:

**AGENDA ITEMS**

In case of an emergency, items may be added to the Agenda by a majority vote of the Board of Directors. An emergency is defined as a work stoppage; a crippling disaster; or other activity, which severely imperils public health, safety or both. Also, items, which arise after the posting of Agenda, may be added by a two-thirds vote of the Board of Directors.

**PUBLIC COMMENT**

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until placed on a future agenda in accordance with Board policy.

**NOTICE TO PUBLIC**

All matters listed under the Consent Calendar will be voted upon by one motion. There will be no separate discussion of these items, unless a Board Member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case, they will be considered separately under New Business.

**IF ANYONE WISHES TO SPEAK WITH THE BOARD  
ABOUT ANY CONSENT CALENDAR MATTER(S),  
PLEASE STATE YOUR NAME, ADDRESS,  
AND APPROPRIATE ITEM NUMBER(S).**

**AFFIDAVIT OF POSTING**

I, Allison Harnden, Office Manager of the Temescal Valley Water District, hereby certify that I caused the posting of the Agenda at the District office at 22646 Temescal Canyon Road, Temescal Valley, California 92883 before September 25, 2021.

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Allison Harnden, Office Manager

**AGENDA FOR REGULAR MEETING**  
**September 28, 2021**

**Page No.**

1. **Roll Call and Call to Order.**
2. **Presentations and Acknowledgments.**
  - a. Landowner Mail Ballot Election August 31, 2021 Final Results. 6
3. **Public Comment.** If you would like to become an Attendee of the online Zoom Meeting click this link [https://dudek.zoom.us/webinar/register/WN\\_K7\\_Ccie7SUCtDWusOpuDXw](https://dudek.zoom.us/webinar/register/WN_K7_Ccie7SUCtDWusOpuDXw). To be called on for Public Comment please raise your hand. Questions can be submitted through the Q&A option.

**BOARD ITEMS:**

4. **Minutes of the August 24, 2021 Regular Meeting.** 7-11  
**RECOMMENDATION:** Approve Minutes as written.
5. **Payment Authorization Report.** 12-14  
**RECOMMENDATION:** Approve Report and authorize payment of the August 24-September 28, 2021 invoices.
6. **Revenue & Expenditure Reports. (Unaudited).** 15-31
  - a. Revenue & Expenditure Reports.  
**RECOMMENDATION:** Note and file.
7. **Appointment of Ad Hoc Committee.** (-)  
**RECOMMENDATION:** Appoint Director Rodriguez and Director Myers to an ad hoc committee to review Dudek's contracts with TVWD and to recommend revisions, if any.
8. **Trilogy Development.**
  - a. Homeowners Association update. (-)
  - b. Golf Course update. (-)

	<u>Page No.</u>
<b>9. Retreat Development.</b>	(-)
a. Project Update.	
<b>10. Terramor Development (Forestar Toscana).</b>	
a. Project Update.	(-)
b. Resolution No. R-21-19 Authorizing the Issuance of Improvement Area No. 2 2021 Special Tax Bonds in an Aggregate Principal Amount Not To Exceed \$25,000,000 and Approving Certain Documents And Taking Certain Other Actions In Connection Therewith. <b>RECOMMENDATION:</b> Adopt Resolution No. R-21-19.	<b>32-506</b>
c. 1443 homes to be built. 793 houses occupied to date. 55% complete.	
<b>11. Kiley Property Development.</b>	(-)
a. Project Update.	
b. 84 homes to be built. 0 houses occupied to date.	
<b>12. Water Utilization Reports.</b>	<b>507-519</b>
<b>RECOMMENDATION:</b> Note and file.	
<b>13. Sustainable Groundwater Management Act.</b>	(-)
a. Project Update.	
<b>14. Committee Reports.</b>	
a. Finance/Legislation (Director Rodriguez).	<b>520</b>
b. Engineering/Operations (Director Myers).	(-)
c. Public Relations (Allison Harnden).	(-)
<b>15. General Manager's Report.</b>	
a. General Manager's Report.	<b>521-522</b>

	<u>Page No.</u>
b. Pacific Hydrotech Corporation Payment Request #22. <b>RECOMMENDATION:</b> Authorize the payment of \$261,865.50 to Pacific Hydrotech as well as a retention payment of \$13,782.39 to be deposited into an Escrow Account for a total of \$275,647.89.	<b>523-538</b>
<b>16. Operations Report.</b> a. Water and Sewer Operations.	<b>539-541</b>
<b>17. District Engineer's Report.</b> a. Status of Projects.	<b>542-543</b>
<b>18. District Counsel's Report.</b>	(-)
<b>19. Closed Session.</b> a. Public Employee Performance Evaluation in accordance with Government Code Section 54957. Title: District Manager/District Engineer.	(-)
<b>20. Seminars/Workshops.</b>	(-)
<b>21. Consideration of Correspondence.</b> An informational package containing copies of all pertinent correspondence for the Month of August will be distributed to each Director along with the Agenda.	<b>544</b>
<b>22. Adjournment.</b>	(-)

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**REBECCA SPENCER**  
Registrar of Voters



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**ART TINOCO**  
Assistant Registrar of Voters

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**REGISTRAR OF VOTERS**  
COUNTY OF RIVERSIDE

**Landowner Mail Ballot Election**  
**August 31, 2021**

**Final Official Election Results**

**Temescal Valley Water District**  
**Director**  
**Vote for no more than Three**

**VALUE OF VOTES**

PAUL RODRIGUEZ	329,150,020
FRED MYERS	377,275,692
JERRY SINCICH	220,255,268
DAVID HARICH	309,598,623

Total Eligible Voters: 9,026  
Total Eligible Value: 3,731,906,667  
Total Ballots Cast: 1,014

Last Updated: 9/16/2021

**MINUTES OF THE  
REGULAR MEETING OF THE  
TEMESCAL VALLEY WATER DISTRICT**

**August 24, 2021**

**PRESENT**

C. Colladay  
P. Rodriguez  
J. Butler  
D. Harich  
F. Myers

**ABSENT**

**GUESTS**

T. Davis  
J. Watson  
J. Sincich  
T. Ford  
F. Rizvi

**STAFF**

J. Pape  
A. Harnden  
M. McCullough  
J. Scheidel  
P. Bishop  
D. Saunders

**1. Roll Call and Call to Order.**

The regular meeting of the Temescal Valley Water District was called to order by Vice President Rodriguez at 8:30 a.m.

- 2. Presentations and Acknowledgments** – Western Municipal Water District Division 5 Direct Fauzia Rizvi spoke to the Board about current and proposed Water Conservation messaging programs. Also discussed was an \$86,000 refund that is being issued to TVWD as a partial refund of money that was deposited in the Reach F Maintenance and Improvement account held and administered by Western Municipal Water District.

**3. Public Comment.**

**BOARD ITEMS:**

**4. Minutes of the July 27, 2021 Regular Meeting.**

**ACTION:** Director Myers moved to approve the minutes as presented. Director Butler seconded. Motion carried unanimously.

**5. Payment Authorization Report.**

**ACTION:** Director Harich moved to approve the July 27-August 24, 2021 invoices. Director Colladay seconded. Motion carried unanimously.

- 6. Revenue & Expenditure Reports. (Unaudited).**
  - a. Revenue & Expenditure Reports.  
**ACTION:** Note and file.
  
- 7. Trilogy Development.**
  - a. Homeowners Association update.
  
  - b. Golf Course update.
  
- 8. Retreat Development.**
  - a. Project Update.
  
- 9. Terramor Development (Forestar Toscana).**
  - a. Project Update.
  
  - b. 1443 homes to be built. 765 houses occupied to date. 51% complete.
  
- 10. Kiley Property Development.**
  - a. Project Update.
  
  - b. 84 houses to be built. 0 houses occupied to date.
  
- 11. Water Utilization Reports.**  
**ACTION:** Note and file.
  
- 12. Sustainable Groundwater Management Act.**
  - a. Project Update – Director Rodriguez reported on the meeting last week.
  
- 13. Committee Reports.**



- a. Finance/Legislative (Director Rodriguez) – Director Rodriguez asked staff to schedule a meeting.
  - b. Engineering/Operations (Director Myers) – Director Myers asked staff to schedule a meeting.
  - c. Public Relations (Allison Harnden) – Allison reported on delinquent accounts, the upcoming election and working with IB Consulting on the rate study.
- 14. General Manager’s Report.**
- a. General Manager’s Report – The General Manager reported on current projects.
  - b. Pacific Hydrotech Corporation Payment Request #21.  
**ACTION:** Director Myers moved to authorize the payment of \$714,827.79 to Pacific Hydrotech as well as a retention payment of \$37,622.52 to be deposited into an Escrow Account for a total of \$752,450,.31. Director Butler seconded. Motion carried unanimously.
- 15. Operations Report.**
- a. Water and sewer operations.
- 16. District Engineer’s Report.**
- a. Status of Projects.
  - b. Trilogy Parkway Potable Waterline Bid.  
**ACTION:** Director Myers moved to award the contract to Downing Construction in the amount of \$613,094.40. Director Colladay seconded. Motion carried unanimously.
- 17. District Counsel’s Report – None.**
- 18. Seminars/Workshops.**
- 19. Consideration of Correspondence.**

An informational package containing copies of all pertinent correspondence for the Month of July will be distributed to each Director along with the Agenda.

**20. Adjournment.**

There being no further business, the August 24, 2021 Regular Meeting of the Temescal Valley Water District Board of Directors was adjourned at 10:56 a.m. by Vice President Rodriguez.

**ATTEST:**

**APPROVED:**

\_\_\_\_\_  
Paul Rodriguez, Secretary

\_\_\_\_\_  
Charles Colladay, President

Date: \_\_\_\_\_

Date: \_\_\_\_\_



TEMESCAL VALLEY WATER DISTRICT  
 PAYMENT AUTHORIZATION REPORT  
 September 28, 2021

Check #	Date	Payee ID	Payee	Amount	
25904-25908	8/21/21		VOID	\$ -	
25909	8/21/21	JT	JUAN TORRES-TRK MAINT	90.00	
25910	8/21/21	REFUND	JILL MILLER	115.52	
25911	8/24/21	CMS	CMS MEDICARE INSURANCE	742.50	
25912	8/25/21	SIC	SILVERSCRIPT INSURANCE COMPANY	88.50	
25913	9/1/21	UHC	UNITED HEALTH CARE	173.66	
25914	9/3/21	AD	PAYROLL	-	
25915	9/3/21	BE	PAYROLL	-	
25916	9/3/21	CG	PAYROLL	-	
25917	9/3/21	DB	PAYROLL	-	
25918	9/3/21	JH	VOID	-	
25919	9/3/21	KN	PAYROLL	-	
25920	9/3/21	LK	PAYROLL	-	
25921	9/3/21	MM	PAYROLL	-	
25922	9/3/21	PB	VOID	-	
25923	9/3/21	JH	PAYROLL	-	
25924	9/3/21	PB	PAYROLL	-	
25925	8/31/21	PLIC	PROTECTIVE LIFE INSURANCE COMPANY	117.60	
25926	9/3/21	ATTM	AT & T MOBILITY	495.81	
25927	9/3/21	CM01	CORE & MAIN	32,267.30	METERS/METER BOXES & LIDS
25928	9/3/21	DPCI	DON PETERSON CONTRACTING, INC.	11,924.00	CAP IMP-INSTALL BAR SCREEN(PARTIAL)
25929	9/3/21	MITI	MORR-IS TESTED IN	2,625.00	
25930	9/3/21	NC	NORTHSTAR CHEMICAL	13,497.62	TWO CHEM-MONTHLY
25931	9/3/21	SC01	SOUTH COAST AQMD	582.74	
25932	9/3/21	SEMA	SEMA INC.	1,006.18	
25933	9/3/21	TWC	SPECTRUM BUSINESS	1,244.95	
25934	9/3/21	ACSI	ALEXANDER'S CONTRACT SERVICES, INC.	5,997.35	
25936	9/3/21	BLIC	BENEFICIAL LIFE INS COMPANY	759.54	
25937	9/3/21	USB01	US BANK GOVERNMENT SERVICES	2,355.41	
25938	9/3/21	WE01	WESTERN MUNICIPAL WATER DISTR.	14,260.83	
25939	9/3/21	FI01	FIDELITY INVESTMENTS	800.00	
25940	9/3/21	FI01	FIDELITY INVESTMENTS	1,060.80	
25941	9/2/21	FI01	FIDELITY INVESTMENTS	800.00	
25942	9/3/21	JT	JUAN TORRES-TRK MAINT	120.00	
25943	9/3/21	FM	FRED H. MYERS	295.65	
25944	9/3/21	RO	PAUL RODRIGUEZ	295.65	

TEMESCAL VALLEY WATER DISTRICT  
 PAYMENT AUTHORIZATION REPORT  
 September 28, 2021

Check #	Date	Payee ID	Payee	Amount	
25945	9/17/21	AD	PAYROLL	-	
25946	9/17/21	BE	PAYROLL	-	
25947	9/17/21	CG	PAYROLL	-	
25948	9/17/21	CO	CHARLES W. COLLADAY	295.65	
25949	9/17/21	DB	PAYROLL	-	
25950	9/17/21	DH	DAVID HARICH	295.65	
25951	9/17/21	FM	FRED H. MYERS	295.65	
25952	9/17/21	JB	JOHN B. BUTLER	295.65	
25953	9/17/21	JH	VOID	-	
25954	9/17/21	KN	PAYROLL	-	
25955	9/17/21	LK	PAYROLL	-	
25956	9/17/21	MM	PAYROLL	-	
25957	9/17/21	PB	PAYROLL	-	
25958	9/17/21	RO	PAUL RODRIGUEZ	295.65	
25959	9/17/21	JH	PAYROLL	-	
25960	9/17/21	JH	PAYROLL	-	
25961	9/17/21	AGSI	AUTOMATED GATE SERVICES INC	169.00	
25962	9/17/21	AS01	ASJ INDUSTRIAL HOSE & FITTING INC.	56.51	
25963	9/17/21	ATT01	AT&T	671.08	
25964	9/17/21	BGM	BIG GIANT MEDIA	78.90	
25965	9/17/21	CA16	CALIFORNIA CHOICE BENEFIT ADMINISTRATOR	6,776.99	
25966	9/17/21	CAM	CHANDLER INVESTMENT MANAGEMENT	5,000.00	
25967	9/17/21	CE01	CENTRAL COMMUNICATIONS	49.98	
25968	9/17/21	CHAC	CALIFORNIA HIGHWAY ADOPTION CO.	315.00	
25969	9/17/21	CL01	CLAYSON, BAINER & SAUNDERS	4,375.00	CONTRACT REVIEW
25970	9/17/21	CM01	CORE & MAIN	549.53	
25971	9/17/21	DSC	DATABASE SYSTEMS CORP.	414.51	
25972	9/17/21	GMDM	GUTIRREZ MAINTENANCE/ DANIEL GUTIERREZ	350.00	
25973	9/17/21	HO01	HOME DEPOT CREDIT SERVICES	1,066.08	
25974	9/17/21	ICL	IB CONSULTING, LLC	9,360.00	CAP IMP-RATE STUDY/TWC ANALYSIS
25975	9/17/21	MCCO	MUROW CM	8,502.50	
25976	9/17/21	ME01	MEYERS GROUP, LLC	10,997.58	PRICE POINT ANALYSIS CFD-4
25977	9/17/21	MITI	MORR-IS TESTED IN	1,717.50	
25978	9/17/21	NC	NORTHSTAR CHEMICAL	3,782.86	
25979	9/17/21	PCE	PACIFIC COAST ENVELOPE INC	2,872.40	
25980	9/17/21	PLM01	PARRA LANDSCAPE MAINTENANCE	379.05	

TEMESCAL VALLEY WATER DISTRICT  
 PAYMENT AUTHORIZATION REPORT  
 September 28, 2021

Check #	Date	Payee ID	Payee	Amount	
25981	9/17/21	PPE	PRIVATE PEST EXTERMINATORS	1,430.00	
25982	9/17/21	RMAG	RMA GROUP	1,584.66	
25983	9/17/21	ST01	STAPLES CREDIT PLAN	947.41	
25984	9/17/21	ST02	STATE COMPENSATION INSUR.FUND	6,690.17	MONTHLY/YEARLY AUDIT
25985	9/17/21	TWC	SPECTRUM BUSINESS	2,494.90	
25986	9/17/21	UBB	USA BLUEBOOK	1,365.75	
25987	9/17/21	UN01	UNDERGROUND SERVICE ALERT	127.79	
25988	9/17/21	UPG	UNITED POWER GENERATION	808.97	
25989	9/17/21	W9S	WIN-911 SOFTWARE	660.00	
25990	9/17/21	WA01	WASTE MANAGEMENT - INLAND EMPIRE	1,084.22	
25991	9/17/21	WE01	WESTERN MUNICIPAL WATER DISTR.	464,962.22	
25992	9/17/21	WSCI	WATER SYSTEMS CONSULTING INC.	5,995.00	
25993	9/17/21	XI	XALOGY INC	5,202.67	
25994	9/17/21	YEL	YORKE ENGINEERING, LLC	126.00	
25995	9/17/21	DU01	DUDEK & ASSOCIATES-CONT MGT	21,526.40	
25996	9/17/21	DU02	DUDEK & ASSOCIATES-SPECIAL PROJECTS	1,955.50	
25997	9/17/21	DU03	DUDEK & ASSOCIATES-PASS THRU	3,330.00	
25998	9/17/21	DU04	DUDEK & ASSOCIATES-GENERAL ENG	945.00	
26004	9/17/21	BA01	BABCOCK LABORATORIES, INC	4,206.10	
26005	9/17/21	CESI	CENTERE ELECTRIC SERVICES INC.	43,157.49	REPAIRS- \$3,660
Total				\$ 719,279.58	PLT SCADA PANEL-\$18,179.86 CAP-RES MGT SYS(MIXERS) \$8,323.91 CAP-BAR SCREEN INSTALL \$12,993.48 (FINAL)

THESE INVOICES ARE SUBMITTED TO THE  
 TEMESCAL VALLEY BOARD OF DIRECTORS FOR  
 APPROVAL AND AUTHORIZATION FOR PAYMENT

*Mel McCullough - Finance Manager*

Mel McCullough - Finance Manager 9/17/21

**TEMESCAL VALLEY WATER DISTRICT  
INTERNAL BALANCE SHEET  
31-Aug-21**

**ASSETS**

Fixed Assets (net of accumulated depreciation)			
Land		\$	902,118
Treatment Plants			12,562,973
Capacity Rights			13,503,639
Water System, Reservoir & Wells			8,931,493
Water & Sewer Mains			31,128,744
General Equipment Sewer/Water/ Furniture			588,448
Buildings & Entrance Improvements			259,363
			\$ 67,876,778
Current Assets			
Cash - Wastewater	\$ 7,068,908		
Cash - Water		15,067,577	
Cash - ID #1		592,520	
Cash - ID #2		302,373	
Cash - Nonpotable		5,812,156	
Cash - Deposits		2,715,217	31,558,752
Accounts Receivable-Services/Developers			1,802,636
Assessment Receivable			108,991
Interest Receivable			8,000
Prepaid Expenses			41,185
Inventory			56,185
			\$ 33,575,749
Other Assets			
Work-in-Process			3,552,288
Deferred Outflows - Pension			163,609
<b>TOTAL ASSETS</b>			<b>\$ 105,168,424</b>

**LIABILITIES**

Current Liabilities			
Accounts Payable		\$	645,020
Security Deposits			119,564
Payroll & Payroll Taxes Payable			107,736
Capacity & Meter Deposits			254,972
Fiduciary Payments Payable			989,919
Developer Deposits			1,337,700
Other Deposits			13,062
			3,467,972
Long-term Liabilities			
TVRP Note			575,716
Deferred Inflows - Pension			-
<b>TOTAL LIABILITIES</b>			<b>\$ 4,043,689</b>

**FUND EQUITY**

Fund Balances			
Waste Water Fund Balance			32,962,185
Water Fund Balance			51,702,478
ID #1 Fund Balance			660,990
ID #2 Fund Balance			576,119
Recycled Water Fund Balance			15,222,963
<b>TOTAL FUND EQUITY</b>			<b>\$ 101,124,735</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>			<b>\$ 105,168,424</b>

**TEMESCAL VALLEY WATER DISTRICT  
REVENUE AND EXPENDITURE/BUDGET  
For Two Months Ending August 31, 2021**

	AUGUST			YEAR TO DATE			BUDGET	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	2021-2022	REMAINING
<b><u>WASTEWATER DEPARTMENT</u></b>								
OPERATING REVENUE:								
MONTHLY SEWER SERVICE CHARGE	236,011	227,000	9,011	469,431	454,000	15,431	\$ 2,725,000	(2,255,569)
MONTHLY SERVICE CHARGE-ID #1	11,764	12,100	(336)	23,528	24,200	(672)	145,000	(121,472)
MONTHLY SERVICE CHARGE-ID #2	13,307	13,700	(393)	26,614	27,400	(786)	164,000	(137,386)
MONTHLY SEWER SERVICE CHG-R COM	17,440	12,800	4,640	33,109	25,600	7,509	154,000	(120,891)
MISC UTILITY CHARGES/ REVENUE	341	100	241	182	200	(18)	1,000	(818)
STANDBY CHARGES	-	-	-	-	-	-	110,000	(110,000)
CFD REIMBURSEMENTS	-	-	-	-	-	-	30,000	(30,000)
INSPECTION CHARGES	-	1,700	(1,700)	-	3,400	(3,400)	20,000	(20,000)
TOTAL WASTEWATER REVENUE	278,863	267,400	11,463	552,864	534,800	18,064	3,349,000	(2,796,136)
OPERATING EXPENSES:								
WAGES EXPENSE-OPERATIONS	10,648	11,100	(452)	21,066	22,200	(1,134)	183,200	(162,134)
WAGES EXPENSE-INSPECTION	2,783	2,700	83	5,506	5,400	106	35,000	(29,494)
PAYROLL TAXES EXP	374	320	54	656	640	16	4,100	(3,444)
EMPLOYEE BENEFITS-INS	1,175	2,100	(925)	2,015	4,200	(2,185)	24,480	(22,465)
EMPLOYEE BENEFITS-RETIREMENT	1,220	2,550	(1,330)	3,441	5,100	(1,659)	30,500	(27,059)
OVERTIME OPERATION EXP	1,083	2,600	(1,517)	2,100	5,200	(3,100)	33,200	(31,100)
OVERTIME INSPECTION EXP	808	300	508	1,498	600	898	4,000	(2,502)
MILEAGE EXP	134	250	(116)	572	500	72	3,000	(2,428)
VACATION EXP	929	930	(1)	1,859	1,860	(1)	11,150	(9,291)
SCADA SYSTEM STANDBY EXP	200	350	(150)	400	700	(300)	4,160	(3,760)
SCADA SYSTEM ADMIN/MAINT	264	1,700	(1,436)	264	3,400	(3,136)	20,000	(19,736)
LABORATORY TESTING COSTS	-	1,950	(1,950)	2,744	3,900	(1,156)	23,000	(20,256)
SLUDGE DISPOSAL/PUMPING COSTS	783	8,300	(7,517)	3,091	16,600	(13,509)	100,000	(96,909)
SLUDGE DISPOSAL BAG EXP	-	-	-	-	-	-	25,000	(25,000)
SLUDGE CHEMICAL EXP	11,799	5,000	6,799	11,799	10,000	1,799	60,000	(48,201)
EQUIPMENT RENTAL COSTS	-	200	(200)	-	400	(400)	2,000	(2,000)
EQUIPMENT REPAIRS & MAINT	4,577	21,000	(16,423)	47,059	42,000	5,059	250,000	(202,941)
SEWER LINE REPAIRS	-	1,000	(1,000)	-	2,000	(2,000)	11,000	(11,000)
SEWER CLEANING AND VIDEO EXP	2,625	2,500	125	2,625	5,000	(2,375)	30,000	(27,375)
SECURITY AND ALARM EXP	641	250	391	641	500	141	3,000	(2,359)
PROPERTY MAINTENANCE	1,024	3,500	(2,476)	6,675	7,000	(325)	40,000	(33,325)
ENGINEERING/ADMIN. STUDIES	126	2,000	(1,874)	126	4,000	(3,874)	25,000	(24,874)
PLAN CHECK EXPENSE (TVWD)	-	1,000	(1,000)	-	2,000	(2,000)	10,000	(10,000)
ENERGY COSTS (EST)	23,000	23,000	-	46,000	46,000	-	277,000	(231,000)
CONSUMABLE SUPPLIES & CLEANING	851	1,000	(149)	1,318	2,000	(682)	10,000	(8,682)
CHEMICALS, LUBRICANTS & FUELS	13,880	13,750	130	18,573	27,500	(8,927)	165,000	(146,427)
SMALL EQUIPMENT & TOOLS COST	215	1,600	(1,385)	215	3,200	(2,985)	20,000	(19,785)
PERMITS, FEES & TAXES (WTR BRD FEE)	-	6,000	(6,000)	1,753	12,000	(10,247)	40,000	(38,247)
SAWPA BASIN MONITORING EXP	-	-	-	28,818	25,000	3,818	25,000	3,818
MAP UPDATING/GIS EXP	-	200	(200)	-	400	(400)	2,000	(2,000)
MISC. OPERATING EXP	-	100	(100)	-	200	(200)	1,000	(1,000)
BAD DEBT EXPENSES	-	-	-	-	-	-	2,000	(2,000)
CONTINGENCIES	-	5,250	(5,250)	-	10,500	(10,500)	62,800	(62,800)
TOTAL OPERATING EXPENSES	79,139	122,500	(43,361)	210,814	270,000	(59,186)	1,536,590	(1,325,776)



**TEMESCAL VALLEY WATER DISTRICT  
REVENUE AND EXPENDITURE/BUDGET  
For Two Months Ending August 31, 2021**

	AUGUST			YEAR TO DATE			BUDGET	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	2021-2022	REMAINING
<b>ADMINISTRATIVE EXPENSES:</b>								
CONTRACT MANAGEMENT	8,610	8,700	(90)	19,299	19,400	(101)	104,250	(84,951)
GENERAL ENGINEERING EXP	-	1,700	(1,700)	-	3,400	(3,400)	20,000	(20,000)
EMPLOYEE BENEFITS-INS	1,058	1,850	(792)	3,608	3,700	(92)	22,100	(18,492)
EMPLOYEE BENEFITS-RETIREMENT	1,557	2,200	(643)	3,423	4,400	(977)	28,800	(25,377)
WAGES EXPENSE	9,969	11,250	(1,281)	22,501	22,500	1	187,000	(164,499)
VACATION EXP	1,074	1,100	(26)	2,278	2,200	78	12,885	(10,607)
PAYROLL TAX EXPENSES	(141)	230	(371)	33	460	(427)	2,900	(2,867)
OVERTIME EXP	-	100	(100)	-	200	(200)	2,000	(2,000)
MILEAGE EXP ADMIN	-	20	(20)	-	40	(40)	250	(250)
CONTRACT STAFFING EXP	-	300	(300)	-	600	(600)	4,000	(4,000)
LEGAL EXPENSES	1,750	800	950	2,000	1,600	400	10,000	(8,000)
AUDIT EXPENSES	-	-	-	-	-	-	6,000	(6,000)
BOARD COMMITTEE MEETING EXP.	600	1,200	(600)	1,500	2,400	(900)	14,400	(12,900)
ELECTION & PUBLIC HEARING EXP	-	-	-	-	-	-	8,400	(8,400)
COMPUTER SYSTEM ADMIN	1,681	2,500	(819)	3,362	5,000	(1,638)	30,000	(26,638)
BANK CHARGES EXP	3,124	3,000	124	5,938	6,000	(62)	35,000	(29,062)
MISCELLANEOUS & EDUCATION EXP	-	250	(250)	-	500	(500)	3,000	(3,000)
TELEPHONE, FAX & CELL EXP	1,693	1,250	443	2,676	2,500	176	15,000	(12,324)
OFFICE SUPPLIES EXP	1,090	1,250	(160)	2,415	2,500	(85)	15,000	(12,585)
PRINTING EXPENSES	1,149	1,000	149	1,569	2,000	(431)	12,000	(10,431)
POSTAGE & DELIVERY EXPENSE	871	1,000	(129)	1,853	2,000	(147)	12,000	(10,147)
PUBLICATIONS, NOTICES & DUES	127	200	(73)	342	400	(58)	2,000	(1,658)
EQUIPMENT LEASE EXPENSES	402	700	(298)	2,588	1,400	1,188	8,000	(5,412)
INSURANCE EXPENSES	1,644	1,600	44	3,288	3,200	88	31,200	(27,912)
ANNUAL ASSESSMENT EXP	-	-	-	1,436	1,500	(64)	3,500	(2,064)
COMMUNITY OUTREACH EXP	315	650	(335)	630	1,300	(670)	8,000	(7,370)
INVESTMENT EXP	400	400	-	800	800	-	4,800	(4,000)
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>36,973</b>	<b>43,250</b>	<b>(6,277)</b>	<b>81,539</b>	<b>90,000</b>	<b>(8,461)</b>	<b>602,485</b>	<b>(520,946)</b>
<b>TOTAL WASTEWATER EXPENSES</b>	<b>116,112</b>	<b>165,750</b>	<b>(49,638)</b>	<b>292,353</b>	<b>360,000</b>	<b>(67,647)</b>	<b>2,139,075</b>	<b>(1,846,722)</b>
<b>NET OPERATING REVENUE/EXPENSE</b>	<b>162,751</b>	<b>101,650</b>	<b>61,101</b>	<b>260,511</b>	<b>174,800</b>	<b>85,711</b>	<b>1,209,925</b>	<b>(949,414)</b>
<b>NON-OPERATING SOURCE OF FUNDS:</b>								
INTEREST INCOME/UNREALIZED GAIN	1,520	1,500	20	3,040	3,000	40	18,000	(14,960)
PROPERTY TAX INCOME	366	-	366	704	-	704	75,000	(74,296)
<b>TOTAL NON-OPER SOURCE OF FUNDS</b>	<b>1,886</b>	<b>1,500</b>	<b>386</b>	<b>3,744</b>	<b>3,000</b>	<b>744</b>	<b>93,000</b>	<b>(89,256)</b>
<b>TOTAL SEWER REVENUE/EXPENSE</b>	<b>164,637</b>	<b>103,150</b>	<b>61,487</b>	<b>264,255</b>	<b>177,800</b>	<b>86,455</b>	<b>1,302,925</b>	<b>(1,038,670)</b>
TRANSFER TO CAPITAL FUND-REPLACEMENT				105,473				
TRANSFER TO CAPITAL FUND-IMPROVEMENT				158,782				
CONNECTION FEES				-				
				-				

TEMESCAL VALLEY WATER DISTRICT  
REVENUE AND EXPENDITURE/BUDGET  
For Two Months Ending August 31, 2021

**WASTE WATER CAPITAL FUND:**

ENDING FUNDS AVAILABLE 2020-2021	7,232,843
TRANSFER FOR CAPITAL FUND REPLACEMENT	105,473
TRANSFER FOR CAPITAL IMPROVEMENTS	158,782
CAPITAL IMPROVEMENT (SEE ATTACHED DETAIL)	<u>(424,190)</u>
TOTAL FUNDS AVAILABLE	<u>7,072,908</u>

**TEMESCAL VALLEY WATER DISTRICT  
REVENUE AND EXPENDITURE/BUDGET  
For Two Months Ending August 31, 2021**

	AUGUST			YEAR TO DATE			BUDGET	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	2021-2022	REMAINING
<b><i>WATER DEPARTMENT</i></b>								
OPERATING REVENUE:								
WATER SERVICE CHARGE	159,724	160,000	(276)	317,884	320,000	(2,116)	1,920,000	(1,602,116)
WATER USAGE CHARGES	619,854	543,000	76,854	1,109,273	1,073,000	36,273	4,900,000	(3,790,727)
WATER PUMPING CHARGE	25,755	21,000	4,755	48,318	42,000	4,318	192,000	(145,682)
FIRE PROTECTION CHARGES	3,342	3,750	(408)	6,661	7,500	(839)	45,000	(38,339)
MISC. UTILITY CHARGES	1,021	825	196	1,946	1,650	296	10,000	(8,054)
SERVICE METER INCOME	8,400	5,000	3,400	15,300	10,000	5,300	60,000	(44,700)
CELLULAR SITE LEASE	3,193	6,300	(3,107)	9,560	12,600	(3,040)	76,000	(66,440)
MWD READINESS TO SERVE CHARGE	10,643	11,150	(507)	21,183	22,300	(1,117)	133,700	(112,517)
STANDBY CHARGES	-	-	-	-	-	-	40,000	(40,000)
CFD REIMBURSEMENTS	-	-	-	-	-	-	30,000	(30,000)
INSPECTION CHARGES	-	2,500	(2,500)	-	5,000	(5,000)	30,000	(30,000)
TOTAL WATER REVENUE	831,932	753,525	78,407	1,528,125	1,494,050	34,075	7,436,700	(5,908,575)
OPERATING EXPENSES:								
WAGES EXPENSE-OPERATIONS	9,316	9,400	(84)	18,432	18,800	(368)	160,300	(141,868)
WAGES EXPENSE-INSPECTION	2,435	2,500	(65)	4,818	5,000	(182)	30,000	(25,182)
PAYROLL TAXES EXP	201	275	(74)	449	550	(101)	3,600	(3,151)
EMPLOYEE BENEFITS-INS	1,407	1,585	(178)	2,675	2,700	(25)	21,420	(18,745)
EMPLOYEE BENEFITS-RETIREMENT	2,578	2,500	78	4,426	4,400	26	27,000	(22,574)
OPERATION-MILEAGE EXP	-	125	(125)	-	250	(250)	1,500	(1,500)
OVERTIME EXPENSE OPER/ ON CALL	948	2,250	(1,302)	1,838	4,500	(2,662)	29,000	(27,162)
OVERTIME EXP INSPECTION	708	275	433	1,311	550	761	3,550	(2,239)
SCADA SYSTEM STANDBY EXP	175	300	(125)	350	600	(250)	3,640	(3,290)
VACATION EXP	813	800	13	1,626	1,600	26	9,752	(8,126)
CONTRACT STAFFING-METER READS	5,997	5,850	147	11,961	11,700	261	70,000	(58,039)
SCADA SYSTEM ADMIN/MAINT	231	800	(569)	231	1,600	(1,369)	10,000	(9,769)
LABORATORY TESTING COSTS	-	1,000	(1,000)	1,290	2,000	(710)	11,000	(9,710)
COMPLIANCE TESTING (ISDE/CROSS)	-	-	-	-	-	-	3,000	(3,000)
LEAK DETECTION EXPENSE	-	-	-	-	-	-	8,000	(8,000)
EPA WATER TESTING EXP	-	700	(700)	-	1,400	(1,400)	8,500	(8,500)
EQUIPMENT RENTAL COSTS	-	200	(200)	-	400	(400)	2,000	(2,000)
EQUIPMENT REPAIRS & MAINT.	280	7,000	(6,720)	3,182	14,000	(10,818)	80,000	(76,818)
WATER LINE REPAIRS	-	3,500	(3,500)	-	7,000	(7,000)	40,000	(40,000)
ALARM MONITORING COSTS	561	250	311	561	500	61	3,000	(2,439)
PROPERTY MAINTENANCE	-	400	(400)	-	800	(800)	5,000	(5,000)
ENGINEERING/ADMIN. STUDIES	-	700	(700)	-	1,400	(1,400)	8,000	(8,000)
PLAN CHECK EXPENSE (TVWD)	-	800	(800)	-	1,600	(1,600)	10,000	(10,000)
ENERGY COSTS (EST)	17,300	17,300	-	32,900	32,900	-	156,000	(123,100)
CONSUMABLE SUPPLIES & CLEANING	812	350	462	980	700	280	4,000	(3,020)
CHEMICALS, LUBRICANTS & FUELS	335	700	(365)	773	1,400	(627)	8,000	(7,227)
SMALL EQUIPMENT & TOOLS COST	-	430	(430)	-	860	(860)	5,000	(5,000)
PERMITS, FEES & TAXES	-	3,000	(3,000)	-	6,000	(6,000)	35,000	(35,000)
MAP UPDATING/GIS EXP	-	430	(430)	-	860	(860)	5,000	(5,000)
SERVICE METERS & PARTS COSTS	16,955	15,000	1,955	24,210	25,000	(790)	60,000	(35,790)
WHOLESALE WATER PURCHASES	464,962	480,000	(15,038)	921,459	915,000	6,459	4,325,000	(3,403,541)
WATER-MWD CAPACITY CHARGE	4,458	4,800	(342)	8,917	9,600	(683)	57,250	(48,333)
WATER-READINESS TO SERVE/REFUSAL CHARGE	9,803	11,150	(1,347)	19,605	22,300	(2,695)	133,700	(114,095)
WMWD-MGLMR EXP	-	-	-	-	-	-	181,000	(181,000)
BAD DEBT EXPENSES	-	-	-	-	-	-	10,000	(10,000)
CONSERVATION REBATE EXP	-	450	(450)	-	900	(900)	5,000	(5,000)
CONTINGENCIES	-	4,250	(4,250)	-	8,500	(8,500)	50,900	(50,900)
TOTAL OPERATING EXPENSES	540,275	579,070	(38,795)	1,061,994	1,105,370	(43,376)	5,584,112	(4,522,118)

**TEMESCAL VALLEY WATER DISTRICT  
REVENUE AND EXPENDITURE/BUDGET  
For Two Months Ending August 31, 2021**

	AUGUST			YEAR TO DATE			BUDGET	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	2021-2022	REMAINING
<b>ADMINISTRATIVE EXPENSES:</b>								
CONTRACT MANAGEMENT	7,534	7,600	(66)	16,877	16,200	677	91,214	(74,337)
GENERAL ENGINEERING EXP	-	1,600	(1,600)	945	3,200	(2,255)	20,000	(19,055)
EMPLOYEE BENEFITS-INS	1,792	1,700	92	3,595	3,400	195	19,300	(15,705)
EMPLOYEE BENEFITS-RETIREMENT	2,298	2,000	298	4,293	4,000	293	25,200	(20,907)
WAGES EXPENSE	10,406	11,000	(594)	21,014	22,000	(986)	163,500	(142,486)
VACATION EXP	940	1,000	(60)	1,880	2,000	(120)	11,280	(9,400)
MILEAGE EXP ADMIN	-	50	(50)	-	100	(100)	500	(500)
OVERTIME EXPENSE	-	150	(150)	-	300	(300)	1,750	(1,750)
PAYROLL TAX EXPENSES	176	200	(24)	388	400	(12)	2,600	(2,212)
CONTRACT STAFFING-OFFICE	-	-	-	-	-	-	4,000	(4,000)
LEGAL EXPENSES	1,531	625	906	1,750	1,250	500	7,500	(5,750)
AUDIT EXPENSES	-	-	-	-	-	-	5,500	(5,500)
BOARD COMMITTEE/ MEETING EXP.	525	875	(350)	1,312	1,750	(438)	10,500	(9,188)
COMPUTER SYSTEM EXP	1,470	1,700	(230)	2,942	3,400	(458)	20,000	(17,058)
BANK CHARGES EXP	2,734	2,500	234	5,196	5,000	196	30,000	(24,804)
MISCELLANEOUS & EDUCATION EXP	-	300	(300)	-	600	(600)	4,000	(4,000)
TELEPHONE EXP	1,204	1,250	(46)	2,060	2,500	(440)	15,000	(12,940)
OFFICE SUPPLIES EXP	591	1,000	(409)	1,753	2,000	(247)	12,000	(10,247)
PRINTING EXPENSES	1,337	400	937	1,337	800	537	5,000	(3,663)
POSTAGE & DELIVERY EXPENSE	762	1,000	(238)	1,625	2,000	(375)	12,000	(10,375)
PUBLICATIONS, NOTICES & DUES	250	200	50	250	400	(150)	2,500	(2,250)
EQUIPMENT LEASE EXPENSES	352	600	(248)	933	1,200	(267)	7,000	(6,067)
INSURANCE EXPENSES	1,440	2,275	(835)	2,880	4,550	(1,670)	27,300	(24,420)
INVESTMENT EXPENSE	350	350	-	700	700	-	4,200	(3,500)
ANNUAL ASSESSMENT EXP	-	-	-	1,437	-	1,437	3,000	(1,563)
ELECTION & PUBLIC HEARING EXP	-	-	-	-	-	-	7,350	(7,350)
COMMUNITY OUT REACH EXP	315	650	(335)	315	1,300	(985)	8,000	(7,685)
TOTAL ADMINISTRATIVE EXPENSES	36,007	39,025	(3,018)	73,482	79,050	(5,568)	520,194	(446,712)
<b>TOTAL WATER EXPENSES</b>	<b>576,282</b>	<b>618,095</b>	<b>(41,813)</b>	<b>1,135,476</b>	<b>1,184,420</b>	<b>(48,944)</b>	<b>6,104,306</b>	<b>(4,968,830)</b>
<b>NET OPERATING REVENUE/EXPENSE</b>	<b>255,650</b>	<b>135,430</b>	<b>120,220</b>	<b>392,649</b>	<b>309,630</b>	<b>83,019</b>	<b>1,332,394</b>	<b>(939,745)</b>
<b>NON-OPERATING SOURCE OF FUNDS:</b>								
INTEREST INCOME	1,920	2,000	(80)	3,840	4,000	(160)	24,000	(20,160)
PROPERTY TAX INCOME	135	-	135	474	-	474	40,000	(39,526)
TOTAL NON-OP SOURCE OF FUNDS	2,055	2,000	55	4,314	4,000	314	64,000	(59,686)
<b>TOTAL REVENUE/EXPENSE</b>	<b>257,705</b>	<b>137,430</b>	<b>120,275</b>	<b>396,963</b>	<b>313,630</b>	<b>83,333</b>	<b>1,396,394</b>	<b>(999,431)</b>
TRANSFER TO CAPITAL FUND-REPLACEMENT				94,898				
TRANSFER TO CAPITAL FUND-IMPROVEMENT				302,065				
CONNECTION FEES				-				
CAPACITY USAGE INCOME				147,850				
LONG TERM DEBT REDUCTION				(147,850)				
				-				
<b>WATER CAPITAL FUND:</b>								
ENDING FUNDS AVAILABLE 2020-2021	15,951,064							
TRANSFER FOR CAPITAL FUND REPLACEMENT	94,898							
TRANSFER FOR CAPITAL IMPROVEMENTS	302,065							
CAPITAL IMPROVEMENT (SEE ATTACHED DETAIL)	(99,130)							
<b>TOTAL FUNDS AVAILABLE</b>	<b>16,248,897</b>							

**TEMESCAL VALLEY WATER DISTRICT  
REVENUE AND EXPENDITURE/BUDGET  
For Two Months Ending August 31, 2021**

	AUGUST			YEAR TO DATE			BUDGET 2020-2021	BUDGET REMAINING
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE		
<b>ID#1 DEPARTMENT</b>								
OPERATING REVENUE:								
ANNUAL SEWER SERVICE CHARGE	13,725	13,725	-	27,450	27,450	-	164,700	(137,250)
TOTAL ID #1 REVENUE	13,725	13,725	-	27,450	27,450	-	164,700	(137,250)
OPERATING EXPENSES:								
MONTHLY TREATMENT PLANT COSTS	11,764	12,000	(236)	23,528	24,000	(472)	145,000	(121,472)
TOTAL OPERATING COSTS	11,764	12,000	(236)	23,528	24,000	(472)	145,000	(121,472)
ADMINISTRATIVE EXPENSES:								
ANNUAL ASSESSMENT PROCESSING	-	-	-	1,436	1,500	(64)	3,000	(1,564)
TOTAL ADMINISTRATIVE EXPENSES	-	-	-	1,436	1,500	(64)	3,000	(1,564)
TOTAL ID#1 EXPENSES	11,764	12,000	(236)	24,964	25,500	(536)	148,000	(123,036)
<b>NET OPERATING REVENUE/EXPENSE</b>	<b>1,961</b>	<b>1,725</b>	<b>236</b>	<b>2,486</b>	<b>1,950</b>	<b>536</b>	<b>16,700</b>	<b>(14,214)</b>
NON-OPERATING SOURCE OF FUNDS:								
INTEREST INCOME/UNREALIZED GAIN ON INV	40	260	(220)	80	520	(440)	3,200	(3,120)
TOTAL NON-OPER SOURCE OF FUNDS	40	260	(220)	80	520	(440)	3,200	(3,120)
<b>TOTAL REVENUE/EXPENSE</b>	<b>2,001</b>	<b>1,985</b>	<b>16</b>	<b>2,566</b>	<b>2,470</b>	<b>96</b>	<b>19,900</b>	<b>(17,334)</b>
TRANSFER TO SINKING FUND FOR CAPACITY				2,566				
				-				
<b>ID #1 FUND BALANCE:</b>								
ENDING FUNDS AVAILABLE 2020-2021	589,954							
SINKING FUND FOR CAPACITY	2,566							
TOTAL FUNDS AVAILABLE	592,520							

**TEMESCAL VALLEY WATER DISTRICT  
REVENUE AND EXPENDITURE/BUDGET  
For Two Months Ending August 31, 2021**

	AUGUST			YEAR TO DATE			BUDGET 2021-2022	BUDGET REMAINING
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE		
<b>ID#2 DEPARTMENT</b>								
OPERATING REVENUE:								
ANNUAL SEWER SERVICE CHARGE	15,525	15,525	-	31,050	31,050	-	186,300	(155,250)
TOTAL ID #2 REVENUE	15,525	15,525	-	31,050	31,050	-	186,300	(155,250)
OPERATING EXPENSES:								
MONTHLY TREATMENT PLANT COSTS	13,307	13,650	(343)	26,614	27,300	(686)	164,000	(137,386)
TOTAL OPERATING COSTS	13,307	13,650	(343)	26,614	27,300	(686)	164,000	(137,386)
ADMINISTRATIVE EXPENSES:								
ANNUAL ASSESSMENT PROCESSING	-	-	-	1,436	1,500	(64)	3,000	(1,564)
TOTAL ADMINISTRATIVE EXPENSES	-	-	-	1,436	1,500	(64)	3,000	(1,564)
TOTAL ID#2 EXPENSES	13,307	13,650	(343)	28,050	28,800	(750)	167,000	(138,950)
<b>NET OPERATING REVENUE/EXPENSE</b>	<b>2,218</b>	<b>1,875</b>	<b>343</b>	<b>3,000</b>	<b>2,250</b>	<b>750</b>	<b>19,300</b>	<b>(16,300)</b>
NON-OPERATING SOURCE OF FUNDS:								
INTEREST INCOME/UNREALIZED GAIN ON INV	80	250	(170)	160	500	(340)	3,000	(2,840)
TOTAL NON-OPER SOURCE OF FUNDS	80	250	(170)	160	500	(340)	3,000	(2,840)
<b>TOTAL REVENUE/EXPENSE</b>	<b>2,298</b>	<b>2,125</b>	<b>173</b>	<b>3,160</b>	<b>2,750</b>	<b>410</b>	<b>22,300</b>	<b>(19,140)</b>
TRANSFER TO SINKING FUND FOR CAPACITY				3,160				
				-				
<b>ID #2 FUND BALANCE:</b>								
ENDING FUNDS AVAILABLE 2020-2021	299,213							
SINKING FUND FOR CAPACITY	3,160							
TOTAL FUNDS AVAILABLE	302,373							

**TEMESCAL VALLEY WATER DISTRICT  
REVENUE AND EXPENDITURE/BUDGET  
For Two Months Ending August 31, 2021**

	AUGUST			YEAR TO DATE			BUDGET	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	2021-2022	REMAINING
<b><u>NON-POTABLE WATER DEPARTMENT</u></b>								
OPERATING REVENUE:								
RECYCLED/NON-POTABLE WATER SALES	282,695	222,000	60,695	528,320	438,000	90,320	2,000,000	(1,471,680)
RECYCLED/NON-POT WATER FIXED CHARGE	18,906	17,000	1,906	38,870	34,000	4,870	203,000	(164,130)
RECYCLED/NON-POTABLE PUMPING CHARGE	6,087	6,000	87	12,850	11,800	1,050	54,000	(41,150)
MISC INCOME	1,000	1,000	-	2,000	2,000	-	11,500	(9,500)
INSPECTION REVENUE	-	1,000	(1,000)	-	2,000	(2,000)	12,300	(12,300)
<b>TOTAL NON-POTABLE REVENUE</b>	<b>308,688</b>	<b>247,000</b>	<b>61,688</b>	<b>582,040</b>	<b>487,800</b>	<b>94,240</b>	<b>2,280,800</b>	<b>(1,698,760)</b>
OPERATING EXPENSES:								
WAGES EXPENSE-OPERATIONS	6,655	7,000	(345)	13,166	14,600	(1,434)	114,500	(101,334)
WAGES EXPENSE-INSPECTION	1,740	1,600	140	3,442	3,200	242	20,540	(17,098)
PAYROLL TAXES EXP	143	200	(57)	320	400	(80)	2,500	(2,180)
EMPLOYEE BENEFITS-INS	1,005	1,275	(270)	1,910	2,550	(640)	15,300	(13,390)
EMPLOYEE BENEFITS-RETIREMENT	1,841	1,500	341	3,160	3,000	160	19,000	(15,840)
MILEAGE EXP	-	100	(100)	-	200	(200)	1,000	(1,000)
OVERTIME EXP OPER	677	1,600	(923)	1,313	3,200	(1,887)	20,750	(19,437)
OVERTIME EXP INSPECTION	506	200	306	937	400	537	2,500	(1,563)
VACATION EXP	581	600	(19)	1,162	1,200	(38)	7,000	(5,838)
PLAN CHECK EXP (TVWD)	-	100	(100)	-	200	(200)	1,000	(1,000)
SCADA SYSTEM STANDBY EXP	125	220	(95)	250	440	(190)	2,600	(2,350)
SCADA SYS MAINTENANCE EXP	165	850	(685)	165	1,700	(1,535)	10,000	(9,835)
LABORATORY TESTING COSTS	-	300	(300)	1,560	1,500	60	3,000	(1,440)
EQUIPMENT REPAIRS & MAINT.	-	5,000	(5,000)	1,242	10,000	(8,758)	60,000	(58,758)
NONPOTABLE WATER LINE REPAIR	-	2,000	(2,000)	-	4,000	(4,000)	20,000	(20,000)
SECURITY AND ALARM EXP	400	100	300	400	200	200	1,000	(600)
PROPERTY MAINTENANCE	-	350	(350)	-	700	(700)	4,000	(4,000)
ENERGY COSTS(EST)	32,200	32,200	-	63,700	63,700	-	290,000	(226,300)
CONSUMABLE SUPPLIES EXP	198	200	(2)	198	400	(202)	2,500	(2,302)
CHEMICALS, LUBRICANTS & FUELS	240	460	(220)	553	920	(367)	5,500	(4,947)
PERMITS AND FEES EXP	-	900	(900)	-	1,800	(1,800)	10,000	(10,000)
SERVICE METERS AND PARTS COSTS	-	600	(600)	-	1,200	(1,200)	7,000	(7,000)
RECYCLED SIGN/TOOLS EXP	-	350	(350)	-	700	(700)	4,000	(4,000)
MISC OPERATING EXP	-	50	(50)	-	100	(100)	500	(500)
BAD DEBT	-	-	-	-	-	-	1,600	(1,600)
CONTINGENCIES	-	2,050	(2,050)	-	4,100	(4,100)	24,550	(24,550)
<b>TOTAL OPERATING EXPENSES</b>	<b>46,476</b>	<b>59,805</b>	<b>(13,329)</b>	<b>93,478</b>	<b>120,410</b>	<b>(26,932)</b>	<b>650,340</b>	<b>(556,862)</b>

**TEMESCAL VALLEY WATER DISTRICT  
REVENUE AND EXPENDITURE/BUDGET  
For Two Months Ending August 31, 2021**

	AUGUST			YEAR TO DATE			BUDGET	BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	2021-2022	REMAINING
<b>ADMINISTRATIVE EXPENSES:</b>								
CONTRACT MANAGEMENT	5,382	5,450	(68)	12,063	12,900	(837)	65,250	(53,187)
GENERAL ENGINEERING	-	450	(450)	-	900	(900)	5,000	(5,000)
EMPLOYEE BENEFITS-INS	1,907	2,000	(93)	2,907	4,000	(1,093)	13,800	(10,893)
EMPLOYEE BENEFITS-RETIREMENT	1,641	1,600	41	3,065	3,200	(135)	18,000	(14,935)
WAGES EXPENSE	7,433	8,000	(567)	15,233	16,000	(767)	117,000	(101,767)
VACATION EXP	671	675	(4)	1,342	1,350	(8)	8,053	(6,711)
MILEAGE EXP	-	20	(20)	-	40	(40)	200	(200)
OVERTIME EXP	-	105	(105)	-	210	(210)	1,250	(1,250)
PAYROLL TAX EXPENSE	126	140	(14)	277	280	(3)	1,800	(1,523)
CONTRACT STAFFING OFFICE EXP	-	450	(450)	-	900	(900)	5,250	(5,250)
LEGAL EXPENSE	1,094	420	674	1,250	840	410	5,000	(3,750)
AUDIT EXP	-	-	-	-	-	-	4,500	(4,500)
BOARD FEES EXP	375	625	(250)	938	1,250	(312)	7,500	(6,562)
ELECTION & PUBLIC HEARING EXP	-	-	-	-	-	-	5,000	(5,000)
COMPUTER SYSTEMS EXP	1,051	850	201	2,101	1,700	401	10,000	(7,899)
BANK CHARGES	1,952	1,750	202	3,712	3,500	212	21,000	(17,288)
MISC & EDUCATION EXP	-	100	(100)	-	200	(200)	1,000	(1,000)
TELEPHONE EXP	843	800	43	1,305	1,600	(295)	9,500	(8,195)
OFFICE SUPPLIES	422	580	(158)	875	1,160	(285)	7,000	(6,125)
PRINTING EXP	955	350	605	955	700	255	4,000	(3,045)
POSTAGE EXP	544	580	(36)	1,138	1,160	(22)	7,000	(5,862)
PUBLICATION EXP	250	85	165	250	170	80	1,000	(750)
EQUIPMENT LEASE EXP	252	350	(98)	668	700	(32)	4,000	(3,332)
INSURANCE EXPENSE	1,035	1,625	(590)	2,070	3,250	(1,180)	19,500	(17,430)
ANNUAL ASSESSMENT EXP	-	-	-	-	-	-	3,000	(3,000)
INVESTMENT EXPENSE	250	250	-	500	500	-	3,000	(2,500)
COMMUNITY OUTREACH EXP	-	400	(400)	-	800	(800)	4,800	(4,800)
TOTAL ADMINISTRATIVE EXPENSES	26,183	27,655	(1,472)	50,649	57,310	(6,661)	352,403	(301,754)
TOTAL NON-POTABLE OPERATING EXPENSES	72,659	87,460	(14,801)	144,127	177,720	(33,593)	1,002,743	(858,616)
<b>NET OPERATING REVENUE/EXPENSE</b>	<b>236,029</b>	<b>159,540</b>	<b>76,489</b>	<b>437,913</b>	<b>310,080</b>	<b>127,833</b>	<b>1,278,057</b>	<b>(840,144)</b>
<b>NON-OPERATING SOURCE OF FUNDS:</b>								
INTEREST INCOME	440	440	-	880	880	-	5,280	(4,400)
TOTAL NON-OP SOURCE OF FUNDS	440	440	-	880	880	-	5,280	(4,400)
<b>TOTAL REVENUE/EXPENSE</b>	<b>236,469</b>	<b>159,980</b>	<b>76,489</b>	<b>438,793</b>	<b>310,960</b>	<b>127,833</b>	<b>1,283,337</b>	<b>(844,544)</b>
TRANSFER TO CAPITAL FUND-REPLACEMENT				56,426				
TRANSFER TO CAPITAL FUND-IMPROVEMENT				382,367				
CONNECTION FEES				-				
				-				
<b>NON-POTABLE FUND BALANCE:</b>								
ENDING FUNDS AVAILABLE 2020-2021	5,372,393							
TRANSFER FOR CAPITAL FUND REPLACEMENT	56,426							
TRANSFER FOR CAPITAL IMPROVEMENTS	382,367							
CAPITAL IMPROVEMENT (SEE ATTACHED DETAIL)	(2,730)							
TOTAL FUNDS AVAILABLE	5,808,456							



**Temescal Valley Water District  
Capital Projects  
Yearly Miscellaneous and Multi - Year**

In Process
Not Started
Completed

Capital Projects FY 2021/2022 Maintenance/ General Projects	CIP #	Eng #1401.*	Total Cost	Source of Funding			Previous YR	AS OF AUGUST 2021 EXPENDITURES			Total YTD	Variance
				Sewer Fund	Water Fund	Recycled Fund		YEAR TO DATE				
				Sewer Fund	Water Fund	Recycled Fund		Sewer Fund	Water Fund	Recycled Fund		
Computer and Software Upgrades	G-1-2019		\$ 25,000	\$ 10,000	\$ 8,750	\$ 6,250	\$ -				\$ -	\$ 25,000
General Building Improvements	G-2-2019		\$ 80,000	\$ 32,000	\$ 28,000	\$ 20,000	\$ -				\$ -	\$ 80,000
Trailer Yard Goat	G-1-2021		\$ 100,000	\$ 60,000		\$ 40,000	\$ -				\$ -	\$ 100,000
Construct New Storage Building	G-2-2021		\$ 205,000	\$ 82,000	\$ 72,000	\$ 51,000	\$ -				\$ -	\$ 205,000
Parking Structure Shades	G-3-2021		\$ 100,000	\$ 40,000	\$ 35,000	\$ 25,000	\$ -				\$ -	\$ 100,000
New Work Truck	G-4-2021		\$ 50,000	\$ 20,000	\$ 17,500	\$ 12,500	\$ -				\$ -	\$ 50,000
Air Actuator valves	G-3-2020		\$ 42,000	\$ 42,000	\$ -	\$ -	\$ 21,984				\$ -	\$ 20,016
Secondary FEB Pump Replacement	G-5-2021		\$ 120,000	\$ 72,000		\$ 48,000	\$ -				\$ -	\$ 120,000
Automated valve Replacement	G-6-2021		\$ 50,000	\$ 30,000		\$ 20,000	\$ -				\$ -	\$ 50,000
GIS Mapping - Water, Sewer, RW pipelines and facilities	G-7-2021	1904/1905	\$ 60,000	\$ 24,000	\$ 21,000	\$ 15,000	\$ -				\$ -	\$ 60,000
Groundwater Sustainability JPA	General		\$ 135,000	\$ -	\$ 135,000	\$ -	\$ -				\$ -	\$ 135,000
5-year Financial Plan Development with 218 notice	G-1-2020		\$ 120,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 86,580	\$ 2,730	\$ 2,730	\$ 2,730	\$ 8,190	\$ 25,230
TWC (EVMWD) Potable system purchase study	W-3-2020		\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -		\$ 8,970		\$ 8,970	\$ 16,030
<b>SUBTOTAL</b>			<b>\$ 1,112,000</b>	<b>\$ 452,000</b>	<b>\$ 382,250</b>	<b>\$ 277,750</b>	<b>\$ 108,564</b>	<b>\$ 2,730</b>	<b>\$ 11,700</b>	<b>\$ 2,730</b>	<b>\$ 17,160</b>	<b>\$ 986,276</b>

Multiple Fiscal Year Projects	CIP #	Eng #1401.*	Total Cost	Source of Funding			Previous YR	YEAR TO DATE			Total YTD	Variance
				Sewer Fund	Water Fund	Recycled Fund		YEAR TO DATE				
				Sewer Fund	Water Fund	Recycled Fund		Sewer Fund	Water Fund	Recycled Fund		
Potable Water Looping Phase II (Knabe)	W-2-2019		\$ 615,000	\$ -	\$ 500,000	\$ -	\$ 69,093				\$ -	\$ 545,907
Recycled and Non-potable Pipeline extentions	NP-2018		\$ 775,000	\$ -	\$ -	\$ 775,000	\$ 30,510				\$ -	\$ 744,490
Sewer System Master Plan		1815	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 60,565	\$ 354			\$ 354	\$ 39,081
Urban Water Management Plan 2020, ERP,AWIA RRA	G-23-2019		\$ 100,000			\$ 100,000	\$ 18,430		\$ 87,430		\$ 87,430	\$ (5,860)
WRF 225,000 GPD Expansion (District Share)	S-1-2015		\$ 7,300,000	\$ 7,300,000	\$ -	\$ -	\$ 5,430,590	\$ 421,106			\$ 421,106	\$ 1,448,304
Convert to Recycled			\$ 135,000	\$ -	\$ 75,000	\$ 60,000	\$ -				\$ -	\$ 135,000
Well Replacement/Cleaning and Rehab			\$ 300,000	\$ -	\$ -	\$ 300,000	\$ 75,663				\$ -	\$ 224,337
Alternate Tertiary Percolation Area and Rehab			\$ 320,000	\$ 300,000	\$ -	\$ 20,000	\$ 219,707				\$ -	\$ 100,293
Potable Reservoir Design	W-1-2015	1810	\$ 200,000	\$ -	\$ 200,000	\$ -	\$ -				\$ -	\$ 200,000
Potable Reservoir Construction	W-1-2015		\$ 5,770,000	\$ -	\$ 5,770,000	\$ -	\$ -				\$ -	\$ 5,770,000
Automatic Meter Read System	W-1-2021		\$ 3,050,000		\$ 3,050,000		\$ -				\$ -	\$ 3,050,000
Sludge Processing Facility with Odor Control	S-1-2021		\$ 3,295,000	\$ 3,295,000			\$ -				\$ -	\$ 3,295,000
Property Purchase and Relocation of Emergency Pump	W-2-2021		\$ 587,000		\$ 587,000		\$ -				\$ -	\$ 587,000
Reservior Management System - Terramor Reservoir	W-3-2021		\$ 102,000		\$ 102,000		\$ 50,872				\$ -	\$ 51,128
Primary Flow EQ Covers	S-2-2021		\$ 454,500	\$ 454,500			\$ -				\$ -	\$ 454,500
							\$ -				\$ -	\$ -
<b>SUBTOTAL</b>			<b>\$ 23,103,500</b>	<b>\$ 11,449,500</b>	<b>\$ 10,284,000</b>	<b>\$ 1,255,000</b>	<b>\$ 5,955,430</b>	<b>\$ 421,460</b>	<b>\$ 87,430</b>	<b>\$ -</b>	<b>\$ 508,890</b>	<b>\$ 16,639,180</b>
<b>TOTAL</b>			<b>\$ 24,215,500</b>	<b>\$ 11,901,500</b>	<b>\$ 10,666,250</b>	<b>\$ 1,532,750</b>	<b>\$ 6,063,994</b>	<b>\$ 424,190</b>	<b>\$ 99,130</b>	<b>\$ 2,730</b>	<b>\$ 526,050</b>	<b>\$ 17,625,456</b>

**TEMESCAL VALLEY WATER DISTRICT**  
**Community Facilities District No. 1**  
**Financing Authority**  
**(Sycamore Creek)**  
**8/31/2021**

Special Tax Fund (Acct #105636-009)  
Account Balance at Wilmington Trust \$ 1,979,584.37

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BONDS PR ACCT (Acct # 105636-010)  
Account Balance at Wilmington Trust -

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Administrative Expense Fund(Acct #105636-011)  
Account Balance at Wilmington Trust 8.23

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Surplus Fund (Acct #105636-012)  
Account Balance at Wilmington Trust 1,179,828.21

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**TEMESCAL VALLEY WATER DISTRICT**  
**Community Facilities District No. 2**  
**Financing Authority**  
**(Montecito Ranch)**  
**8/31/2021**

<u>Special Tax Fund (Acct #105636-014)</u> Account Balance at Wilmington Trust	\$ 302,811.31
<hr/>	
<u>BONDS PR ACCT (Acct # 105636-015)</u> Account Balance at Wilmington Trust	-
<hr/>	
<u>Administrative Expense Fund(Acct #105636-016)</u> Account Balance at Wilmington Trust	4.72
<hr/>	
<u>Surplus Fund (Acct #105636-017)</u> Account Balance at Wilmington Trust	273,981.98
<hr/>	
<u>Prepayment Fund (Acct #105636-026)</u> Account Balance at Wilmington Trust	-
<hr/>	
<b>TOTAL</b>	<b>\$ 576,798.01</b>

**TEMESCAL VALLEY WATER DISTRICT**  
**Community Facilities District No. 3**  
**Financing Authority**  
**(The Retreat)**  
**8/31/2021**

Special Tax Fund (Acct #105636-019)  
Account Balance at Wilmington Trust \$ 1,527,098.27

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BONDS PR ACCT (Acct # 105636-020)  
Account Balance at Wilmington Trust \$ -

---

Administrative Expense Fund(Acct #105636-021)  
Account Balance at Wilmington Trust \$ 8.23

---

Surplus Fund (Acct #105636-022)  
Account Balance at Wilmington Trust \$ 627,222.05

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Prepayment Fund (Acct #105636-027)  
Account Balance at Wilmington Trust -

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**TOTAL** **\$ 2,154,328.55**

**TEMESCAL VALLEY WATER DISTRICT**  
**Community Facilities District**  
**Financing Authority**  
**8/31/2021**

Senior Lien Bonds - Revenue Fund (Acct #105636-000)	\$	<b>0.04</b>
- Lien Interest A/C ( Acct #105636-001)		<b>419.92</b>
- Lien Principal A/C (Acct #105636-002)		-
- Financing Authority Surplus A/C (Acct #105636-003)		-
- Reserve Fund CFD #1 (Acct #105636-004)		<b>2,263,221.76</b>
- Reserve Fund CFD #2 (Acct #105636-005)		<b>276,065.07</b>
- Reserve Fund CFD #3 (Acct #105636-006)		<b>1,495,524.66</b>
Junior Lien Bonds - Revenue Fund (Acct #105639-000)	\$	<b>0.01</b>
- Lien Interest A/C ( Acct #105639-001)		<b>132.33</b>
- Lien Principal A/C (Acct #105639-002)		-
- Financing Authority Surplus A/C (Acct #105639-003)		-
- Reserve Fund CFD #1 (Acct #105639-004)		<b>619,045.69</b>
- Reserve Fund CFD #2 (Acct #105639-005)		<b>100,174.23</b>
- Reserve Fund CFD #3 (Acct #105639-006)		<b>540,859.68</b>
<b>TOTAL</b>	<b>\$</b>	<b>5,295,443.39</b>

**TEMESCAL VALLEY WATER DISTRICT**  
**Community Facilities District No. 4**  
**Financing Authority**  
**(Terramor)**  
**8/31/2021**

Special Tax Fund (Acct #133306-001)  
Account Balance at Wilmington Trust \$ 1,112,611.46

---

Interest Acct (Acct #133306-002)  
Account Balance at Wilmington Trust 0.02

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BONDS PR ACCT (Acct #133306-003)  
Account Balance at Wilmington Trust -

---

Administrative Expense Fund(Acct #133306-004)  
Account Balance at Wilmington Trust 46,003.81

---

Reserve fund Fund (Acct #133306-005)  
Account Balance at Wilmington Trust 1,397,156.90

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Surplus Fund (Acct #133306-006)  
Account Balance at Wilmington Trust 47,869.09

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Redemption fund (Acct #133306-007)  
Account Balance at Wilmington Trust -

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Construction fund (Acct #133306-008)  
Account Balance at Wilmington Trust 0.82

---

Cost of Issuance (Acct #133306-009)  
Account Balance at Wilmington Trust -

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**TOTAL \$ 2,603,642.10**



# PMIA/LAIF Performance Report as of 09/14/21



## PMIA Average Monthly Effective Yields<sup>(1)</sup>

Aug	0.221
Jul	0.221
Jun	0.262

## Quarterly Performance Quarter Ended 06/30/21

LAIF Apportionment Rate <sup>(2)</sup> :	0.33
LAIF Earnings Ratio <sup>(2)</sup> :	0.0000897371743018
LAIF Fair Value Factor <sup>(1)</sup> :	1.00008297
PMIA Daily <sup>(1)</sup> :	0.22%
PMIA Quarter to Date <sup>(1)</sup> :	0.30%
PMIA Average Life <sup>(1)</sup> :	291

## Pooled Money Investment Account Monthly Portfolio Composition <sup>(1)</sup> 08/31/21 \$176.7 billion

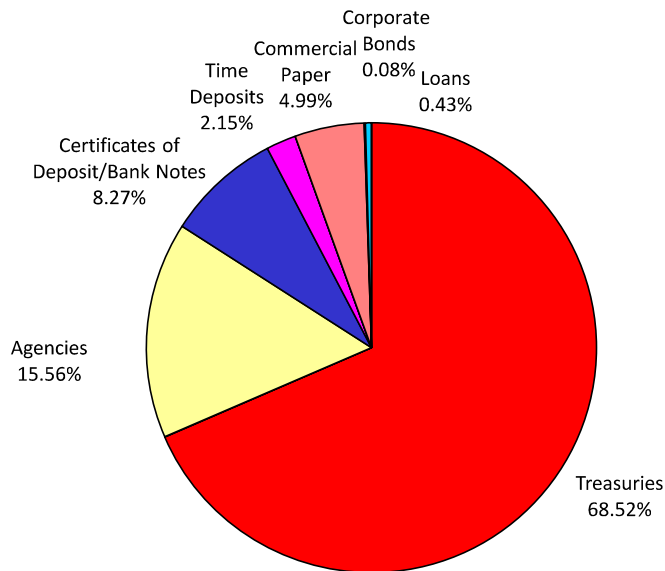


Chart does not include \$8,585,000.00 in mortgages, which equates to 0.004859%. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

Source:

<sup>(1)</sup> State of California, Office of the Treasurer

<sup>(2)</sup> State of California, Office of the Controller



Temescal Valley Water District  
Community Facilities District No. 4  
(Terramor)  
Improvement Area No. 2

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## **Authorization to Issue 2021 Special Tax Bonds**

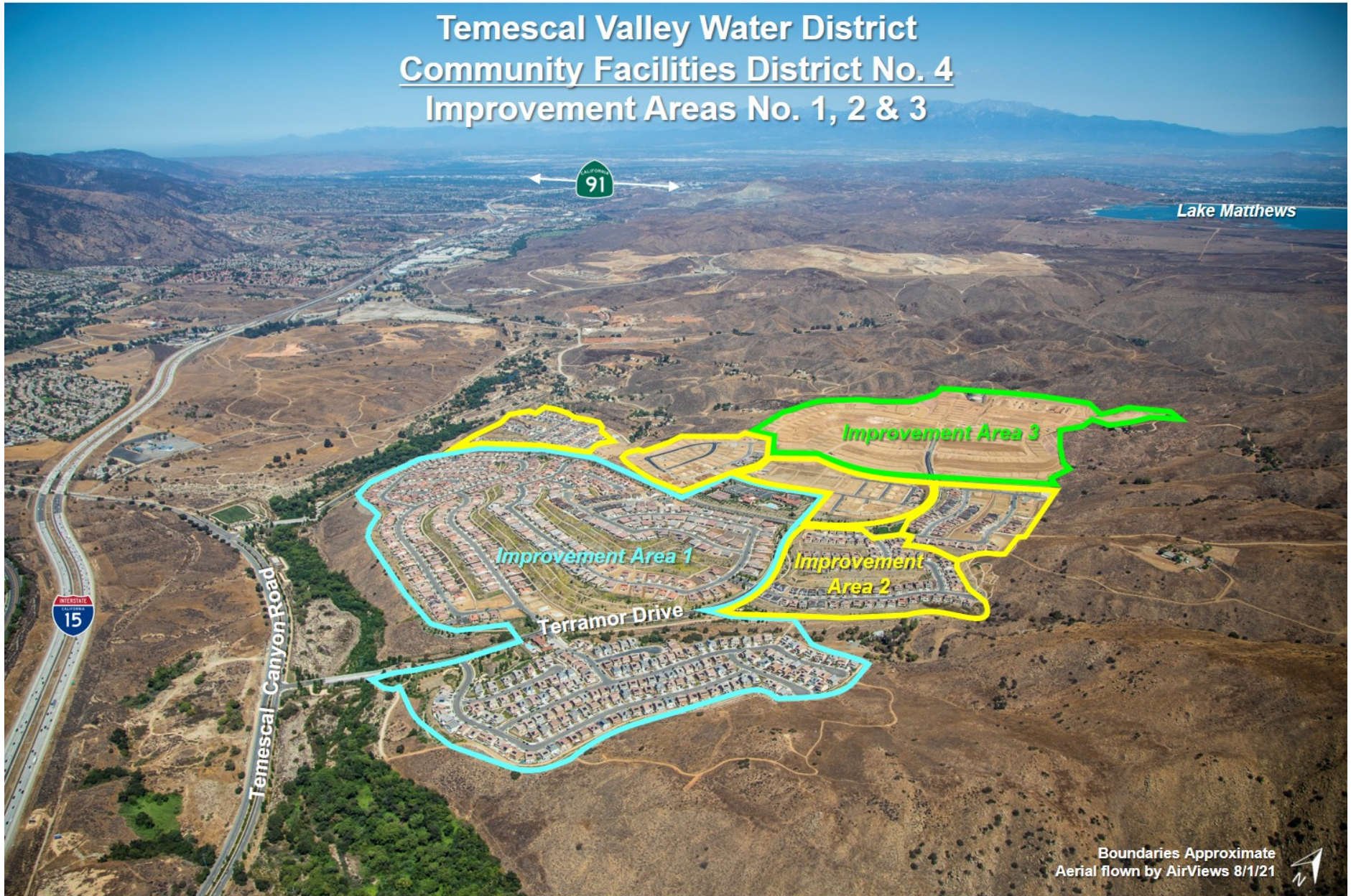
**CSG** | advisors

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September 28, 2021

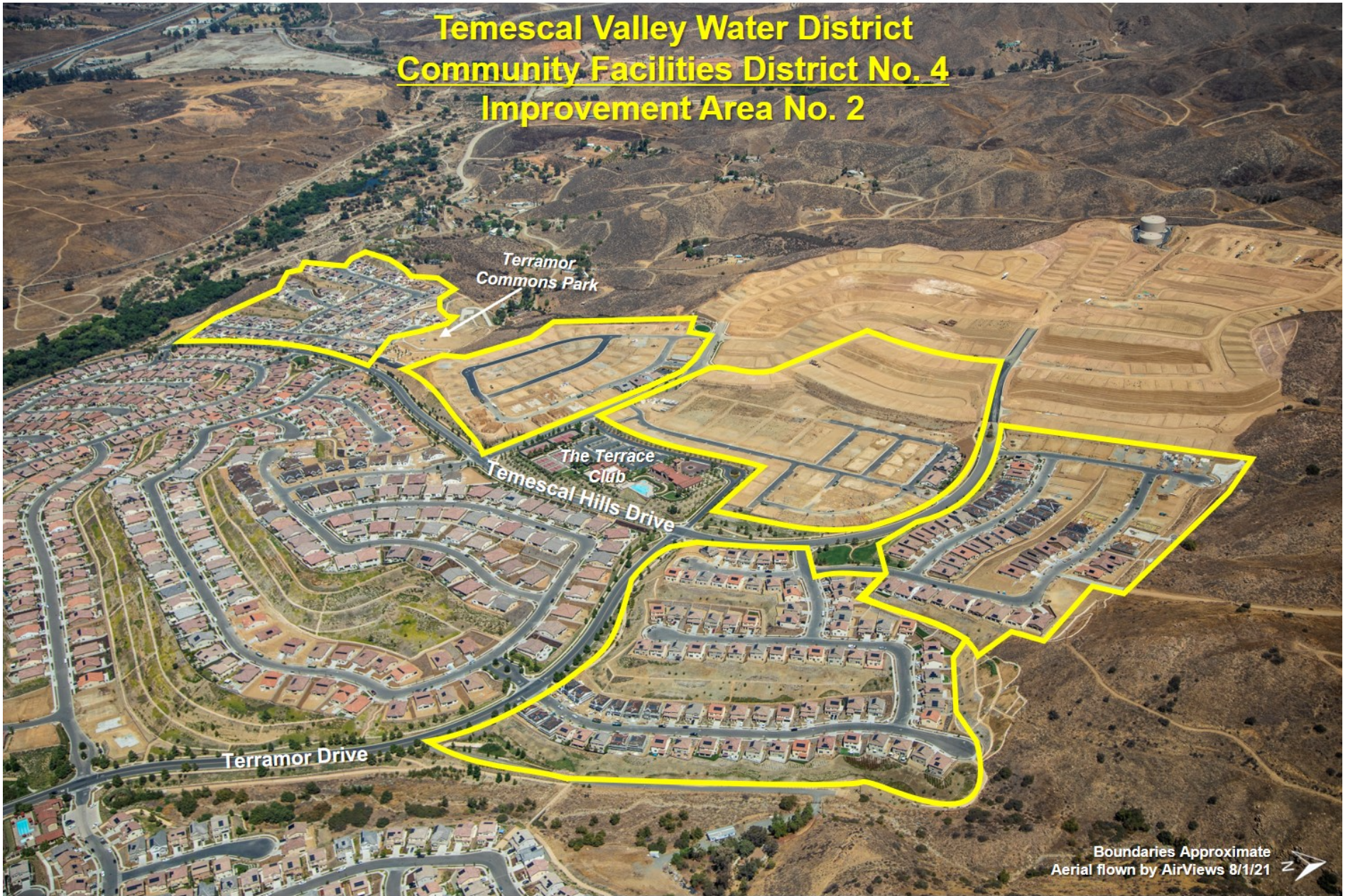


# Terramor Project Phasing Map



# Improvement Area No. 2

**Temescal Valley Water District  
Community Facilities District No. 4  
Improvement Area No. 2**



# Preliminary Estimate of Sources & Uses of Funds

*Note: All Amounts are Preliminary Estimates & Subject to Change*

## **TOTAL SOURCES OF FUNDS** **Improvement Area No. 2**

Par Amount	\$18,200,000
Net Discount	2,438,742

## **Total Sources of Funds** **\$20,638,742**

## **TOTAL USES OF FUNDS** **Improvement Area No. 2**

Reimbursement to Foremost	\$18,982,380
Capitalized Interest to 3/1/21	44,700
Reserve Fund	1,129,663
Costs of Issuance	300,000
Underwriter's Discount	182,000

## **Total Uses of Funds** **\$20,638,742**

Source: D.A. Davidson & Co., Market Interest Rates as of September 10, 2021 Plus 25 bps

# Allocation of CFD Bond Proceeds

## Eligible for Reimbursement

### Temescal Valley Water District

Backbone Sewer and Water Phase 2	\$7,300,000
Backbone Sewer and Water Phase 3	5,100,000
Sewer Treatment Plant Expansion	2,000,000

<b>Subtotal</b>	<b>14,400,000</b>
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### Riverside County Transportation

Bridge & Offsite Roadway	<b>6,400,000</b>
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### Riverside County Flood Control

Backbone Storm Drain Improvements	<b>4,900,000</b>
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<b>Total</b>	<b>25,700,000</b>
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Source: Foremost Companies

# Value-to Lien Analysis

Property Classification / Planning Area Owner / Construction Status [1,2]	Number of Units/Lots	Projected FY 2022-2023 Special Tax Levy	Percentage of FY 2022-2023 Special Tax Levy	TVWD FD No. 4, IA No. 2 Outstanding Bond Amount	Other Direct and Overlapping Debt	A	B	C = B/A
						Total Direct and Overlapping Debt	Appraised Value [6]	Appraised Value-to-Lien Ratio [7]
<b>Developed Property</b>								
<b>Planning Area 6 (Fieldcrest)</b>								
Individual Owners	80	\$267,190	30.76%	\$5,599,145	\$535,504	\$6,134,650	\$52,003,000	8.48 to 1
Richmond American (Completed-Unsold)	8	\$26,719	3.08%	\$559,915	\$18,136	\$578,051	\$4,137,589	7.16 to 1
Richmond American (Under Construction)	5	\$16,885	1.94%	\$353,836	\$11,447	\$365,284	\$1,175,000	3.22 to 1
<b>Planning Area 7 (Altis)</b>								
TriPointe Homes (Completed-Unsold)	3	\$7,707	0.89%	\$161,505	\$7,774	\$169,279	\$1,433,672	8.47 to 1
TriPointe Homes (Under Construction/Finished Lots)	17	\$42,534	4.90%	\$891,328	\$44,053	\$935,382	\$2,953,234	3.16 to 1
<b>Planning Area 8 (Skyview)</b>								
Richmond American (Completed-Unsold)	5	\$10,895	1.25%	\$228,312	\$2,935	\$231,247	\$2,292,400	9.91 to 1
Richmond American (Under Construction/Finished Lots)	12	\$25,179	2.90%	\$527,643	\$7,045	\$534,688	\$1,728,252	3.23 to 1
<b>Planning Area 9 (Olivine)</b>								
Individual Owners	66	\$210,216	24.20%	\$4,405,217	\$358,600	\$4,763,817	\$41,142,700	8.64 to 1
Richmond American (Completed-Unsold)	10	\$31,848	3.67%	\$667,396	\$27,049	\$694,445	\$5,324,604	7.67 to 1
Richmond American (Under Construction)	11	\$35,031	4.03%	\$734,098	\$24,131	\$758,229	\$2,640,000	3.48 to 1
<b>Planning Area 10 (Irontree)</b>								
Individual Owners	15	\$31,725	3.65%	\$664,819	\$36,930	\$701,749	\$8,622,990	12.29 to 1
Pulte (Completed-Unsold)	20	\$42,300	4.87%	\$886,425	\$37,388	\$923,813	\$8,945,937	9.68 to 1
Pulte (Under Construction/Finished Lots)	43	\$90,945	10.47%	\$1,905,813	\$44,469	\$1,950,283	\$8,505,512	4.36 to 1
<b>Subtotal - Developed Property</b>	<b>295</b>	<b>\$839,174</b>	<b>96.62%</b>	<b>\$17,585,453</b>	<b>\$1,155,464</b>	<b>\$18,740,917</b>	<b>\$140,904,890</b>	<b>7.52 to 1</b>
<b>Approved Property [8]</b>								
<b>Planning Area 7 (Altis)</b>								
TriPointe Homes (Under Construction/Finished Lots)	55	\$14,759	1.70%	\$309,284	\$134,757	\$444,040	\$9,554,581	21.52 to 1
<b>Planning Area 8 (Skyview)</b>								
Richmond American (Under Construction/Finished Lots)	59	\$14,567	1.68%	\$305,263	\$34,639	\$339,902	\$8,497,238	25.00 to 1
<b>Subtotal - Approved Property</b>	<b>114</b>	<b>\$29,326</b>	<b>3.38%</b>	<b>\$614,547</b>	<b>\$169,396</b>	<b>\$783,943</b>	<b>\$18,051,819</b>	<b>23.03 to 1</b>
<b>Undeveloped Property [8]</b>								
<b>Planning Area 8 (Skyview)</b>								
Forestar (Finished Lots) [9]	86	\$0	0.00%	\$0	\$34,319	\$34,319	\$11,385,805	331.76 to 1
<b>Subtotal - Undeveloped Property</b>	<b>86</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>	<b>\$34,319</b>	<b>\$34,319</b>	<b>\$11,385,805</b>	<b>331.76 to 1</b>
<b>Total</b>	<b>495</b>	<b>\$868,500</b>	<b>100.00%</b>	<b>\$18,200,000</b>	<b>\$1,359,179</b>	<b>\$19,559,179</b>	<b>\$170,342,514</b>	<b>8.71 to 1</b>

Source: DTA, Inc., Special Tax Consultant

# Maximum Effective Special Tax Rates

Zone	Type	Planning Area	Building Sq. Ft.	Base Price	FY 21-22 Assigned Special Tax	FY 21-22 Other Charges	Total Tax Bill	FY 21-22 Max ETR
A	Market Rate	Fieldcress	2,801	\$660,990	\$3,278	\$7,991	\$11,269	1.7049%
A	Market Rate	Fieldcress	2,908	\$666,990	\$3,377	\$8,059	\$11,436	1.7145%
A	Market Rate	Fieldcress	2,917	\$666,990	\$3,377	\$8,059	\$11,436	1.7145%
A	Market Rate	Fieldcress	3,007	\$671,990	\$3,377	\$8,114	\$11,491	1.7101%
A	Market Rate	Olivine	2,184	\$633,990	\$3,094	\$7,690	\$10,784	1.7009%
A	Market Rate	Olivine	2,375	\$637,990	\$3,183	\$7,734	\$10,917	1.7112%
A	Market Rate	Olivine	2,640	\$654,990	\$3,278	\$7,924	\$11,202	1.7103%
B	Market Rate [1]	Skyview	1,452	\$550,990	\$1,888	\$6,761	\$8,649	1.5698%
B	Market Rate [1]	Skyview	1,458	\$551,990	\$1,888	\$6,773	\$8,661	1.5690%
B	Market Rate [1]	Skyview	1,829	\$562,990	\$2,115	\$6,896	\$9,011	1.6005%
B	Market Rate [1]	Skyview	2,000	\$580,990	\$2,502	\$7,097	\$9,599	1.6521%
B	Market Rate [1]	Skyview	2,009	\$581,990	\$2,502	\$7,108	\$9,610	1.6512%
B	Market Rate [1]	Skyview	2,009	\$650,990	\$2,502	\$7,879	\$10,381	1.5946%
B	Age Qualified	Irontree	1,579	\$545,990	\$1,888	\$6,708	\$8,596	1.5744%
B	Age Qualified	Irontree	1,731	\$560,990	\$2,115	\$6,875	\$8,990	1.6026%
B	Age Qualified	Irontree	1,865	\$574,990	\$2,115	\$7,032	\$9,147	1.5908%
B	Age Qualified	Altis	2,017	\$576,000	\$2,502	\$7,043	\$9,545	1.6571%
B	Age Qualified	Altis	2,162	\$590,000	\$2,502	\$7,199	\$9,701	1.6443%
B	Age Qualified	Atlis	2,276	\$598,000	\$2,502	\$7,289	\$9,791	1.6373%

[1] Planning Area 8 (Skyview) was designated for Age-Qualified Unit tax rates; but Richmond American is developing as Market Rate.

Source: DTA Inc., Special Tax Consultant & Zonda Advisory, Market Cons

CFD Special Tax Formula requires Effective Tax Rate for Market Rate Units to be less than 2.00%; and for Age-Qualified Units to be less than 1.75%

# Bond Financing Schedule

DATE	ACTION ITEM
September 28 <sup>th</sup>	<ul style="list-style-type: none"><li>• Adopt Resolution approving bond issuance &amp; financing documents<ul style="list-style-type: none"><li>– Indenture of Trust</li><li>– Preliminary Official Statement (incl. Continuing Disclosure Agreement)</li><li>– Bond Purchase Agreement</li></ul></li></ul>
Week of October 11 <sup>th</sup>	<ul style="list-style-type: none"><li>• Price Bonds &amp; Execute Bond Purchase Agreement</li></ul>
Week of October 25 <sup>th</sup>	<ul style="list-style-type: none"><li>• Finalize Documents, Collect Signatures &amp; Closing Issuance</li></ul>

**RESOLUTION NO. R-21-19**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMESCAL VALLEY WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR) OF TEMESCAL VALLEY WATER DISTRICT, AUTHORIZING THE ISSUANCE OF IMPROVEMENT AREA NO. 2 2021 SPECIAL TAX BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000 AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, the Board of Directors (the “Board of Directors,” and sometimes referred to as the “legislative body of the District”) of the Temescal Valley Water District (the “Water District”), located in Riverside County, California, has heretofore undertaken proceedings and declared the necessity to issue bonds by the Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the “District”) pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Act”); and

**WHEREAS**, pursuant to a resolution adopted by the Board of Directors on November 22, 2016, and the Act, the Water District formed the District; and

**WHEREAS**, pursuant to a resolution adopted by the Board of Directors, acting as the legislative body of the District, on April 23, 2019, and the Act, certain property was annexed to the District and designated as Improvement Area No. 2 (“Improvement Area No. 2”); and

**WHEREAS**, pursuant to a resolution adopted by the Board of Directors, acting as the legislative body of the District, on April 23, 2019, bond propositions were submitted to the qualified electors within Improvement Area No. 2 and were approved by more than two-thirds of the votes cast at the elections held within Improvement Area No. 2 of the District on such date; and

**WHEREAS**, pursuant to resolutions adopted by the Board of Directors, acting as the legislative body of the District, on January 26, 2021 and on March 23, 2021, certain additional property was annexed to Improvement Area No. 2; and

**WHEREAS**, based upon the aforesaid resolutions and elections, the District is authorized pursuant to the Act to issue bonds on behalf of Improvement Area No. 2 in an aggregate principal amount not to exceed \$25,000,000; and

**WHEREAS**, in order to effect the issuance of bonds in an aggregate principal amount not to exceed \$25,000,000 to be designated as the “Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (Improvement Area No. 2) 2021 Special Tax Bonds” (the “Bonds”), the legislative body of the District desires to approve the forms, and authorize the execution and delivery, of a Bond Indenture, a Continuing Disclosure Certificate and a Bond Purchase Agreement for the Bonds; and

**WHEREAS**, in accordance with Government Code Section 53360.4, the legislative body of the District determines that a negotiated sale of the Bonds to D.A. Davidson & Co. (the “Underwriter”) in accordance with the terms of the Bond Purchase Agreement for the Bonds to be entered into by the District and the Underwriter (the “Bond Purchase Agreement”) will result in a lower overall cost to the District than a public sale; and



**WHEREAS**, the legislative body of the District determines that it is prudent in the management of its fiscal affairs to issue the Bonds; and

**WHEREAS**, pursuant to Section 53345.8 of the Act and the District's Local Goals and Policies, unless the bonds are escrowed or otherwise credit enhanced, the District may sell bonds if the legislative body of the District determines prior to the award of the sale of such bonds that the value of the real property that would be subject to the special tax to pay debt service on the bonds will be at least three (3) times the principal amount of the bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on taxable property within Improvement Area No. 2; and

**WHEREAS**, based on the appraisal of real property prepared by Kitty Siino & Associates, Inc. (the "Appraisal") of property within Improvement Area No. 2, the value of the real property in Improvement Area No. 2 subject to the special tax to pay debt service on the Bonds is more than three times the sum of the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area No. 2 as calculated in the manner set forth in Section 53345.8(a) of the Act; and

**WHEREAS**, the legislative body of the District further wishes to approve the form of the Preliminary Official Statement with respect to the Bonds (the "Preliminary Official Statement"), presented at this meeting; and

**WHEREAS**, pursuant to Government Code Section 5852.1, certain information relating to Bonds is set forth in Exhibit A attached to this Resolution, and such information is hereby disclosed and made public; and

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TEMESCAL VALLEY WATER DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR) OF TEMESCAL VALLEY WATER DISTRICT, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:**

Section 1. Each of the above recitals is true and correct, as is each of the findings and determinations set forth therein, and each of said recitals, findings and determinations is adopted by the legislative body of the District.

Section 2. The issuance of the Bonds in an aggregate principal amount not to exceed \$25,000,000 is hereby authorized; and the exact principal amount to be issued shall be determined by the officer signing the Bond Purchase Agreement in accordance with Section 5 below. The Bonds shall mature on the dates and bear interest at the rates set forth in the Bond Purchase Agreement to be executed on behalf of the District in accordance with Section 5 hereof. The Bonds shall be governed by the terms and conditions of the Bond Indenture between the District and Wilmington Trust, National Association, as trustee (the "Trustee"), presented at this meeting (the "Bond Indenture"). The Bond Indenture shall be executed by one or more of the President of the Board of Directors, General Manager or Finance Manager of the Water District (collectively, the "Authorized Officers"), substantially in the form presented at this meeting, with such additions thereto and changes therein as the officer or officers executing the same deem necessary (a) to cure any ambiguity or defect therein, if such addition or change does not materially alter the substance or content thereof, (b) to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions as limited by Section 5 hereof, or (c) to conform any provisions

therein to the Bond Purchase Agreement or the Official Statement (as hereinafter defined) delivered to the purchasers of the Bonds. Approval of such changes shall be conclusively evidenced by the execution and delivery of the Bond Indenture by one or more Authorized Officers. Capitalized terms used in this Resolution which are not defined herein have the meanings ascribed to them in the Bond Indenture.

Section 3. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of the President of the Board of Directors and attested with the manual or facsimile signature of the Secretary of the Board of Directors, and by the Trustee.

Section 4. The covenants set forth in the Bond Indenture above are hereby approved and shall be deemed to be covenants of the Board of Directors, in its capacity as the legislative body of the District, and shall be complied with by the District and its officers.

Section 5. The form of the Bond Purchase Agreement presented at this meeting and the sale of the Bonds pursuant thereto are hereby approved, provided that the true interest cost on the Bonds does not exceed 6.00% and the discount at which the Underwriter purchases the Bonds (exclusive of original issue discount) does not exceed 1.50% of the principal amount thereof. Any one of the Authorized Officers is hereby authorized to execute the Bond Purchase Agreement, with such additions thereto and changes therein as the officer executing it may approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. Each of the President of the Board of Directors, or his designee, and the General Manager, or his designee, is authorized to determine the day on which the Bonds are to be priced in order to attempt to produce the lowest borrowing cost for the District and may reject any terms presented by the Underwriter if determined not to be in the best interest of the District.

Section 6. The form of the Continuing Disclosure Certificate presented at this meeting is hereby approved; and any one of the Authorized Officers is hereby authorized and directed to execute the Continuing Disclosure Certificate in the form hereby approved, with such additions therein and changes thereto as the Authorized Officer or Authorized Officers executing the same deem necessary to cure any defect or ambiguity therein if such change does not materially alter the substance or content thereof, with such approval to be conclusively evidenced by the execution and delivery of such Continuing Disclosure Certificate.

Section 7. In accordance with the requirements of Section 53345.8 of the Act, based on the Appraisal, the legislative body of the District hereby determines that the value of the real property in Improvement Area No. 2 subject to the special tax to pay debt service on the Bonds is more than three times the principal amount of the Bonds and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within Improvement Area No. 2, all as calculated in the manner provided in Section 53345.8(a) of the Act.

Section 8. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof, is hereby approved, with such changes, insertions and omissions therein as may be approved by any of the Authorized Officers, acting alone, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 9. The preparation and delivery of an Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Bonds is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the District, to execute the final Official Statement and any amendment or supplement thereto.

Section 10. The Board of Directors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit A hereto and are available to the public at the meeting at which this Resolution is approved.

Section 11. The General Manager, or his designee, is authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but not be limited to, obtaining legal services, trustee services and any other services deemed appropriate by the General Manager, or his designee. The General Manager, or his designee, is authorized to pay for the cost of such services, together with other costs of issuance for the Bonds from the proceeds of the Bonds.

Section 12. The President of the Board of Directors, General Manager, the Finance Manager and the officers and staff of the Water District and the District who are responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and to execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the Bonds in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as described in the Bond Indenture. Any document authorized herein to be signed by the Secretary of the Board of Directors may be signed by a duly-appointed deputy secretary or assistant secretary.

Section 13. This Resolution shall be effective upon its adoption.

Dated: September 28, 2021.

\_\_\_\_\_  
C.W. Colladay, President

I hereby certify that the foregoing is a full, true and correct copy of the Resolution No. R-21-19 adopted by the Board of Directors of the Temescal Valley Water District at its meeting held on September 28, 2021.

ATTEST:

\_\_\_\_\_  
Paul Rodriguez, Board Secretary

(SEAL)

## EXHIBIT A

### GOOD FAITH ESTIMATES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with Section 5852.1 of the Government Code. Such good faith estimates have been provided to the District by the District's municipal advisor, CSG Advisors Incorporated (the "Municipal Advisor"), which the Municipal Advisor has prepared in consultation with the Underwriter.

*Principal Amount.* The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be issued and sold is **\$18,200,000** (the "Estimated Principal Amount"), which excludes approximately **\$2,439,000** of net premium estimated to be generated based on current market conditions. Net premium is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for such bonds is higher than the face value of such bonds. The Estimated Principal Amount plus the net premium represent the total estimated proceeds available in the aggregate amount of **\$20,639,000**.

*True Interest Cost of the Bonds.* The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is **3.33%**.

*Finance Charge of the Bonds.* The Municipal Advisor has informed the Community Facilities District that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is **\$482,000**.

*Amount of Proceeds to be Received.* The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is **\$18,983,000**.

*Total Payment Amount.* The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is **\$32,925,000**, which excludes any reserves or capitalized interest paid or funded with proceeds of the Bonds (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of

proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds issued and sold being different from the Estimated Principal Amount, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the District's financing plan, or a combination of such factors. Market interest rates are affected by economic and other factors beyond the control of the District.

**BOND INDENTURE**

Between

**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT**

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION,  
as Trustee**

**\$ \_\_\_\_\_  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

Dated as of October 1, 2021

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## **BOND INDENTURE**

THIS BOND INDENTURE (the “Indenture”) dated as of October 1, 2021, by and between COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR) OF TEMESCAL VALLEY WATER DISTRICT (the “District”) and WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee (the “Trustee”), governs the terms of the Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (Improvement Area No. 2) 2021 Special Tax Bonds issued in accordance herewith.

### ***RECITALS:***

WHEREAS, the Board of Directors of the Temescal Valley Water District, located in Riverside, California (hereinafter sometimes referred to as the “legislative body of the District” or the “Water District”), has heretofore undertaken proceedings and declared the necessity to issue bonds on behalf of Improvement Area No. 2 of the District pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5, of the Government Code of the State of California (the “Act”); and

WHEREAS, the legislative body of the District adopted Resolutions on April 23, 2019, and held elections within Improvement Area No. 2 on April 23, 2019 to authorize the levy of a special tax and the issuance of bonds by the District for Improvement Area No. 2, in an aggregate principal amount not to exceed \$25,000,000; and

WHEREAS, pursuant to a resolution adopted by the legislative body of the District on January 26, 2021, certain property was annexed to Improvement Area No. 2, and pursuant to an election held on March 23, 2021, certain additional property was annexed to Improvement Area No. 2; and

WHEREAS, the legislative body of the District desires to finance certain public improvements (the “Facilities”) eligible for financing by the District on behalf of Improvement Area No. 2 through the issuance of bonds in an aggregate principal amount of \$\_\_\_\_\_ designated as the “Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (Improvement Area No. 2) 2021 Special Tax Bonds” (the “Bonds”), to fund a deposit to the Reserve Account, to pay a portion of the interest due on the Bonds, and to pay certain costs related to the issuance of the Bonds; and

WHEREAS, the Bonds are to be issued and sold in accordance with Resolution No. R-21-\_\_\_ of the Board of Directors of the Water District, acting in its capacity as the legislative body of the District, and with this Indenture; and

WHEREAS, the District has determined that all requirements of the Act and the applicable provisions of the policies of the Water District for the issuance of the Bonds under the Act have been satisfied; and

WHEREAS, upon their issuance, the Bonds will be the only outstanding bonds of the District issued on behalf of Improvement Area No. 2 and the District may issue Parity Bonds or Subordinated Bonds on behalf of Improvement Area No. 2 in the future in accordance herewith but shall not issue

any bonds or indebtedness that have a lien, charge, pledge or encumbrance on the Net Taxes that is senior or superior to the lien, charge, pledge and encumbrance thereon for the Bonds;

NOW, THEREFORE, in order to establish the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Owners of the Bonds which may be issued hereunder from time to time, as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.1 Definitions.** Unless the context otherwise requires, the following terms shall have the following meanings:

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

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

“Acquisition Agreement” means that certain Acquisition/Financing Agreement relating to Improvement Area No. 2 of the District, by and among the Water District, the District and Forestar Toscana Development Company, together with any amendments thereto.

“Acquisition and Construction Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Administrative Expenses” means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the Water District or designee thereof or both); the costs of collecting the Special Taxes (whether by the Water District or otherwise); the costs of remitting the Special Taxes to the Trustee; the compensation, expenses and disbursements of the Trustee (including its legal counsel) set forth in Section 7.1 hereof and incurred in the discharge of the duties required of it under the Indenture; the costs to the Water District, the District or any designee thereof of complying with arbitrage rebate requirements; the costs to the Water District, the District or any designee thereof of complying with disclosure requirements of the Water District, the District 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 of the Water District, the District or any designee thereof related to an appeal of any Special Tax levy; the costs associated with the release of funds from an escrow account; and the Water District’s annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated by the administrator for the District or advanced by the Water District or the District for any other administrative purposes of the District, including attorney’s fees and other costs related to commencing and pursuing to completion any foreclosure action to collect delinquent Special Taxes.

“Administrative Expense Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Administrative Expenses Cap” means \$45,000 for each Fiscal Year.

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

“Assessor’s Parcel” has the meaning ascribed to it in the RMA.

“Authorized Representative of the District” means the President of the legislative body of the District, the General Manager, the Finance Manager or any other person or persons designated by the President of the legislative body of the District, the General Manager or the Finance Manager by a written certificate signed by one of such officers of the Water District and containing the specimen signature of each such person.

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

“Bond Register” means the books which the Trustee shall keep or cause to be kept on which the registration and transfer of the Bonds and any Parity Bonds shall be recorded.

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

“Bonds” means the District’s (Improvement Area No. 2) 2021 Special Tax Bonds issued on October \_\_, 2021 in the aggregate principal amount of \$\_\_\_\_\_.

“Bond Year” means the twelve-month period ending on September 1 of each year; provided, however, that the first Bond Year shall begin on the Delivery Date and end on September 1, 2022.

“Business Day” means a day which is not a Saturday or Sunday or a day of the year on which banks or trust companies in New York, New York, Los Angeles, California, or the city where the corporate trust office of the Trustee is located, are not required or authorized by law, regulation or executive order, to close or to remain closed.

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

“Certificate of the Special Tax Consultant” means a certificate of DTA, Inc., or any successor entity appointed by the District, to administer the calculation and collection of the Special Taxes.

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

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate dated October \_\_, 2021, executed and delivered by the District, together with any amendments thereto.

“Costs of Issuance” means the costs and expenses incurred in connection with the issuance and sale of the Bonds or any Parity Bonds, including the acceptance and initial annual fees and expenses of the Trustee, legal fees and expenses, costs of printing the Bonds and Parity Bonds and the preliminary and final official statements for the Bonds and Parity Bonds, fees of financial consultants, fees of special tax consultants and all other related fees and expenses, as set forth in a Certificate of an Authorized Representative of the District.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“County” means the County of Riverside.

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

“Depository” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Bonds, including any such successor appointed pursuant to Section 2.16 hereof.

“Developed Property” has the meaning ascribed to it in the RMA.

“District” means Community Facilities District No. 4 (Terramor) of Temescal Valley Water District established pursuant to the Act and the Resolution of Formation.

“District Project Costs” means the share of the Project Costs relating to facilities to be owned and operated by the District.

“Event of Default” shall mean the “event of default” described in Section 8.1 hereof.

“Extraordinary Administrative Expenses” means Administrative Expenses required for extraordinary District events such as foreclosure actions against delinquent taxpayers within Improvement Area No. 2 required to be prosecuted on an expedited basis pursuant to this Indenture, the approval and implementation of actions requiring Bondowner consent under this Indenture, or actual or threatened Bondowner or property owner litigation arising out of the Bonds or in connection with Improvement Area No. 2.

“Federal Securities” means any of the following: (a) non-callable direct obligations of the United States of America (“Treasuries”) or obligations for which the full faith and credit of the United States of America are unconditionally pledged for the payment of interest and principal, (b) evidence of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by Standard & Poor’s and Moody’s, respectively (or any combination thereof).

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

“Fitch” means Fitch Ratings, New York, New York, or its successors, and if such organization shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Water District.

“Gross Taxes” means the amount of all Special Taxes received by the District from the Treasurer, together with all payments made with respect to tax-defaulted parcels (including all delinquent and redemption penalties, fees and costs) and the proceeds collected from the sale of property pursuant to the foreclosure provisions of this Indenture.

“Improvement Area No. 2” means Improvement Area No. 2 within the District.

“Indenture” means this Bond Indenture, together with any Supplemental Indenture approved pursuant to Article 6 hereof.

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

- (1) is in fact independent and not under the domination of the District or the Water District;
- (2) does not have any substantial interest, direct or indirect, in Improvement Area No. 2, the District or the Water District; and
- (3) is not connected with the District or the Water District as a member, officer or employee of the District or the Water District, but who may be regularly retained to make annual or other reports to the District or the Water District.

“Information Services” means the Electronic Municipal Market Access System (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at [www.emma.msrb.org](http://www.emma.msrb.org); provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other organizations providing information with respect to called bonds as the District may designate to the Trustee in writing.

“Interest Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Interest Payment Date” means each March 1 and September 1, commencing March 1, 2022; provided, however, that, if any such day is not a Business Day, interest up to the Interest Payment Date will be paid on the Business Day next succeeding such date.

“Investment Agreement” means one or more agreements for the investment of funds of the District complying with the criteria therefor as set forth in Subsection (11) of the definition of Permitted Investments herein.

“Joint Community Facilities Agreement” means that certain Joint Community Facilities Agreement (Street and Flood Control Improvements) relating to Improvement Area No. 2 of the District, by and among the Water District, the Water Conservation District, the County and Forestar Toscana Development Company, together with any amendments thereto.

“Maximum Annual Debt Service” means the maximum sum obtained for any Bond Year prior to the final maturity of the Bonds and any Parity Bonds by adding the following for each Bond Year:

(1) the principal amount of all Outstanding Bonds and Parity Bonds payable in such Bond Year either at maturity or pursuant to a Sinking Fund Payment; and

(2) the interest payable on the aggregate principal amount of all Bonds and Parity Bonds Outstanding in such Bond Year if the Bonds and Parity Bonds are retired as scheduled.

“Moody’s” means Moody’s Investors Service, New York, New York, or its successors, and if such organization shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Water District.

“Net Taxes” means Gross Taxes minus amounts set aside to pay Administrative Expenses.

“Nominee” shall mean the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.16 hereof.

“Ordinance” means the ordinance adopted by the legislative body of the District on May 28, 2019, providing for the levying of the Special Tax, as such document may be amended from time to time, or any other document adopted by the Board of Directors of the Water District levying the Special Taxes.

“Outstanding” or “Outstanding Bonds and Parity Bonds” means all Bonds and Parity Bonds theretofore issued by the District, except:

(1) Bonds and Parity Bonds theretofore cancelled or surrendered for cancellation in accordance with Section 10.1 hereof;

(2) Bonds and Parity Bonds for payment or redemption of which monies shall have been theretofore deposited in trust (whether upon or prior to the maturity or the redemption date of such Bonds or Parity Bonds), provided that, if such Bonds or Parity Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Indenture or any applicable Supplemental Indenture for Parity Bonds; and

(3) Bonds and Parity Bonds which have been surrendered to the Trustee for transfer or exchange pursuant to Section 2.9 hereof or for which a replacement has been issued pursuant to Section 2.10 hereof.

“Parity Bonds” means all bonds, notes or other similar evidences of indebtedness hereafter issued, payable out of the Net Taxes and which, as provided in this Indenture or any Supplemental Indenture, rank on a parity with the Bonds, pursuant to Section 9.2 hereof.



“Participants” shall mean those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds or Parity Bonds as securities depository.

“Permitted Investments” means any of the following that at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (provided that the Trustee may rely upon investment direction of the District as a determination that such investment is a legal investment):

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

2. Federal Housing Administration debentures.

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

(a) Federal Home Loan Mortgage Corporation (FHLMC)

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

(ii) Senior Debt obligations

(b) Farm Credit Banks (formerly: Federal Land Banks, Federal

(i) Intermediate Credit Banks and Banks for Cooperatives)

(ii) Consolidated system-wide bonds and notes

(c) Federal Home Loan Banks (FHL Banks)

(i) Consolidated debt obligations

(d) Federal National Mortgage Association (FNMA)

(i) Senior debt obligations

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

- (e) Financing Corporation (FICO)
  - (i) Debt obligations
- (f) Resolution Funding Corporation (REFCORP)
  - (i) Debt obligations

4. Bank deposit products, unsecured certificates of deposit (including those placed by a third party pursuant to an agreement between the District and the Trustee), trust funds, trust accounts, overnight banking deposits, interest bearing deposits, interest bearing money market accounts, time deposits, demand deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated "A-1" or "A-2" without regard to qualifier by a nationally recognized rating agency service.

5. Deposits (including bank deposit products) the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), or collateralized by Permitted Investments described in (1) above, in banks (including the Trustee and any affiliate) which have capital and surplus of at least \$5 million.

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

7. Money market mutual funds rated "AAm" or "AAm-G" by a nationally recognized rating agency service, or better (including those for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise) but excluding such funds with a floating net asset value.

8. "State Obligations," which means:

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

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

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

9. Pre-refunded municipal obligations rated "AAA" by Standard & Poor's or "Aaa" by Moody's meeting the following requirements:

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

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

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

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or paying agent in trust for owners of the municipal obligations;

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

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the paying agent or escrow agent.

10. Repurchase or reverse repurchase agreements:

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

(a) The collateral shall be securities described in clause 1(a), (b) or (c) of this subsection, and the market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee or the District to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at one current market price plus accrued interest;

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

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

(d) The repurchase or reverse repurchase agreement shall provide that if during its term the provider's rating by either Moody's or Standard & Poor's is withdrawn or suspended or falls below "A" by Standard & Poor's or "A3" by Moody's, as appropriate, the provider must, at the direction of Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Trustee or the District.

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

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

(a) interest payments are to be made to the Trustee or the District at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the Improvement Fund, construction draws) on the Bonds;

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

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

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

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

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

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

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

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

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

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

12. The State of California Local Agency Investment Fund.

"Person" means natural persons, firms, corporations, partnerships, associations, trusts, public bodies and other entities.

"Prepayments" means any amounts paid by the District to the Trustee and designated by the District as a prepayment of Special Taxes for one or more parcels in Improvement Area No. 2 made in accordance with the RMA.

“Principal Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Principal Office of the Trustee” means the office of the Trustee located in Costa Mesa, California, or such other office or offices as the Trustee may designate from time to time, or the office of any successor Trustee where it principally conducts its business of serving as Trustee under indentures pursuant to which municipal or governmental obligations are issued.

“Proceeds Fund” means the fund by that name created and established pursuant to Section 3.1 hereof.

“Project” means those public facilities described in the Acquisition Agreement and the Joint Community Facilities Agreement which are to be acquired or constructed within and outside of Improvement Area No. 2, including all engineering, planning and design services and other incidental expenses related to such facilities.

“Project Costs” means the amounts necessary to finance the Project, to create and replenish any necessary reserve funds, to pay the initial and annual costs associated with the Bonds or any Parity Bonds, including, but not limited to, remarketing, credit enhancement, Trustee and other fees and expenses relating to the issuance of the Bonds or any Parity Bonds, and to pay any other “incidental expenses” of the District, as such term is defined in the Act.

“Project Facilities Account” means the account by that name created and established in the Acquisition and Construction Fund pursuant to Section 3.1 hereof.

“Rating Agency” means Fitch, Moody’s and Standard & Poor’s, or any one of such entities, as the context requires.

“Rebate Fund” means the fund by that name established pursuant to Section 3.1 hereof.

“Record Date” means the fifteenth day of the month preceding an Interest Payment Date, regardless of whether such day is a Business Day.

“Redemption Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Regulations” means the regulations adopted or proposed by the Department of Treasury from time to time with respect to obligations issued pursuant to Section 103 of the Code.

“Representation Letter” shall mean the Blanket Letter of Representations from the District to the Depository as described in Section 2.13 hereof.

“Reserve Account” means the account by that name created and established in the Special Tax Fund pursuant to Section 3.1 hereof.

“Reserve Requirement” means that amount as of any date of calculation equal to the lesser of (i) 10% of the initial principal amount of the Bonds and Parity Bonds, if any, (ii) Maximum Annual Debt Service on the then Outstanding Bonds and Parity Bonds, if any; and (iii) 125% of average Annual Debt Service on the then Outstanding Bonds and Parity Bonds. Notwithstanding the

foregoing, in no event shall the Reserve Requirement exceed \$\_\_\_\_\_, the initial Reserve Requirement.

“Resolution of Formation” means, collectively, the resolutions adopted by the Board of Directors of the Water District on April 23, 2019, January 26, 2021 and March 23, 2021, pursuant to which the Water District formed the District, annexed property to the District designated as Improvement Area No. 2, annexed additional property to Improvement Area No. 2, and authorized the levy of Special Taxes therein.

“RMA” that certain Rate and Method of Apportionment for Improvement Area No. 2 approved pursuant to the Resolution of Formation as it may be amended in accordance with the Act.

“Sinking Fund Payment” means the annual payment to be deposited in the Principal Account to redeem a portion of the Term Bonds in accordance with the schedules set forth in Section 4.1(b) hereof and any annual sinking fund payment schedule to retire any Parity Bonds which are designated as Term Bonds.

“Special Tax Fund” means the fund by that name created and established pursuant to Section 3.1 hereof.

“Special Taxes” means the taxes authorized to be levied by the legislative body of the District on property within Improvement Area No. 2 in accordance with the Ordinance, the Resolution of Formation, the Act and the voter approval obtained at the April 23, 2019 and March 23, 2021 elections in Improvement Area No. 2 and the unanimous consent of certain property owners accepted by the legislative body of the District on January 26, 2021.

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, or its successors and if such organization shall no longer perform the functions of a securities rating agency, “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Water District.

“Subordinated Bonds” means any bonds or indebtedness of the District that have a lien, charge, pledge or encumbrance on the Net Taxes junior and subordinated to the lien, charge, pledge and encumbrance thereon for the Bonds and any Parity Bonds.

“Supplemental Indenture” means any supplemental indenture amending or supplementing this Indenture.

“Surplus Fund” means the fund by that name created and established pursuant to Section 3.1 hereof.

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

“Taxable Property” has the meaning ascribed to it in the RMA.

“Term Bonds” means the Bonds maturing on September 1, 20\_\_ and on September 1, 20\_\_, and any term maturities of an issue of Parity Bonds as specified in a Supplemental Indenture.

“Treasurer” means the Treasurer-Tax Collector of the County of Riverside, or his or her written designee.

“Trustee” means Wilmington Trust, National Association, a national banking association duly organized and existing under the laws of the United States, at its principal corporate trust office in Costa Mesa, California, and its successors or assigns, or any other bank or trust company which may at any time be substituted in its place as provided in Sections 7.2 or 7.3 and any successor thereto.

“Underwriter” means D.A. Davidson & Co., with respect to the Bonds and, with respect to each issue of Parity Bonds, the institution or institutions, if any, with whom the District enters into a purchase contract for the sale of such issue.

“Undeveloped Property” has the meaning ascribed to it in the RMA.

“Water Conservation District” means the Riverside County Flood Control and Water Conservation District.

“Water District” means the Temescal Valley Water District.

## ARTICLE II

### GENERAL AUTHORIZATION AND BOND TERMS

#### **Section 2.1 Amount, Issuance, Purpose and Nature of Bonds and Parity Bonds.**

Under and pursuant to the Act, the Bonds in the aggregate principal amount of \$\_\_\_\_\_, together with any Parity Bonds authorized by the legislative body in accordance with Section 9.2 hereof, shall be issued for the purpose of financing the Project, paying Costs of Issuance, paying a portion of the interest due on the Bonds and funding a Reserve Account. The Bonds and any Parity Bonds shall be and are limited obligations of the District and shall be payable as to the principal thereof and interest thereon and any premiums upon the redemption thereof solely from the Net Taxes and the other amounts in the Special Tax Fund.

**Section 2.2 Type and Nature of Bonds and Parity Bonds.** Neither the faith and credit nor the taxing power of the Water District, the State of California, or any political subdivision thereof other than the District is pledged to the payment of the Bonds or any Parity Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds or any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the Water District nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the Special Tax Fund, as more fully described herein. The District’s limited obligation to pay the principal of, premium, if any, and interest on the Bonds and any Parity Bonds from amounts in the Special Tax Fund is absolute and unconditional, free of deductions and without any abatement, offset, recoupment, diminution or set-off whatsoever. No Owner of the Bonds or any Parity Bonds may compel the exercise of the taxing power by the District (except as pertains to the Special Taxes) or the Water District or the forfeiture of any of their property. The principal of and interest on the Bonds and any Parity Bonds and premiums upon the redemption thereof, if any, are not a debt of the Water District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory limitation or restriction. The Bonds and any Parity Bonds are not a legal or equitable pledge, charge, lien, or encumbrance



upon any of the District's property, or upon any of its income, receipts or revenues, except the Net Taxes and other amounts in the Special Tax Fund which are, under the terms of this Indenture and the Act, set aside for the payment of the Bonds, any Parity Bonds and interest thereon and neither the members of the legislative body of the District or the Board of Directors of the Water District nor any persons executing the Bonds or any Parity Bonds, are liable personally on the Bonds or any Parity Bonds, by reason of their issuance.

Notwithstanding anything to the contrary contained in this Indenture, the District shall not be required to advance any money derived from any source of income other than the Net Taxes for the payment of the interest on or the principal of the Bonds or any Parity Bonds, or for the performance of any covenants contained herein. The District may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

**Section 2.3 Equality of Bonds and Parity Bonds and Pledge of Net Taxes.** Pursuant to the Act and this Indenture, the Bonds and any Parity Bonds shall be secured by a pledge, charge, lien and encumbrance upon and equally payable from the Net Taxes and other amounts in the Special Tax Fund, without priority for number, date of the Bonds or Parity Bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of the Bonds and any Parity Bonds and any premiums upon the redemption thereof, shall be exclusively paid from the Net Taxes and other amounts in the Special Tax Fund, which are hereby set aside for the payment of the Bonds and any Parity Bonds. Amounts in the Special Tax Fund shall constitute a trust fund held for the benefit of the Owners to be applied to the payment of the interest on and principal of the Bonds and any Parity Bonds and so long as any of the Bonds and any Parity Bonds or interest thereon remain Outstanding shall not be used for any other purpose, except as permitted by this Indenture or any Supplemental Indenture. Notwithstanding any provision contained in this Indenture to the contrary, Net Taxes deposited in the Rebate Fund and the Surplus Fund shall no longer be considered to be pledged to the Bonds or any Parity Bonds, and none of the Rebate Fund, the Surplus Fund, the Acquisition and Construction Fund, the Costs of Issuance Fund or the Administrative Expense Fund shall be construed as a trust fund held for the benefit of the Owners.

Nothing in this Indenture or any Supplemental Indenture shall preclude: (i) subject to the limitations contained hereunder, the redemption prior to maturity of any Bonds or Parity Bonds subject to call and redemption and payment of said Bonds or Parity Bonds from proceeds of refunding bonds issued under the Act as the same now exists or as hereafter amended, or under any other law of the State of California; or (ii) the issuance, subject to the limitations contained herein, of Parity Bonds which shall be payable from Net Taxes.

**Section 2.4 Description of Bonds; Interest Rates.** The Bonds and any Parity Bonds shall be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds and any Parity Bonds of each issue shall be numbered as desired by the Trustee.

The Bonds shall be designated "COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR) OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2) 2021 SPECIAL TAX BONDS." The Bonds shall be dated as of their Delivery Date and shall mature and be payable on September 1 in the years and in the aggregate principal amounts and shall be subject to and shall bear interest at the rates set forth in the table below payable on March 1, 2022 and each Interest Payment Date thereafter:

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

Interest shall be payable on each Bond and Parity Bond from the date established in accordance with Section 2.5 below on each Interest Payment Date thereafter until the principal sum of that Bond or Parity Bond has been paid; provided, however, that if at the maturity date of any Bond or Parity Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof in full, in accordance with the terms of this Indenture, such Bonds and Parity Bonds shall then cease to bear interest. Interest due on the Bonds and Parity Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

**Section 2.5 Place and Form of Payment.** The Bonds and Parity Bonds shall be payable both as to principal and interest, and as to any premiums upon the redemption thereof, in lawful money of the United States of America. The principal of the Bonds and Parity Bonds and any premiums due upon the redemption thereof shall be payable upon presentation and surrender thereof at the Principal Office of the Trustee, or at the designated office of any successor Trustee. Interest on any Bond or Parity Bond shall be payable from the Interest Payment Date next preceding the date of authentication of that Bond or Parity Bond, unless (i) such date of authentication is an Interest Payment Date in which event interest shall be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date occurring after the issuance of such Bond or Parity Bond, in which event interest shall be payable from the dated date of such Bond or Parity Bond, as applicable; provided, however, that if at the time of authentication of such Bond or Parity Bond, interest is in default, interest on that Bond or Parity Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment on that Bond or Parity Bond, interest on that Bond or Parity Bond shall be payable from its dated date. Interest on any Bond or Parity Bond shall be paid to the person whose name shall appear in the Bond Register as the Owner of such Bond or Parity Bond as of the close of business on the Record Date. Such interest shall be paid by check of the Trustee mailed by

first class mail, postage prepaid, to such Bondowner at his or her address as it appears on the Bond Register. In addition, upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds or of any issue of Parity Bonds, payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Owner.

**Section 2.6 Form of Bonds and Parity Bonds.** The definitive Bonds may be printed from steel engraved or lithographic plates or may be typewritten. The Bonds and the certificate of authentication shall be substantially in the form attached hereto as Exhibit A, which form is hereby approved and adopted as the form of such Bonds and of the certificate of authentication. Each issue of Parity Bonds and the certificate of authentication therefor shall be in the form provided in the Supplemental Indenture for such issue of Parity Bonds.

Until definitive Bonds or Parity Bonds, as applicable, shall be prepared, the District may cause to be executed and delivered in lieu of such definitive Bonds or Parity Bonds temporary bonds in typed, printed, lithographed or engraved form and in fully registered form, subject to the same provisions, limitations and conditions as are applicable in the case of definitive Bonds or Parity Bonds, except that they may be in any denominations authorized by the District. Until exchanged for definitive Bonds or Parity Bonds, as applicable, any temporary bond shall be entitled and subject to the same benefits and provisions of this Indenture as definitive Bonds and Parity Bonds. If the District issues temporary Bonds or Parity Bonds, it shall execute and furnish definitive Bonds or Parity Bonds, as applicable, without unnecessary delay and thereupon any temporary Bond or Parity Bond may be surrendered to the Trustee at its office, without expense to the Owner, in exchange for a definitive Bond or Parity Bond of the same issue, maturity, interest rate and principal amount in any authorized denomination. All temporary Bonds or Parity Bonds so surrendered shall be cancelled by the Trustee and shall not be reissued.

**Section 2.7 Execution and Authentication.** The Bonds and Parity Bonds shall be signed on behalf of the District by the manual or facsimile signature of the President of the Board of Directors of the Water District and countersigned by the manual or facsimile signature of the Secretary of the Board of Directors of the Water District, or any duly appointed deputy Secretary, in their capacity as officers of the District. In case any one or more of the officers who shall have signed any of the Bonds or Parity Bonds shall cease to be such officer before the Bonds or Parity Bonds so signed have been authenticated and delivered by the Trustee (including new Bonds or Parity Bonds delivered pursuant to the provisions hereof with reference to the transfer and exchange of Bonds or Parity Bonds or to lost, stolen, destroyed or mutilated Bonds or Parity Bonds), such Bonds and Parity Bonds shall nevertheless be valid and may be authenticated and delivered as herein provided, and may be issued as if the person who signed such Bonds or Parity Bonds had not ceased to hold such office.

Only the Bonds as shall bear thereon such certificate of authentication in the form set forth in Exhibit A attached hereto shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee.

**Section 2.8 Bond Register.** The Trustee will keep or cause to be kept, at its office, sufficient books for the registration and transfer of the Bonds and any Parity Bonds which shall upon reasonable prior notice be open to inspection by the District during all regular business hours, and, subject to the limitations set forth in Section 2.9 below, upon presentation for such purpose, the

Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be transferred on said Bond Register, Bonds and any Parity Bonds as herein provided.

The District and the Trustee may treat the Owner of any Bond or Parity Bond whose name appears on the Bond Register as the absolute Owner of that Bond or Parity Bond for any and all purposes, and the District and the Trustee shall not be affected by any notice to the contrary. The District and the Trustee may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes. It shall be the duty of the Bondowner to give written notice to the Trustee of any change in the Bondowner's address so that the Bond Register may be revised accordingly.

**Section 2.9 Registration of Exchange or Transfer.** Subject to the limitations set forth in the following paragraph, the registration of any Bond or Parity Bond may, in accordance with its terms, be transferred upon the Bond Register by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond or Parity Bond for cancellation at the office of the Trustee, accompanied by delivery of written instrument of transfer in a form acceptable to the Trustee and duly executed by the Bondowner or his or her duly authorized attorney.

Bonds or Parity Bonds may be exchanged at the office of the Trustee for a like aggregate principal amount of Bonds or Parity Bonds for other authorized denominations of the same maturity and issue. The Trustee shall not collect from the Owner any charge for any new Bond or Parity Bond issued upon any exchange or transfer, but shall require the Bondowner requesting such exchange or transfer to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer. Whenever any Bonds or Parity Bonds shall be surrendered for registration of transfer or exchange, the District shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds or a new Parity Bond or Parity Bonds, as applicable, of the same issue and maturity, for a like aggregate principal amount; provided that the Trustee shall not be required to register transfers or make exchanges of (i) Bonds or Parity Bonds for a period of 15 days next preceding any selection of the Bonds or Parity Bonds to be redeemed; or (ii) any Bonds or Parity Bonds chosen for redemption.

**Section 2.10 Mutilated, Lost, Destroyed or Stolen Bonds or Parity Bonds.** If any Bond or Parity Bond shall become mutilated, the District shall execute, and the Trustee shall authenticate and deliver, a new Bond or Parity Bond of like tenor, date, issue and maturity in exchange and substitution for the Bond or Parity Bond so mutilated, but only upon surrender to the Trustee of the Bond or Parity Bond so mutilated. Every mutilated Bond or Parity Bond so surrendered to the Trustee shall be cancelled by the Trustee pursuant to Section 10.1 hereof. If any Bond or Parity Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and, if any indemnity satisfactory to the Trustee shall be given, the District shall execute and the Trustee shall authenticate and deliver, a new Bond or Parity Bond, as applicable, of like tenor, maturity and issue, numbered and dated as the Trustee shall determine in lieu of and in substitution for the Bond or Parity Bond so lost, destroyed or stolen. Any Bond or Parity Bond issued in lieu of any Bond or Parity Bond alleged to be mutilated, lost, destroyed or stolen, shall be equally and proportionately entitled to the benefits hereof with all other Bonds and Parity Bonds issued hereunder. The Trustee shall not treat both the original Bond or Parity Bond and any replacement Bond or Parity Bond as being Outstanding for the purpose of determining the principal amount of Bonds or Parity Bonds which may be executed, authenticated and delivered hereunder or for the purpose of determining any percentage of Bonds or Parity Bonds Outstanding hereunder, but both the original and replacement Bond or Parity Bond shall be treated as

one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Bond or Parity Bond which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Bonds or Parity Bonds.

**Section 2.11 Validity of Bonds and Parity Bonds.** The validity of the authorization and issuance of the Bonds and any Parity Bonds shall not be affected in any way by any defect in any proceedings taken by the District and the recital contained in the Bonds or any Parity Bonds that the same are issued pursuant to the Act and other applicable laws of the State shall be conclusive evidence of their validity and of the regularity of their issuance.

**Section 2.12 Book-Entry System.** The Bonds shall be initially delivered in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds. Upon initial delivery, the ownership of each such Bond shall be registered in the registration books kept by the Trustee in the name of the Nominee as nominee of the Depository. Except as provided in Section 2.14 hereof, all of the Outstanding Bonds shall be registered in the registration books kept by the Trustee in the name of the Nominee. At the election of the District, any Parity Bonds may also be issued as book-entry bonds registered in the name of the Nominee as provided herein, in which case the references in Sections 2.12 through 2.15 to “Bonds” shall be applicable to such Parity Bonds.

With respect to Bonds registered in the registration books kept by the Trustee in the name of the Nominee, the District and the Trustee shall have no responsibility or obligation to any such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than an Owner as shown in the registration books kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest due with respect to the Bonds. The District and the Trustee may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of the principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest due on the Bonds only to or upon the order of the respective Owner, as shown in the registration books kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to satisfy and discharge fully the District’s obligations with respect to payment of the principal, premium, if any, and interest due on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the registration books kept by the Trustee, shall receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

**Section 2.13 Representation Letter.** In order to qualify the Bonds and any Parity Bonds which the District elects to register in the name of the Nominee for the Depository's book-entry system, an authorized representative of the District is hereby authorized to execute from time to time and deliver to such Depository the Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.12 or in any other way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Owners, as shown on the registration books kept by the Trustee. The Trustee agrees to take all action necessary to continuously comply with all representations made with respect to the Trustee in the Representation Letter. In addition to the execution and delivery of the Representation Letter, each Authorized Representative of the District is hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

**Section 2.14 Transfers Outside Book-Entry System.** In the event (i) the Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Depository shall no longer so act, then the District will discontinue the book-entry system with the Depository. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds so designated shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of the Nominee, but shall be registered in whatever name or names Persons transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 2.9 hereof.

**Section 2.15 Payments to the Nominee.** Notwithstanding any other provisions of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal, premium, if any, and interest due with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

**Section 2.16 Initial Depository and Nominee.** The initial Depository under this Article II shall be The Depository Trust Company, New York, New York. The initial Nominee shall be Cede & Co., as Nominee of The Depository Trust Company, New York, New York.

### ARTICLE III

#### CREATION OF FUNDS AND APPLICATION OF PROCEEDS

**Section 3.1 Creation of Funds; Application of Proceeds.**

(a) There is hereby created and established and shall be maintained by the Trustee the following funds and accounts in accordance with the terms of this Article:

(1) The Community Facilities District No. 4 of Temescal Valley Water District Improvement Area No. 2 Proceeds Fund (the "Proceeds Fund").

(2) The Community Facilities District No. 4 of Temescal Valley Water District Improvement Area No. 2 Special Tax Fund (the "Special Tax Fund") (in which there shall be established and created an Interest Account, a Principal Account, a Redemption Account and a Reserve Account).

(3) The Community Facilities District No. 4 of Temescal Valley Water District Improvement Area No. 2 Rebate Fund (the “Rebate Fund”).

(4) The Community Facilities District No. 4 of Temescal Valley Water District Improvement Area No. 2 Acquisition and Construction Fund (the “Acquisition and Construction Fund”) (in which there shall be established a Project Facilities Account).

(5) The Community Facilities District No. 4 of Temescal Valley Water District Improvement Area No. 2 Costs of Issuance Fund (the “Costs of Issuance Fund”).

(6) The Community Facilities District No. 4 of Temescal Valley Water District Improvement Area No. 2 Surplus Fund (the “Surplus Fund”).

(7) The Community Facilities District No. 4 of Temescal Valley Water District Improvement Area No. 2 Administrative Expense Fund (the “Administrative Expense Fund”).

The amounts on deposit in the foregoing funds, accounts and subaccounts shall be held by the Trustee and the Trustee shall invest and disburse the amounts in such funds, accounts and subaccounts in accordance with the provisions of this Article 3 and shall disburse investment earnings thereon in accordance with the provisions of Sections 3.11 hereof.

In connection with the issuance of any Parity Bonds, the Trustee, at the direction of an Authorized Representative of the District, may create new funds, accounts or subaccounts, or may create additional accounts and subaccounts within any of the foregoing funds and accounts for the purpose of separately accounting for the proceeds of the Bonds and any Parity Bonds.

(b) The proceeds of the sale of the Bonds in the amount of \$\_\_\_\_\_ shall be received by the Trustee on behalf of the District and deposited in the Proceeds Fund, which proceeds shall be deposited and transferred as follows:

(1) \$\_\_\_\_\_ shall be deposited to the Costs of Issuance Fund to pay the Costs of Issuance of the Bonds;

(2) \$\_\_\_\_\_ shall be deposited to the Project Facilities Account of the Acquisition and Construction Fund to pay Project Costs;

(3) \$\_\_\_\_\_ shall be deposited to the Interest Account of the Special Tax Fund to pay a portion of the interest due on the Bonds through [September 1, 2022]; and

(4) \$\_\_\_\_\_ shall be deposited to the Reserve Account of the Special Tax Fund to fund the Reserve Requirement.

Upon making the deposits and transfers set forth in this subsection (c), the Trustee shall close the Proceeds Fund. The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

### **Section 3.2 Deposits to and Disbursements from Special Tax Fund.**

(a) Except for Prepayments which shall be deposited to the Redemption Account as specified in a Certificate of an Authorized Representative, the Trustee shall, on each date on which

the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund to be held in trust for the Owners. The Trustee shall transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the following Sections, in the following order of priority, to:

- (1) the Administrative Expense Fund;
- (2) the Interest Account of the Special Tax Fund;
- (3) the Principal Account of the Special Tax Fund;
- (4) the Redemption Account of the Special Tax Fund;
- (5) the Reserve Account of the Special Tax Fund;
- (6) the Rebate Fund; and
- (7) the Surplus Fund.

(b) At maturity of all of the Bonds and Parity Bonds and, after all principal and interest then due on the Bonds and Parity Bonds then Outstanding has been paid or provided for and any amounts owed to the Trustee have been paid in full, moneys in the Special Tax Fund and any accounts therein may be used by the District for any lawful purpose.

**Section 3.3 Administrative Expense Fund.** The Trustee shall transfer from the Special Tax Fund and deposit in the Administrative Expense Fund from time to time amounts necessary to make timely payment of Administrative Expenses as set forth in a Certificate of an Authorized Representative; provided, however, that, the total amount transferred in a Fiscal Year, commencing with the 2022-23 Fiscal Year, shall not exceed the Administrative Expenses Cap (plus Extraordinary Administrative Expenses in the event there are Extraordinary Administrative Expenses) until such time as there has been deposited to the Interest Account and the Principal Account an amount, together with any amounts already on deposit therein, that is sufficient to pay the interest and principal on all Bonds and Parity Bonds, including Sinking Fund Payments, due in such Fiscal Year and to restore the Reserve Account to the Reserve Requirement. Moneys in the Administrative Expense Fund may be invested in any Permitted Investments as directed in writing by an Authorized Representative of the District and shall be disbursed as directed in a Certificate of an Authorized Representative.

**Section 3.4 Interest Account and Principal Account of the Special Tax Fund.** The principal of and interest due on the Bonds and any Parity Bonds until maturity, other than principal due upon optional or extraordinary redemption, shall be paid by the Trustee from the Principal Account and the Interest Account of the Special Tax Fund, respectively. For the purpose of assuring that the payment of principal of and interest on the Bonds and any Parity Bonds will be made when due, after making the transfer required by Section 3.3, at least five Business Days prior to each March 1 and September 1, the Trustee shall make the following transfers from the Special Tax Fund first to the Interest Account and then to the Principal Account; provided, however, that, if amounts in the Special Tax Fund (exclusive of the Reserve Account) are inadequate to make the foregoing transfers, then any deficiency shall be made up by transfers from the Reserve Account:



(a) To the Interest Account, an amount such that the balance in the Interest Account five Business Days prior to each Interest Payment Date shall be equal to the installment of interest due on the Bonds and any Parity Bonds on said Interest Payment Date and any installment of interest due on a previous Interest Payment Date which remains unpaid. Moneys in the Interest Account shall be used for the payment of interest on the Bonds and any Parity Bonds as the same become due.

(b) To the Principal Account, an amount such that the balance in the Principal Account five Business Days prior to September 1 of each year, commencing September 1, 2022, shall equal the principal payment due on the Bonds and any Parity Bonds on such September 1, whether at maturity or by Sinking Fund Payment, and any principal payment due on a previous September 1 which remains unpaid. Moneys in the Principal Account shall be used for the payment of the principal of such Bonds and any Parity Bonds as the same become due at maturity or by Sinking Fund Payment.

### **Section 3.5 Redemption Account of the Special Tax Fund.**

(a) After making the transfer to the Administrative Expense Fund, the Interest Account and the Principal Account of the Special Tax Fund pursuant to Sections 3.3 and 3.4 above, and in accordance with the District's election to call Bonds for optional redemption as set forth in Section 4.1(a) hereof, or to call Parity Bonds for optional redemption as set forth in any Supplemental Indenture for Parity Bonds, the Trustee shall establish the Redemption Account and transfer from the Special Tax Fund and deposit in the Redemption Account moneys available for the purpose and sufficient to pay the principal and the premiums, if any, payable on the Bonds or Parity Bonds called for optional redemption; provided, however, that amounts in the Special Tax Fund may be applied to optionally redeem Bonds and Parity Bonds only if immediately following such redemption the amount in the Reserve Account will equal the Reserve Requirement.

(b) Prepayments deposited to the Redemption Account, along with any amounts that an Authorized Officer of the District directs to be transferred from the Reserve Account to the Redemption Account in connection with any Prepayments, shall be applied on the redemption date established pursuant to Section 4.1(c) hereof for the use of such Prepayments to the payment of the principal of, premium, and interest on the Bonds and Parity Bonds to be redeemed with such Prepayments; provided that amounts shall be transferred from the Reserve Account only if immediately following such redemption the amount in the Reserve Account will meet the Reserve Requirement.

(c) Moneys set aside in the Redemption Account shall be used solely for the purpose of redeeming Bonds and Parity Bonds and shall be applied on or after the redemption date to the payment of principal of and premium, if any, on the Bonds or Parity Bonds to be redeemed upon presentation and surrender of such Bonds or Parity Bonds and in the case of an optional redemption or an extraordinary redemption from Prepayments to pay the interest thereon; provided, however, that in lieu or partially in lieu of such call and redemption, moneys deposited in the Redemption Account may be used to purchase Outstanding Bonds or Parity Bonds in the manner hereinafter provided. Purchases of Outstanding Bonds or Parity Bonds may be made by the District at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest, plus, in the case of moneys set aside for an optional redemption or an extraordinary redemption, the premium applicable at the next following call date according to the premium schedule established pursuant to Section 4.1(a) or 4.1(c) hereof, as applicable, or in the case of Parity Bonds the premium established

in any Supplemental Indenture. Any accrued interest payable upon the purchase of Bonds or Parity Bonds may be paid from the amount reserved in the Interest Account of the Special Tax Fund for the payment of interest on the next following Interest Payment Date.

**Section 3.6 Reserve Account of the Special Tax Fund.** There shall be maintained in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement. The amounts in the Reserve Account shall be applied as follows:

(a) Moneys in the Reserve Account shall be used solely for the purpose of paying the principal of, including Sinking Fund Payments, and interest on the Bonds and any Parity Bonds when due in the event that the moneys in the Interest Account and the Principal Account of the Special Tax Fund are insufficient therefor and for the purpose of making any required transfer to the Rebate Fund pursuant to Section 3.7 hereof upon written direction from the District. If the amounts in the Interest Account or the Principal Account of the Special Tax Fund are insufficient to pay the principal of, including Sinking Fund Payments, or interest on the Bonds or any Parity Bonds when due, or amounts in the Special Tax Fund are insufficient to make transfers to the Rebate Fund when required, the Trustee shall withdraw from the Reserve Account for deposit in the Interest Account or the Principal Account of the Special Tax Fund or the Rebate Fund, as applicable, moneys necessary for such purposes.

(b) Whenever moneys are withdrawn from the Reserve Account, after making the required transfers referred to in Sections 3.3, 3.4 and 3.5 above, the Trustee shall transfer to the Reserve Account from available moneys in the Special Tax Fund, or from any other legally available funds which the District elects to apply to such purpose, the amount needed to restore the amount of such Reserve Account to the Reserve Requirement. Moneys in the Special Tax Fund shall be deemed available for transfer to the Reserve Account only if the Trustee determines that such amounts will not be needed to make the deposits required to be made to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund on or before the next September 1. If amounts in the Special Tax Fund together with any other amounts transferred to replenish the Reserve Account are inadequate to restore the Reserve Account to the Reserve Requirement, then the District, subject to any limitations in the Act, shall include the amount necessary to restore the Reserve Account to the Reserve Requirement in the next annual Special Tax levy to the extent of the maximum permitted Special Tax rates and the limitations of the Act.

(c) In connection with a redemption of Bonds pursuant to Section 4.1(a) or (c) or Parity Bonds in accordance with any Supplemental Indenture, or a partial defeasance of Bonds or Parity Bonds in accordance with Section 9.1 hereof, amounts in the Reserve Account may be applied to such redemption or partial defeasance so long as the amount on deposit in the Reserve Account following such redemption or partial defeasance equals the Reserve Requirement. The District shall set forth in a Certificate of an Authorized Representative the amount in the Reserve Account to be transferred to the Redemption Account on a redemption date or to be transferred pursuant to the Indenture to partially defease Bonds, and the Trustee shall make such transfer on the applicable redemption or defeasance date, subject to the limitation in the preceding sentence.

(d) To the extent that the Reserve Account is at the Reserve Requirement as of the first day of the final Bond Year for the Bonds or an issue of Parity Bonds, amounts in the Reserve Account may be applied to pay the principal of and interest due on the Bonds and Parity Bonds, as applicable, in the final Bond Year for such issue. Moneys in the Reserve Account in excess of the Reserve Requirement not transferred in accordance with the preceding provisions of this section shall

be withdrawn from the Reserve Account on the Business Day before each March 1 and September 1 and shall be transferred to the Interest Account of the Special Tax Fund.

### **Section 3.7 Rebate Fund.**

(a) The Trustee shall establish and maintain, when needed, a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. The District shall cause to be deposited in the Rebate Fund such amounts as required under the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section 3.7 and the Tax Certificate.

Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final treasury regulations as may be applicable to the Bonds from time to time, which the District covenants to pay or cause to be paid to the United States at the times and in the amounts determined under the Tax Certificate. The Trustee agrees to comply with all instructions given to it by the District in accordance with this covenant. The Trustee shall conclusively be deemed to have complied with the provisions of this Section 3.7 and the Tax Certificate if it follows the instructions of the District and shall not be required to take any actions hereunder in the absence of instructions from the District.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund with respect to the Bonds and each series of Parity Bonds after payment in full of such issue and after making the payments required to comply with this Section 3.7 and the applicable Tax Certificate for such issue may be withdrawn by the Trustee at the written direction of the District and utilized in any manner by the District.

(c) Survival of Defeasance and Final Payment. Notwithstanding anything in this Section or this Indenture to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance and final payment of the Bonds and any Parity Bonds.

(d) Amendment Without Consent of Owners. This Section 3.7 may be deleted or amended in any manner without the consent of the Owners, provided that prior to such event there is delivered to the District an opinion of Bond Counsel to the effect that such deletion or amendment will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis. Notwithstanding any provision of this Section, if the District shall provide to the Trustee an opinion of a nationally recognized bond or tax counsel that any specified action required under this Section 3.7 is no longer required or that some further or different action is required to maintain the tax-exempt status of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis, the Trustee and the District may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

**Section 3.8 Surplus Fund.** After making the transfers required by Sections 3.3, 3.4, 3.5, 3.6 and 3.7 hereof, as soon as practicable after each September 1, and in any event prior to each September 15, the Trustee shall transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, unless on or prior to such date, it has received a Certificate of an Authorized Representative directing (i) that certain amounts be retained in the Special Tax Fund because the

District has included such amounts as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to Section 5.2(b) hereof, or (ii) that certain amounts be transferred to the Acquisition and Construction Fund because such amounts were included in the levy of Special Taxes for the previous Fiscal Year to pay for the acquisition or construction of the Project; provided, however, that, if a transfer is made to the Acquisition and Construction Fund and unexpended proceeds of the Bonds or an issue of Parity Bonds remain in the Acquisition and Construction Fund, the Trustee shall establish a Subaccount of the Project Facilities Account for amounts transferred from the Surplus Fund. Moneys deposited in the Surplus Fund will be transferred by the Trustee at the direction of an Authorized Representative of the District (i) to the Interest Account, the Principal Account or the Redemption Account of the Special Tax Fund to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor; (ii) to the Reserve Account in order to replenish the Reserve Account to the Reserve Requirement; (iii) to the Administrative Expense Fund to pay Administrative Expenses to the extent that the amounts on deposit in the Administrative Expense Fund are insufficient to pay Administrative Expenses; (iv) to the Acquisition and Construction Fund to pay Project Costs; or (v) for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or the Parity Bonds and may be used by the District for any lawful purpose. In the event that the District reasonably expects to use any portion of the moneys in the Surplus Fund to pay debt service on any Outstanding Bonds or Parity Bonds, the District will notify the Trustee in a Certificate of an Authorized Representative and the Trustee will segregate such amount into a separate subaccount and the moneys on deposit in such subaccount of the Surplus Fund shall be invested at the written direction of the District in 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 and corporations 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.

### **Section 3.9 Costs of Issuance Fund.**

(a) The moneys in the Costs of Issuance Fund shall be disbursed by the Trustee pursuant to a Certificate of an Authorized Representative of the District to pay Costs of Issuance, substantially in the form attached as Exhibit B, and all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such Certificate, and the Trustee may rely on such payment instructions with no duty to investigate or inquire as to their authenticity or the authority under which they were given.

(b) Upon the receipt of a Certificate of an Authorized Representative of the District stating that all or a specified portion of the amount remaining in the Costs of Issuance Fund is no longer needed to pay Costs of Issuance, the Trustee shall transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Costs of Issuance Fund to the Project Facilities Account of the Acquisition and Construction Fund. On the date which is six months after the date of issuance of each series of Bonds and Parity Bonds, all amounts remaining in the Costs of Issuance

Fund shall be transferred to the Project Facilities Account of the Acquisition and Construction Fund and the Costs of Issuance Fund shall be closed.

**Section 3.10 Acquisition and Construction Fund.**

(a) The Trustee shall hold the moneys in the Project Facilities Account and apply such moneys to pay District Project Costs. Amounts for Project Costs shall be disbursed by the Trustee on behalf of the District from the Acquisition and Construction Fund or the accounts therein as specified in a Request for Disbursement of Project Costs, substantially in the form of Exhibit C attached hereto, which must be submitted by an Authorized Representative of the District to the Trustee in connection with each requested disbursement. Amounts in the Project Facilities Account shall go to pay District Project Costs.

(b) Upon receipt of a Certificate of an Authorized Representative of the District stating that all or a specified portion of the amount remaining in the Acquisition and Construction Fund or in any of the accounts therein is no longer needed to pay Project Costs, the Trustee shall transfer all or such specified portion, as applicable, of the moneys remaining on deposit in the Acquisition and Construction Fund and the accounts therein to the Principal Account or Redemption Account of the Special Tax Fund or to the Surplus Fund, as directed in the Certificate, provided that in connection with any direction to transfer amounts to the Surplus Fund there shall have been delivered to the Trustee with such Certificate an opinion of Bond Counsel to the effect that such transfer to the Surplus Fund will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or any Parity Bonds which were issued on a tax-exempt basis for federal income tax purposes.

**Section 3.11 Investments.** Moneys held in any of the Funds, Accounts and Subaccounts under this Indenture shall be invested at the written direction of the District in accordance with the limitations set forth below only in Permitted Investments which shall be deemed at all times to be a part of such Funds, Accounts and Subaccounts. Any loss resulting from such Permitted Investments shall be credited or charged to the Fund, Account or Subaccount from which such investment was made, and any investment earnings on a Fund, Account or Subaccount shall be applied as follows: (i) investment earnings on all amounts deposited in the Costs of Issuance Fund, the Acquisition and Construction Fund, the Special Tax Fund, the Surplus Fund and the Rebate Fund and each Account therein (other than the Reserve Account of the Special Tax Fund) shall be deposited in those respective Funds and Accounts, and (ii) investment earnings on all amounts deposited in the Reserve Account shall be deposited therein to be applied as set forth in Section 3.6. Moneys in the Funds, Accounts and Subaccounts held under this Indenture shall be invested by the Trustee as directed in writing by the District, from time to time, in Permitted Investments subject to the following restrictions:

(a) Moneys in the Costs of Issuance Fund and the Acquisition and Construction Fund shall be invested in Permitted Investments which will by their terms mature, or in the case of an Investment Agreement are available without penalty, as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Costs of Issuance Fund and the Acquisition and Construction Fund.

(b) Moneys in the Interest Account, the Principal Account and the Redemption Account of the Special Tax Fund shall be invested only in Permitted Investments which will by their terms mature, or in the case of an Investment Agreement are available for withdrawal without penalty, on

such dates so as to ensure the payment of principal of, premium, if any, and interest on the Bonds and any Parity Bonds as the same become due.

(c) Moneys in the Reserve Account of the Special Tax Fund may be invested only in Permitted Investments; provided that no such Permitted Investment of amounts in the Reserve Account shall mature later than the earlier of the final maturity date of the Bonds or any Parity Bonds.

(d) Moneys in the Rebate Fund shall be invested only in Permitted Investments of the type described in clause (1) of the definition thereof which by their terms will mature, as nearly as practicable, on the dates such amounts are needed to be paid to the United States Government pursuant to Section 3.7 hereof or in Permitted Investments of the type described in clause (10) of the definition thereof as the District shall designate on forms provided by the Trustee.

(e) In the absence of written investment directions from the District, the Trustee shall invest solely in Permitted Investments specified in clause (7) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction specifying a specific money market fund and, if no such written direction is so received, the Trustee shall hold such moneys uninvested.

The Trustee shall sell, or present for redemption, any Permitted Investment whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer to such Funds and Accounts or from such Funds and Accounts. For the purpose of determining at any given time the balance in any such Funds and Accounts, any such investments constituting a part of such Funds and Accounts shall be valued at their cost, except that amounts in the Reserve Account shall be valued at the market value thereof at least annually within 5 Business Days prior to each September 1. In making any valuations hereunder, the Trustee may utilize such computerized securities pricing services as may be available to it, including, without limitation, those available through its regular accounting system, and conclusively rely thereon. Notwithstanding anything in this Indenture to the contrary, the Trustee shall not be responsible for any loss from investments, sales or transfers undertaken in accordance with the provisions of this Indenture.

The Trustee may act as principal or agent in the making or disposing of any investment and shall be entitled to its customary fee for making such investment. The Trustee may sell at the best market price obtainable, or present for redemption, any Permitted Investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and, subject to the provisions of Section 7.4, the Trustee shall not be liable or responsible for any loss resulting from such investment. For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

The Trustee shall furnish the District periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the District. Upon the District's election, such statements will be delivered via the Trustee's online service and, upon electing such service, paper statements will be provided only upon request. The District acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security

transactions effected by the Trustee as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The District further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost, and other trade confirmations may be obtained from the applicable broker.

**ARTICLE IV**

**REDEMPTION OF BONDS AND PARITY BONDS**

**Section 4.1 Redemption of Bonds.**

(a) Optional Redemption. The Bonds may be redeemed, at the option of the District from any source of funds, other than Special Tax Prepayments, on any date on or after September 1, 20\_\_, in whole, or in part by lot, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, at the following redemption prices (expressed a percentages of the principal amount of the Bonds to be redeemed):

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ through August 31, 20__	%
September 1, 20__ through August 31, 20__	
September 1, 20__ through August 31, 20__	
September 1, 20__ and any date thereafter	

In the event the District elects to redeem Bonds as provided above, the District shall give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds of each maturity to be redeemed. The notice to the Trustee shall be given at least 45 but no more than 60 days prior to the redemption date, or by such later date as is acceptable to the Trustee, in its sole discretion.

(b) Mandatory Sinking Fund Redemption. The Term Bonds maturing on September 1, 20\_\_ shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**BONDS MATURING SEPTEMBER 1, 20\_\_**

<i>Redemption Date</i> <i>(September 1)</i>	<i>Principal Amount</i>
	\$

(maturity)

The Term Bonds maturing on September 1, 20\_\_ shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**BONDS MATURING SEPTEMBER 1, 20\_\_**

<i>Redemption Date</i> <i>(September 1)</i>	<i>Principal Amount</i>
	\$

(maturity)

The Term Bonds maturing on September 1, 20\_\_ shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**BONDS MATURING SEPTEMBER 1, 20\_\_**

<i>Redemption Date</i> <i>(September 1)</i>	<i>Principal Amount</i>
	\$

(maturity)

If the District purchases Term Bonds during the Fiscal Year immediately preceding one of the sinking fund redemption dates specified above, the District is required to notify the Trustee at least 45 days prior to the redemption date as to the principal amount purchased, and the amount purchased will be credited at the time of purchase to the next Sinking Fund Payment for the Term Bond so purchased, to the extent of the full principal amount of the purchase. All Bonds purchased pursuant to this subsection shall be cancelled pursuant to Section 10.1 hereof.

In the event of a partial optional redemption or extraordinary mandatory redemption of the Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis in the amount of \$5,000 or any integral multiple thereof as directed by an Authorized Representative of the District.



(c) Extraordinary Redemption. The Bonds are subject to extraordinary redemption as a whole or in part, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account pursuant to Section 3.2, plus amounts transferred from the Reserve Account pursuant to Section 3.6(c), at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

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

Prepayments and amounts released from the Reserve Account in connection with Prepayments will be allocated to the redemption of the 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 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; provided, however, that, for Prepayments of less than \$50,000, the District may specify in a Certificate of an Authorized Representative that Prepayments be applied to one or more maturities of the Bonds or Parity Bonds so long as there is delivered to the Trustee a Certificate of the Special Tax Consultant that, following such redemption from Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Developed Property is not less than 110% of Maximum Annual Debt Service net of the Administrative Expenses Cap.

(d) The redemption provisions for Parity Bonds shall be set forth in a Supplemental Indenture.

**Section 4.2 Selection of Bonds and Parity Bonds for Redemption.** If less than all of the Bonds or Parity Bonds Outstanding are to be redeemed, the portion of any Bond or Parity Bond of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof. The procedure for the selection of Parity Bonds for redemption may be modified as set forth in the Supplemental Indenture for such Parity Bonds. So long as the Bonds are registered in the name of the Nominee, such Bonds or any portion thereof shall be selected by the Depository in accordance with its operating procedures.

**Section 4.3 Notice of Redemption.** When Bonds or Parity Bonds are due for redemption under Section 4.1 above or under another redemption provision set forth in a Supplemental Indenture relating to any Parity Bonds and the Trustee has received the required notice from the District, the Trustee shall give notice, in the name of the District, of the redemption of such Bonds or Parity Bonds; provided, however, that, with respect to a redemption to be made from Prepayments pursuant to Section 4.1(c), notice of redemption shall not be given unless there is on deposit with the Trustee sufficient money to pay the redemption price of the Bonds or Parity Bonds to be redeemed. With respect to any notice of optional redemption of the Bonds and any Parity Bonds, such notice may state that such redemption shall be conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of, premium if any, and interest on the Bonds and any Parity Bonds to be redeemed and upon other conditions set forth therein and

that, if such money shall not have been so received and such other conditions shall not have been satisfied, said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds or Parity Bonds. If any condition stated in the redemption notice for an optional redemption shall not have been satisfied on or prior to the redemption date: (i) the redemption notice shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds or Parity Bonds, (iii) the redemption shall not be made, and (iv) the Trustee shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Such notice of redemption shall (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds or Parity Bonds selected for redemption, except that where all of the Bonds or all of an issue of Parity Bonds are subject to redemption, or all the Bonds or Parity Bonds of one maturity, are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds or Parity Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds or Parity Bonds are to be redeemed; (v) in the case of Bonds or Parity Bonds to be redeemed only in part, state the portion of such Bond or Parity Bond which is to be redeemed; (vi) state the date of issue of the Bonds or Parity Bonds as originally issued; (vii) state the rate of interest borne by each Bond or Parity Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds or Parity Bonds being redeemed as shall be specified by the Trustee. Such notice shall further state that on the date fixed for redemption, there shall become due and payable on each Bond, Parity Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue and be payable.

At least 30 days but no more than 45 days prior to the redemption date, the Trustee shall mail a copy of such notice, by first class mail, postage prepaid, to the respective Owners thereof at their addresses appearing on the Bond Register, and to the original purchaser of the Bonds or Parity Bonds, as applicable; provided, however, so long as the Bonds or Parity Bonds are registered in the name of the Nominee, notice shall be given in such manner as complies with the requirements of the Depository. So long as notice has been provided as set forth above, the actual receipt by the Owner of any Bond or Parity Bond or the original purchaser of any Bond or Parity Bond of notice of such redemption shall not be a condition precedent to redemption, and neither the failure to receive nor any defect in such notice shall affect the validity of the proceedings for the redemption of such Bonds or Parity Bonds, or the cessation of interest on the redemption date. A certificate by the Trustee that notice of such redemption has been given as herein provided shall be conclusive as against all parties and the Owner shall not be entitled to show that he or she failed to receive notice of such redemption.

In addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect or omission in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the legality or effectiveness of a call for redemption if notice thereof is given as above prescribed.

Each further notice of redemption shall be sent not later than the date that notice of redemption is sent to the Bondowners pursuant to the first paragraph of this Section to the Depository (if the Depository has not already received such notice of redemption as the registered owner of the Bonds or Parity Bonds, as applicable) and to the Information Services.

Upon the payment of the redemption price of any Bonds and Parity 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 and Parity Bonds being redeemed with the proceeds of such check or other transfer.

**Section 4.4 Partial Redemption of Bonds or Parity Bonds.** Upon surrender of any Bond or Parity Bond to be redeemed in part only, the District shall execute and the Trustee shall authenticate and deliver to the Bondowner, at the expense of the District, a new Bond or Bonds or a new Parity Bond or Parity Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Bonds surrendered, with the same interest rate and the same maturity or, in the case of surrender of a Parity Bond, a new Parity Bond or Parity Bonds subject to the foregoing limitations.

**Section 4.5 Effect of Notice and Availability of Redemption Money.** Notice of redemption having been duly given, as provided in Section 4.3 hereof, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption:

(a) the Bonds and Parity Bonds, or portions thereof, designated for redemption shall, on the date fixed for redemption, become due and payable at the redemption price thereof as provided in this Indenture or in any Supplemental Indenture with respect to any Parity Bonds, anything in this Indenture or in the Bonds or the Parity Bonds to the contrary notwithstanding;

(b) upon presentation and surrender thereof at the office of the Trustee, the redemption price of such Bonds and Parity Bonds shall be paid to the Owners thereof;

(c) as of the redemption date the Bonds or the Parity Bonds, or portions thereof so designated for redemption shall be deemed to be no longer Outstanding and such Bonds or Parity Bonds, or portions thereof, shall cease to bear further interest; and

(d) as of the date fixed for redemption no Owner of any of the Bonds, Parity Bonds or portions thereof so designated for redemption shall be entitled to any of the benefits of this Indenture or any Supplemental Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

## ARTICLE V

### COVENANTS AND WARRANTY

**Section 5.1 Warranty.** The District warrants that it shall preserve and protect the security pledged hereunder to the Bonds and any Parity Bonds against all claims and demands of all persons.

**Section 5.2 Covenants.** So long as any of the Bonds or Parity Bonds issued hereunder are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and this Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary and desirable to secure the Bonds and Parity Bonds; provided, however, that said covenants do not require the District to expend any funds or moneys other than the Special Taxes and other amounts deposited to the Special Tax Fund:

(a) Punctual Payment; Against Encumbrances. The District covenants that it will receive all Special Taxes in trust for the Owners and will instruct the Treasurer to deposit all Special Taxes with the Trustee as soon as reasonably practicable following their apportionment to the District, and the District shall have no beneficial right or interest in the amounts so deposited except as provided by this Indenture. All such Special Taxes shall be disbursed, allocated and applied solely to the uses and purposes set forth herein, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the District.

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

The District will not mortgage or otherwise encumber, pledge or place any charge upon any of the Special Taxes except as provided in this Indenture, and will not issue any obligation or security having a lien, charge, pledge or encumbrance upon the Net Taxes senior or superior to the Bonds or Parity Bonds or on a parity with the Bonds, other than Parity Bonds. Nothing herein shall prevent the District from issuing Subordinated Bonds or incurring other indebtedness which is payable from a pledge of Net Taxes which is subordinate in all respects to the pledge of Net Taxes to repay the Bonds and the Parity Bonds.

(b) Levy of Special Tax. The District levied the Special Tax on Developed Property in Fiscal Year 2021-22 and beginning in Fiscal Year 2022-23, and so long as any Bonds or Parity Bonds issued under this Indenture are Outstanding, subject to the limitations set forth in the Act and the RMA, the legislative body of the District covenants to levy the Special Tax in an amount sufficient (taking into account reasonably anticipated delinquencies), together with other amounts on deposit in the Special Tax Fund, to pay (1) the principal of and interest on the Bonds and any Parity Bonds when due, (2) the Administrative Expenses, and (3) any amounts required to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement. The District further covenants that it will take no actions that would discontinue or cause the discontinuance of the Special Tax levy or the District's authority to levy the Special Tax for so long as the Bonds and any Parity Bonds are Outstanding.

(c) Commence Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds and any Parity Bonds that it (i) will commence judicial foreclosure proceedings against parcels with aggregate delinquent Special Taxes (including prior years) in excess of \$5,000 or more as of the October 1 following the close of each Fiscal Year in which such Special Taxes were due, (ii) will commence judicial foreclosure proceedings against parcels owned by any single owner with delinquent Special Taxes in the aggregate amount (including prior years) of \$5,000 or more, (iii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes regardless of delinquent amount by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is less than the Reserve Requirement, and (iv) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any

parcel so long as the amount in the Reserve Account is at least equal to the Reserve Requirement. The District may, but shall not be obligated to, advance funds from any source of legally available funds in order to maintain the Reserve Account. The District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the Water District for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the Special Tax Fund.

The District covenants that it will deposit any Gross Taxes received in connection with a foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

(d) Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Taxes or other funds in the Special Tax Fund, or which might impair the security of the Bonds or any Parity Bonds then Outstanding; provided, however, that nothing herein contained shall require the District to make any such payments so long as the District in good faith shall contest the validity of any such claims.

(e) Books and Accounts. The District will keep proper books of records and accounts, separate from all other records and accounts of the District, in which complete and correct entries shall be made of all transactions relating to the improvements constructed with the proceeds of bonded indebtedness issued by the District, the levy of the Special Tax and the deposits to the Special Tax Fund. Such books of records and accounts shall at all times during business hours be subject to the inspection of the Trustee or of the Owners of not less than 10% of the principal amount of the Bonds or the Owners of not less than 10% of any issue of Parity Bonds then Outstanding or their representatives authorized in writing.

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

(1) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the Bonds or any Parity Bonds or of any other monies or property which would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “private activity bonds” within the meaning of Section 141 of the Code.

(2) Arbitrage. The District will make no use of the proceeds of the Bonds or any Parity Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(3) Federal Guaranty. The District will make no use of the proceeds of the Bonds or any Parity Bonds or take or omit to take any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

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

(5) Hedge Bonds. The District will make no use of the proceeds of the Bonds or any Parity Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Bonds or any Parity Bonds issued on a tax-exempt basis for federal income tax purposes to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and any applicable Parity Bonds.

(6) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed on the Delivery Date by the District in connection with the Bonds and any issue of Parity Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

(7) Other Tax Exempt Issues. The District will not use proceeds of other tax exempt securities to redeem any Bonds or Parity Bonds without first obtaining the written opinion of Bond Counsel that doing so will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds issued on a tax-exempt basis.

(g) Reduction of Maximum Special Taxes. The District hereby finds and determines that, historically, delinquencies in the payment of special taxes authorized pursuant to the Act in community facilities districts in Southern California have from time to time been at levels requiring the levy of special taxes at the maximum authorized rates in order to make timely payment of principal of and interest on the outstanding indebtedness of such community facilities districts. For this reason, the District hereby determines that a reduction in the maximum Special Tax rates authorized to be levied on parcels in Improvement Area No. 2 below the levels provided in this Section 5.2(g) would interfere with the timely retirement of the Bonds and Parity Bonds. The District determines it to be necessary in order to preserve the security for the Bonds and Parity Bonds to covenant, and, to the maximum extent that the law permits it to do so, the District hereby does covenant, that it shall not initiate proceedings to reduce the maximum Special Tax rates for Improvement Area No. 2, unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, on the basis of the parcels of land and improvements existing in Improvement Area No. 2 as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least the sum of the Administrative Expenses Cap and 110% of gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds and Parity Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating

Administrative Expenses for the foregoing calculation, the Independent Financial Consultant shall assume Administrative Expenses at the Administrative Expenses Cap.

Notwithstanding the foregoing, the District may modify, alter or amend the RMA in any manner so long as such changes do not reduce the maximum Special Taxes that may be levied in each year on Developed Property below the amounts which are necessary to pay Administrative Expenses and to provide Special Taxes in an amount equal to one hundred ten percent (110%) of Maximum Annual Debt Service on the Bonds and Parity Bonds Outstanding as of the date of such amendment.

(h) Covenants to Defend. The District covenants that, in the event that any initiative is adopted by the qualified electors in Improvement Area No. 2 which purports to reduce the maximum Special Tax below the levels specified in Section 5.2(g) above or to limit the power of the District to levy the Special Taxes for the purposes set forth in Section 5.2(b) above, it will commence and pursue legal action in order to preserve its ability to comply with such covenants.

(i) Limitation on Right to Tender Bonds. The District hereby covenants that it will not adopt any policy pursuant to Section 53344.1 of the Act permitting the tender of Bonds or Parity Bonds in full payment or partial payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due.

(j) Continuing Disclosure. The District covenants to comply with the terms of the Continuing Disclosure Certificate and with the terms of any agreement executed by the District with respect to any Parity Bonds to assist the Underwriter in complying with Rule 15(c)2-12 adopted by the Securities and Exchange Commission.

(k) Further Assurances. The District shall preserve and protect the security pledged to the Bonds and any Parity Bonds against all claims and demands as long as the Bonds or Parity Bonds are Outstanding and shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or desirable to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the Bonds and any Parity Bonds of the rights and benefits provided in this Indenture.

## ARTICLE VI

### AMENDMENTS TO INDENTURE

#### **Section 6.1 Supplemental Indentures or Orders Not Requiring Bondowner Consent.**

The District may from time to time, and at any time, without notice to or consent of any of the Bondowners, adopt Supplemental Indentures for any of the following purposes:

(a) to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Indenture or in any additional resolution or order, provided that such action is not materially adverse to the interests of the Bondowners;

(b) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Indenture as theretofore in effect or which further secure Bond or Parity Bond payments;

(c) to provide for the issuance of any Parity Bonds, and to provide the terms and conditions under which such Parity Bonds may be issued, subject to and in accordance with the provisions of this Indenture;

(d) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to comply with the Code or regulations issued thereunder, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds or any Parity Bonds then Outstanding; or

(e) to modify, alter, amend or supplement this Indenture in any other respect which is not materially adverse to the Bondowners or that is contrary to the rules and regulations of the Municipal Securities Rulemaking Board.

#### **Section 6.2 Supplemental Indentures or Orders Requiring Bondowner Consent.**

Exclusive of the Supplemental Indentures described in Section 6.1, the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding shall have the right to consent to and approve the adoption by the District of such Supplemental Indentures as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that nothing herein shall permit, or be construed as permitting, (a) an extension of the maturity date of the principal, or the payment date of interest on, any Bond or Parity Bond; (b) a reduction in the principal amount of, or redemption premium on, any Bond or Parity Bond or the rate of interest thereon; (c) a preference or priority of any Bond or Parity Bond over any other Bond or Parity Bond; or (d) a reduction in the aggregate principal amount of the Bonds and Parity Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds and Parity Bonds then Outstanding.

If at any time the District shall desire to adopt a Supplemental Indenture, which pursuant to the terms of this Section shall require the consent of the Bondowners, the District shall so notify the Trustee and shall deliver to the Trustee a copy of the proposed Supplemental Indenture. The Trustee shall, at the expense of the District, cause notice of the proposed Supplemental Indenture to be mailed, by first class mail, postage prepaid, to all Bondowners at their addresses as they appear in the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the office of the Trustee for inspection by all Bondowners. The failure of any Bondowners to receive such notice shall not affect the validity of such Supplemental Indenture when consented to and approved by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding as required by this Section. Whenever at any time within one year after the date of the first mailing of such notice, the Trustee shall receive an instrument or instruments purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds and Parity Bonds Outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice, and shall specifically consent to and approve the adoption thereof by the District substantially



in the form of the copy referred to in such notice as on file with the Trustee, such proposed Supplemental Indenture, when duly adopted by the District, shall thereafter become a part of the proceedings for the issuance of the Bonds and any Parity Bonds. In determining whether the Owners of a majority of the aggregate principal amount of the Bonds and Parity Bonds have consented to the adoption of any Supplemental Indenture, Bonds or Parity Bonds which are owned by the District or by any person directly or indirectly controlling or controlled by or under the direct or indirect common control with the District, shall be disregarded and shall be treated as though they were not Outstanding for the purpose of any such determination.

Upon the adoption of any Supplemental Indenture and the receipt of consent to any such Supplemental Indenture from the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds in instances where such consent is required pursuant to the provisions of this section, this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District and all Owners of Outstanding Bonds and Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

**Section 6.3 Notation of Bonds or Parity Bonds; Delivery of Amended Bonds or Parity Bonds.** After the effective date of any action taken as hereinabove provided, the District may determine that the Bonds or any Parity Bonds may bear a notation, by endorsement in form approved by the District, as to such action, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date and presentation of his Bond or Parity Bond for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bonds or Parity Bonds. If the District shall so determine, new Bonds or Parity Bonds so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Outstanding Bond or Parity Bond at such effective date such new Bonds or Parity Bonds shall be exchanged at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner of Outstanding Bonds or Parity Bonds, upon surrender of such Outstanding Bonds or Parity Bonds.

## ARTICLE VII

### TRUSTEE

**Section 7.1 Trustee.** Wilmington Trust, National Association, shall be the Trustee for the Bonds and any Parity Bonds unless and until another Trustee is appointed by the District hereunder. The Trustee represents that it has a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000. The District may, at any time, appoint a successor Trustee satisfying the requirements of Section 7.2 below for the purpose of receiving all money which the District is required to deposit with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture.

The Trustee is hereby authorized to and shall mail by first class mail, postage prepaid, or wire transfer in accordance with Section 2.5 above, interest payments to the Bondowners, to select Bonds and Parity Bonds that are not held in the name of the Nominee for redemption, and to maintain the Bond Register. The Trustee is hereby authorized to pay the principal of and premium, if any, on the Bonds and Parity Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration of transfer and exchange of Bonds and Parity Bonds

presented to it for such purposes, to provide for the cancellation of Bonds and Parity Bonds all as provided in this Indenture, and to provide for the authentication of Bonds and Parity Bonds, and shall perform all other duties assigned to or imposed on it as provided in this Indenture. The Trustee shall keep accurate records of all funds administered by it and all Bonds and Parity Bonds paid, discharged and cancelled by it.

The Trustee is hereby authorized to redeem the Bonds and Parity Bonds when duly presented for payment at maturity, or on redemption prior to maturity. The Trustee shall cancel all Bonds and Parity Bonds upon payment thereof in accordance with the provisions of Section 10.1 hereof.

The District shall indemnify and save the Trustee, its officers, directors, employees and agents, harmless against costs, claims, expenses and liabilities, including, without limitation, fees and expenses of its attorneys, not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its powers and duties hereunder. The foregoing obligation of the District to indemnify the Trustee shall survive the removal or resignation of the Trustee, the discharge of the Bonds or termination of this Indenture.

The Trustee shall receive reasonable compensation for its services hereunder and the Trustee shall be entitled to be reimbursed by the District for its other reasonable expenses hereunder, including the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Trustee may employ in connection with the exercise and performance of its rights and its duties hereunder. All such fees and reimbursements shall be paid solely from amounts held in the Administrative Expense Fund.

Except during the continuance of an Event of Default, the Trustee undertakes to perform only such duties as are specifically set forth in this Indenture, and no implied covenants, duties or obligations shall be read into this Indenture against the Trustee. These duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties and no implied covenants or obligations shall be read into this Indenture against the Trustee. If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person.

**Section 7.2 Removal of Trustee.** The District may at any time at its sole discretion remove the Trustee initially appointed, and any successor thereto, by delivering to the Trustee a written notice of its decision to remove the Trustee and may appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. Any removal shall become effective only upon acceptance of appointment by the successor Trustee. If any bank or trust company appointed as a successor publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Any removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee and notice being sent by the successor Trustee to the Bondowners of the successor Trustee's identity and address.

**Section 7.3 Resignation of Trustee.** The Trustee may at any time resign and be discharged from its duties and obligations hereunder by giving written notice to the District and by giving to the Owners notice of such resignation, which notice shall be mailed to the Owners at their addresses appearing in the registration books in the office of the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee satisfying the criteria in Section 7.2 above by an instrument in writing. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. In the event the District shall for any reason whatsoever fail to appoint a successor Trustee within thirty (30) days following the receipt of notice by the District, the Trustee may apply to a court of competent jurisdiction, at the sole expense of the District, for the appointment of a successor Trustee meeting the requirements of Section 7.2 hereof, and other appropriate relief. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the District purporting to appoint a successor Trustee following the expiration of such 30-day period.

**Section 7.4 Liability of Trustee.** The recitals of fact and all promises, covenants and agreements contained herein and in the Bonds and any Parity Bonds shall be taken as statements, promises, covenants and agreements of the District, and the Trustee assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Indenture, the Bonds or any Parity Bonds, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations specifically set forth herein, in the Bonds and any Parity Bonds, or in the certificate of authentication assigned to or imposed upon the Trustee. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds or any Parity Bonds for value. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Trustee shall be entitled to request and receive written instructions from the District and/or Owners and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction of any such party. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of an Owner and/or the District, pursuant to the provisions of this Indenture, unless such party shall have offered to the Trustee security or indemnity (satisfactory to the Trustee in its sole and absolute discretion) against the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction. The immunities extended to the Trustee also extend to its directors, officers, employees and agents (including its counsel).

Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the District or any of its directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any

other person. The Trustee shall be conclusively protected in acting upon any notice, resolution, request, consent, order, judgment, decree, certificate, report, Bond, Parity Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee shall be entitled to rely on and shall not be liable for any action taken or omitted to be taken by the Trustee in accordance with the advice of counsel or other professionals retained or consulted by the Trustee. The Trustee may act through attorneys or agents and shall not be responsible for the acts or omissions of any such attorney or agent appointed with due care. The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder in accordance therewith.

The Trustee shall not be bound to recognize any person as the Owner of a Bond or Parity Bond unless and until such Bond or Parity Bond is submitted for inspection, if required, and his title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, the Trustee may, at the expense of the District, request, rely on and act in accordance with officer's certificates and/or opinions of counsel (unless other evidence in respect thereof be herein specifically prescribed), and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance with such officer's certificates and opinions of counsel, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall have no duty or obligation whatsoever to enforce the collection of Special Taxes or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive. No provision in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers.

The Trustee shall not be deemed to have knowledge of (A) any events or other information, or (B) any default or Event of Default until an officer at the Trustee's Principal Office of the Trustee responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at the Principal Office of the Trustee.

The Trustee shall be under no responsibility or duty with respect to (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or (iii) the application of any moneys paid to the District or others in accordance with this Indenture except as to the application of any moneys paid to it in its capacity as Trustee. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee shall not be liable for any action taken or omitted by it or errors of judgment made in good faith by it or any of its officers, employees or agents and believed to be authorized or within the discretion or rights or powers conferred upon it by this Indenture. The Trustee and its officers and employees may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of

Bond Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

The Trustee shall not be liable for any error of judgment made in good faith by it or any of its officers, employees or agents, unless it shall be proved that the Trustee or any such officer, employee or agent was negligent in ascertaining the pertinent facts. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty or in any way expand or impliedly expand the scope of the Trustee's duties hereunder, and, with respect to such permissive rights, the Trustee shall not be answerable for other than its negligence or willful misconduct. The Trustee shall perform such duties and only such duties as are specifically set forth in this Indenture and no implied duties or obligations shall be read into this Indenture against the Trustee.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

The Trustee shall not be considered in breach of or in default in its obligations hereunder and will not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder, or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; quarantine restrictions; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility. In no event shall the Trustee be liable for incidental, indirect, punitive, special or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), in connection with or arising out of the Project or this Indenture for the existence, furnishing, functioning or use and possession of the Project, irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Trustee shall be entitled to request and receive written instructions from the District or other parties and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction of the District or such other parties. If the Trustee acts on any communication (including, but not limited to, communication with respect to the delivery of securities or the wire transfer of funds) sent by electronic transmission and believed by the Trustee to be genuine and to have been signed or presented by the proper person or persons, the Trustee, absent negligence or willful misconduct, will not be responsible or liable in the event such communication is not an authorized or authentic communication of the party involved or is not in the form the party involved sent or intended to send (whether due to fraud, distortion or otherwise). Absent negligence or willful misconduct on the part of the Trustee, the Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's good faith reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction received by the Trustee after the Trustee has acted upon such original instructions. Subject to the foregoing, the District agrees to assume all risks arising out of the use of such electronic transmission

to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

**Section 7.5 Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding; provided, however, such successor shall provide the District with a notice of merger or conversion as soon as practicable.

## ARTICLE VIII

### EVENTS OF DEFAULT; REMEDIES

**Section 8.1 Events of Default.** Any one or more of the following events shall constitute an “Event of Default”:

(a) default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond or Parity Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) default in the due and punctual payment of the interest on any Bond or Parity Bond when and as the same shall become due and payable; or

(c) except as described in (a) or (b), default shall be made by the District in the observance of any of the agreements, conditions or covenants on its part contained in this Indenture, the Bonds or any Parity Bonds, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Trustee or the Owners of 25% in aggregate principal amount of the Outstanding Bonds and Parity Bonds.

The Trustee agrees to give notice to the Owners as soon as practicable upon the occurrence of an Event of Default under (a) or (b) above and within 10 days of the Trustee’s knowledge of a default of the type described in (c) above which, if not cured, with the passage of time would become an Event of Default.

**Section 8.2 Remedies of Owners.** Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Outstanding Bonds and Parity Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture, including:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District and any of the members, officers and employees of the District, and to compel the District or any such members, officers or employees to perform and carry out their duties under the Act and their agreements with the Owners as provided in this Indenture;

(b) by suit in equity to enjoin any actions or things which are unlawful or violate the rights of the Owners; or

(c) by a suit in equity to require the District and its members, officers and employees to account as the Trustee of an express trust.

If an Event of Default shall have occurred and be continuing and if requested so to do by the Owners of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Bonds and Parity Bonds and if indemnified to its satisfaction, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article 8, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds and Parity Bonds.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

**Section 8.3 Application of Revenues and Other Funds After Default.** All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture relating to the Bonds and Parity Bonds shall be applied by the Trustee in the following order upon presentation of the several Bonds and Parity Bonds:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article 8, including reasonable compensation to its agents, attorneys and counsel, and to the payment of all other outstanding fees and expenses of the Trustee; and

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

(a) first to the payment of all installments of interest on the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing;

(b) second, to the payment of all installments of principal, including Sinking Fund Payments, of the Bonds and Parity Bonds then due and unpaid on a pro rata basis based on the total amount then due and owing; and

(c) third, to the payment of interest on overdue installments of principal and interest on the Bonds and Parity Bonds on a pro rata basis based on the total amount then due and owing.

**Section 8.4 Power of Trustee to Control Proceedings.** In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of twenty-five percent (25%) in aggregate principal amount of the Bonds and Parity Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds and Parity Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the

Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds and Parity Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other such litigation. Any suit, action or proceeding which any Owner of Bonds or Parity Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds and Parity Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds and Parity Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney in fact of the respective Owners of the Bonds and Parity Bonds for the purposes of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds and Parity Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

**Section 8.5 Appointment of Receivers.** Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners of the Bonds and Parity Bonds under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Net Taxes and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

**Section 8.6 Non-Waiver.** Nothing in this Article 8 or in any other provision of this Indenture, or in the Bonds or the Parity Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the interest on and principal of the Bonds and Parity Bonds to the respective Owners of the Bonds and Parity Bonds at the respective dates of maturity, as herein provided, out of the Net Taxes and other moneys herein pledged for such payment.

A waiver of any default or breach of duty or contract by the Trustee or any Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds or Parity Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy conferred upon the Trustee or the Owners by the Act or by this Article 8 may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owners, as the case may be.

**Section 8.7 Limitations on Rights and Remedies of Owners.** No Owner of any Bond or Parity Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds and Parity Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.



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

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

**Section 8.8 Termination of Proceedings.** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case, the District, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

## ARTICLE IX

### DEFEASANCE AND PARITY BONDS

**Section 9.1 Defeasance.** If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owner of an Outstanding Bond or Parity Bond the interest due thereon and the principal thereof, at the times and in the manner stipulated in this Indenture or any Supplemental Indenture, then the Owner of such Bond or Parity Bond shall cease to be entitled to the pledge of Net Taxes, and, other than as set forth below, all covenants, agreements and other obligations of the District to the Owner of such Bond or Parity Bond under this Indenture and any Supplemental Indenture relating to such Parity Bond shall thereupon cease, terminate and become void and be discharged and satisfied. In the event of a defeasance of all Outstanding Bonds and Parity Bonds pursuant to this Section, the Trustee shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the District all money or securities held by it pursuant to this Indenture which are not required for the payment of the principal of, premium, if any, and interest due on such Bonds and Parity Bonds.

Any Outstanding Bond or Parity Bond shall be deemed to have been paid within the meaning expressed in the first paragraph of this Section if such Bond or Parity Bond is paid in any one or more of the following ways:

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

(b) by depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the Special Tax Fund and available for such purpose, is fully sufficient to pay the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable; or

(c) by depositing with the Trustee or another escrow bank appointed by the District, in trust, Federal Securities, in which the District may lawfully invest its money, in such amount as will be sufficient, together with the interest to accrue thereon and moneys then on deposit in the Special Tax Fund and available for such purpose, together with the interest to accrue thereon, to pay and discharge the principal of, premium, if any, and interest on such Bond or Parity Bond, as and when the same shall become due and payable.

If paid as provided above, then, at the election of the District, and notwithstanding that any Outstanding Bonds and Parity Bonds shall not have been surrendered for payment, all obligations of the District under this Indenture and any Supplemental Indenture with respect to such Bond or Parity Bond shall cease and terminate, except for the obligation of the Trustee to pay or cause to be paid to the Owners of any such Bond or Parity Bond not so surrendered and paid, all sums due thereon and except for the covenants of the District contained in Section 5.2(f) or any covenants in a Supplemental Indenture relating to compliance with the Code. Notice of such election shall be filed with the Trustee not less than ten days prior to the proposed defeasance date, or such shorter period of time as may be acceptable to the Trustee. In connection with a defeasance under (c) above, there shall be provided to the District a verification report from an independent nationally recognized certified public accountant stating its opinion as to the sufficiency of the moneys or securities deposited with the Trustee or the escrow bank to pay and discharge the principal of, premium, if any, and interest on all Outstanding Bonds and Parity Bonds to be defeased in accordance with this Section, as and when the same shall become due and payable, and an opinion of Bond Counsel (which may rely upon the opinion of the certified public accountant) to the effect that the Bonds or Parity Bonds being defeased have been legally defeased in accordance with this Indenture and any applicable Supplemental Indenture.

Upon a defeasance, the Trustee, upon request of the District, shall release the rights of the Owners of such Bonds and Parity Bonds which have been defeased under this Indenture and any Supplemental Indenture and execute and deliver to the District all such instruments as may be desirable to evidence such release, discharge and satisfaction. In the case of a defeasance hereunder of all Outstanding Bonds and Parity Bonds, the Trustee shall pay over or deliver to the District any funds held by the Trustee at the time of a defeasance, which are not required for the purpose of paying and discharging the principal of or interest on the Bonds and Parity Bonds when due. The Trustee shall, at the written direction of the District, mail, first class, postage prepaid, a notice to the Bondowners whose Bonds or Parity Bonds have been defeased, in the form directed by the District, stating that the defeasance has occurred.

**Section 9.2 Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness.** The District may at any time after the issuance and delivery of the Bonds hereunder issue Parity Bonds payable from the Net Taxes and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued hereunder or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds which may only be issued to effect a partial refunding may be issued subject to the following additional

specific conditions, which are hereby made conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in this Indenture and any Supplemental Indenture then in effect and a certificate of the District to that effect shall have been filed with the Trustee; provided, however, that Parity Bonds may be issued notwithstanding that the District is not in compliance with all such covenants so long as immediately following the issuance of such Parity Bonds the District will be in compliance with all such covenants.

(b) The issuance of such Parity Bonds shall have been duly authorized pursuant to the Act and all applicable laws, and the issuance of such Parity Bonds shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(1) the purpose for which such Parity Bonds are to be issued and the fund or funds into which the proceeds thereof are to be deposited, including a provision requiring the proceeds of such Parity Bonds to be applied solely for the purpose of refunding any Outstanding Bonds or Parity Bonds, including payment of all costs and the funding of all reserves incidental to or connected with such refunding;

(2) the authorized principal amount of such Parity Bonds;

(3) the date and the maturity date or dates of such Parity Bonds; provided that (i) each maturity date shall fall on an September 1, (ii) all such Parity Bonds of like maturity shall be identical in all respects, except as to number, and (iii) fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established to provide for the retirement of all such Parity Bonds on or before their respective maturity dates;

(4) the description of the Parity Bonds, the place of payment thereof and the procedure for execution and authentication;

(5) the denominations and method of numbering of such Parity Bonds;

(6) the amount and due date of each mandatory Sinking Fund Payment, if any, for such Parity Bonds;

(7) the amount, if any, to be deposited from the proceeds of such Parity Bonds in the Reserve Account of the Special Tax Fund to increase the amount therein to the Reserve Requirement;

(8) the form of such Parity Bonds; and

(9) such other provisions as are necessary or appropriate and not inconsistent with this Indenture.

(c) The District shall have received the following documents or money or securities, all of such documents dated or certified, as the case may be, as of the date of delivery of such Parity Bonds by the Trustee (unless the Trustee shall be directed by the District to accept any of such documents bearing a prior date):

(1) a certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;

(2) a written request of the District as to the delivery of such Parity Bonds;

(3) an opinion of Bond Counsel and/or general counsel to the District to the effect that (i) the District has the right and power under the Act to adopt this Indenture and the Supplemental Indentures relating to such Parity Bonds, and this Indenture and all such Supplemental Indentures have been duly and lawfully adopted by the District, are in full force and effect and are valid and binding upon the District and enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights); (ii) this Indenture creates the valid pledge which it purports to create of the Net Taxes and other amounts as provided in this Indenture, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; and (iii) such Parity Bonds are valid and binding limited obligations of the District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of this Indenture and all Supplemental Indentures thereto and entitled to the benefits of this Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly authorized and issued in accordance with the Act (or other applicable laws) and this Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds and any Parity Bonds theretofore issued on a tax exempt basis, or the exemption from State of California personal income taxation of interest on any Outstanding Bonds and Parity Bonds theretofore issued;

(4) a certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of this Indenture;

(5) a certificate of an Independent Financial Consultant certifying that in each Bond Year the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds; and

(6) such further documents, money and securities as are required by the provisions of this Indenture and the Supplemental Indenture providing for the issuance of such Parity Bonds.

## ARTICLE X

### MISCELLANEOUS

**Section 10.1 Cancellation of Bonds and Parity Bonds.** All Bonds and Parity Bonds surrendered to the Trustee for payment upon maturity or for redemption shall be upon payment therefor, and any Bond or Parity Bond purchased by the District as authorized herein and delivered to the Trustee for such purpose shall be, cancelled forthwith and shall not be reissued. The Trustee shall destroy such Bonds and Parity Bonds, as provided by law, and furnish to the District a certificate of such destruction.

**Section 10.2 Execution of Documents and Proof of Ownership.** Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor may be signed or executed by such Owners in person or by their attorneys appointed by an instrument in writing for that purpose, or by the bank, trust company or other depository for such Bonds. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, and of the ownership of Bonds or Parity Bonds shall be sufficient for the purposes of this Indenture (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his or her attorney of any such instrument and of any instrument appointing any such attorney, may be proved by a signature guarantee of any bank or trust company located within the United States of America. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such signature guarantee shall also constitute sufficient proof of his authority.

(b) As to any Bond or Parity Bond, the person in whose name the same shall be registered in the Bond Register shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of any such Bond or Parity Bond, and the interest thereon, shall be made only to or upon the order of the registered Owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond or Parity Bond and the interest thereon to the extent of the sum or sums to be paid. Neither the District nor the Trustee shall be affected by any notice to the contrary.

Nothing contained in this Indenture shall be construed as limiting the Trustee or the District to such proof, it being intended that the Trustee or the District may accept any other evidence of the matters herein stated which the Trustee or the District may deem sufficient. Any request or consent of the Owner of any Bond or Parity Bond shall bind every future Owner of the same Bond or Parity Bond in respect of anything done or suffered to be done by the Trustee or the District in pursuance of such request or consent.

**Section 10.3 Unclaimed Moneys.** Anything in this Indenture to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Outstanding Bonds and Parity Bonds which remain unclaimed for two years after the date when such Outstanding Bonds or Parity Bonds have become due and payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when such Outstanding Bonds or Parity Bonds become due and payable, shall be repaid by the Trustee to the District, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of such Outstanding Bonds or Parity Bonds; provided, however, that, before being required to make any such payment to the District, the Trustee, at the expense of the District, shall cause to be mailed by first-class mail, postage prepaid, to the registered Owners of such Outstanding Bonds or Parity Bonds at their addresses as they appear on the registration books of the Trustee a notice that said money remains unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District.

**Section 10.4 Provisions Constitute Contract.** The provisions of this Indenture shall constitute a contract between the District and the Bondowners and the provisions hereof shall be construed in accordance with the laws of the State of California.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and, should said suit, action or proceeding be abandoned, or be determined adversely to the Bondowners or the Trustee, then the District, the Trustee and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this Indenture shall be irrevocable, but shall be subject to modifications to the extent and in the manner provided in this Indenture, but to no greater extent and in no other manner.

**Section 10.5 Future Contracts.** Nothing herein contained shall be deemed to restrict or prohibit the District from making contracts or issuing Subordinated Bonds or creating other indebtedness payable from a pledge, lien, charge and encumbrance upon the Net Taxes which is subordinate to the pledge hereunder, or which is payable from the general fund of the District or from taxes or any source other than the Net Taxes and other amounts pledged hereunder.

**Section 10.6 Further Assurances.** The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or desirable to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds or any Parity Bonds the rights and benefits provided in this Indenture.

**Section 10.7 Entire Agreement; Severability.** This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written. If any covenant, agreement or provision, or any portion thereof, contained in this Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Indenture and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Indenture, the Bonds and any Parity Bonds issued pursuant hereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the laws of the State of California.

**Section 10.8 Notices.** Any notices required to be given to the District with respect to the Bonds or this Indenture shall be mailed, first class, postage prepaid, sent overnight mail or personally delivered to the General Manager at 22646 Temescal Valley Road, Temescal Valley, California 92883, and all notices to the Trustee in its capacity as Trustee shall be mailed, first class, postage prepaid, sent via overnight mail, personally delivered or sent via electronic (email) transmission (with a portable document format or similar attachment) to the Trustee, Wilmington Trust, National Association, 650 Town Center Drive, Suite 800, Costa Mesa, California 92626, Attention: Corporate Trust Department, Email: atabor2@wilmingtontrust.com.

**Section 10.9 Governing Law.** This Indenture shall be governed by and construed in accordance with the laws of the State of California. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in the State of California, (ii) waive any

objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

IN WITNESS WHEREOF, COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR) OF TEMESCAL VALLEY WATER DISTRICT has caused this Bond Indenture to be signed by an Authorized Representative of the District and WILMINGTON TRUST, NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Bond Indenture to be signed in its corporate name by its officers identified below, all as of the day and year first above written.

COMMUNITY FACILITIES DISTRICT NO. 4  
(TERRAMOR) OF TEMESCAL VALLEY WATER  
DISTRICT

By: \_\_\_\_\_  
Authorized Representative

WILMINGTON TRUST, NATIONAL  
ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer



**EXHIBIT A**

**FORM OF 2021 SPECIAL TAX BOND**

***UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE DISTRICT OR TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.***

R- \_\_\_\_\_

\$ \_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF RIVERSIDE**

**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BOND**

**INTEREST RATE:    MATURITY DATE:    DATED DATE:    CUSIP:**  
\_\_\_\_\_ %                      September 1, 20\_\_                      \_\_\_\_\_, 2021                      87975C \_\_

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ AND NO/100 DOLLARS

COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR) OF TEMESCAL VALLEY WATER DISTRICT (the “District”) which was formed by the Temescal Valley Water District (the “Water District”) and is situated in the County of Riverside, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from certain amounts held under the Indenture (as hereinafter defined), to the Registered Owner named above, or registered assigns, on the Maturity Date set forth above, unless redeemed prior thereto as hereinafter provided, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication hereof, unless (i) the date of authentication is an Interest Payment Date in which event interest shall be payable from such date of

authentication, (ii) the date of authentication is after a Record Date (as hereinafter defined) but prior to the immediately succeeding Interest Payment Date, in which event interest shall be payable from the Interest Payment Date immediately succeeding the date of authentication, or (iii) the date of authentication is prior to the close of business on the first Record Date in which event interest shall be payable from the Dated Date set forth above. Notwithstanding the foregoing, if at the time of authentication of this Bond interest is in default, interest on this Bond shall be payable from the last Interest Payment Date to which the interest has been paid or made available for payment or, if no interest has been paid or made available for payment, interest on this Bond shall be payable from the Dated Date set forth above. Interest will be paid semiannually on March 1 and September 1 (each an "Interest Payment Date"), commencing March 1, 2022, at the Interest Rate set forth above, until the Principal Amount hereof is paid or made available for payment.

The principal of and premium, if any, on this Bond are payable to the Registered Owner hereof in lawful money of the United States of America upon presentation and surrender of this Bond at the Principal Office of the Trustee (as such term is defined in the Indenture defined below), initially Wilmington Trust, National Association (the "Trustee"). Interest on this Bond shall be paid by check of the Trustee mailed, by first class mail, postage prepaid, or in certain circumstances described in the Indenture by wire transfer to an account within the United States of America, to the Registered Owner hereof as of the close of business on the fifteenth day of the month preceding an Interest Payment Date (the "Record Date") at such Registered Owner's address as it appears on the registration books maintained by the Trustee.

This Bond is one of a duly authorized issue of "Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (Improvement Area No. 2) 2021 Special Tax Bonds" (the "Bonds") issued in the aggregate principal amount of \$ \_\_\_\_\_ pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311, *et seq.*, of the California Government Code (the "Act") for the purpose of financing certain public improvements, funding a reserve account, paying a portion of the interest due on the Bonds and paying certain costs related to the issuance of the Bonds. The issuance of the Bonds and the terms and conditions thereof are provided for by a resolution adopted by the Board of Directors of the Water District, acting in its capacity as the legislative body of the District (the "Legislative Body"), on September 28, 2021 and a Bond Indenture (the "Indenture") dated as of October 1, 2021, by and between the District and the Trustee, and this reference incorporates the Indenture herein, and by acceptance hereof the Registered Owner of this Bond assents to said terms and conditions. The Indenture is adopted under and this Bond is issued under, and both are to be construed in accordance with, the laws of the State of California.

Pursuant to the Act and the Indenture, the principal of, premium, if any, and interest on this Bond are payable solely from the portion of the annual special taxes authorized under the Act to be levied and collected within Improvement Area No. 2 of the District described in the Indenture (the "Special Taxes") and certain other amounts pledged to the repayment of the Bonds as set forth in the Indenture. Any amounts for the payment hereof shall be limited to the Special Taxes pledged and collected or foreclosure proceeds received following a default in payment of the Special Taxes and other amounts deposited to the Special Tax Fund established under the Indenture. The District has covenanted for the benefit of the owners of the Bonds that under certain circumstances described in the Indenture it will commence foreclosure proceedings in the event of delinquencies of Special Tax installments levied for payment of principal and interest on the Bonds and will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid.

The Bonds may be redeemed, at the option of the District from any source of funds, other than Special Tax Prepayments, on any date on or after September 1, 20\_\_, in whole, or in part by lot, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, at the following redemption prices (expressed a percentages of the principal amount of the Bonds to be redeemed):

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ through August 31, 20__	%
September 1, 20__ through August 31, 20__	
September 1, 20__ through August 31, 20__	
September 1, 20__ and any date thereafter	

The Term Bonds maturing on September 1, 20\_\_ shall be called before maturity and redeemed, from Sinking Fund Payments deposited into the Principal Account, on September 1, 20\_\_ and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth in the Indenture, and the Term Bonds called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

The Term Bonds maturing on September 1, 20\_\_ shall be called before maturity and redeemed, from Sinking Fund Payments deposited into the Principal Account, on September 1, 20\_\_ and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth in the Indenture, and the Term Bonds called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

The Term Bonds maturing on September 1, 20\_\_ shall be called before maturity and redeemed, from Sinking Fund Payments deposited into the Principal Account, on September 1, 20\_\_ and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth in the Indenture, and the Term Bonds called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium.

The Bonds are subject to extraordinary redemption as a whole, or in part on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account plus amounts transferred from the Reserve Account in connection with such transfers, at the following redemption prices expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

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

The Bonds shall be selected for extraordinary redemption as nearly as practicable on a pro rata basis among maturities in increments of \$5,000; provided, however, that, for Prepayments of less

than \$50,000, the District may specify in a Certificate of an Authorized Representative that Prepayments be applied to one or more maturities of the Bonds or Parity Bonds so long as there is delivered to the Trustee a Certificate of the Special Tax Consultant that, following such redemption from Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Developed Property is not less than 110% of Maximum Annual Debt Service net of the Administrative Expenses Cap.

Notice of redemption with respect to the Bonds to be redeemed shall be mailed to the registered owners thereof not less than 30 nor more than 45 days prior to the redemption date by first class mail, postage prepaid, to the addresses set forth in the registration books in accordance with the provisions of the Indenture or so long as the Bonds are registered in the name of the Nominee to the Depository in accordance with its procedures. Neither a failure of the Registered Owner hereof to receive such notice nor any defect therein will affect the validity of the proceedings for redemption. All Bonds or portions thereof so called for redemption will cease to accrue interest on the specified redemption date, provided that funds for the redemption are on deposit with the Trustee on the redemption date. Thereafter, the registered owners of such Bonds shall have no rights except to receive payment of the redemption price upon the surrender of the Bonds.

This Bond shall be registered in the name of the Registered Owner hereof, as to both principal and interest, and the District and the Trustee may treat the Registered Owner hereof as the absolute owner for all purposes and shall not be affected by any notice to the contrary.

The Bonds are issuable only in fully registered form in the denomination of \$5,000 or any integral multiple thereof and may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same issue and maturity, all as more fully set forth in the Indenture. This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, upon surrender and cancellation of this Bond. Upon such transfer, a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue and maturity will be issued to the transferee in exchange therefor.

The Trustee shall not be required to register transfers or make exchanges of (i) any Bonds for a period of 15 days next preceding any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time, and in certain cases without notice to or the consent of the registered owners, to the extent and upon the terms provided in the Indenture.

THE BONDS DO NOT CONSTITUTE OBLIGATIONS OF THE WATER DISTRICT, THE COUNTY OF RIVERSIDE OR OF THE DISTRICT FOR WHICH THE WATER DISTRICT, THE COUNTY OF RIVERSIDE OR THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE, OR HAS LEVIED OR PLEDGED, GENERAL OR SPECIAL TAXES, OTHER THAN THE SPECIAL TAXES REFERENCED HEREIN. THE BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE FROM THE PORTION OF THE SPECIAL TAXES DESCRIBED IN THE INDENTURE AND OTHER AMOUNTS PLEDGED UNDER THE INDENTURE BUT ARE NOT A DEBT OF THE WATER DISTRICT, THE COUNTY OF RIVERSIDE, THE STATE OF

CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, Community Facilities District No. 4 (Terramor) of Temescal Valley Water District has caused this Bond to be signed on behalf of the District by the President of the Board of Directors of the Water District by his or her facsimile signature and attested by the facsimile signature of the Secretary.

\_\_\_\_\_  
President of the Board of Directors of the Temescal Valley Water District, acting in its capacity as the legislative body of Community Facilities District No. 4 (Terramor) of Temescal Valley Water District

ATTEST:

\_\_\_\_\_  
Secretary of the Board of Directors of the Temescal Valley Water District, acting in its capacity as the legislative body of Community Facilities District No. 4 (Terramor) of Temescal Valley Water District

**[FORM OF TRUSTEE'S CERTIFICATE  
OF AUTHENTICATION AND REGISTRATION]**

This is one of the Bonds described in the within-defined Indenture.

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

Wilmington Trust, National Association, as Trustee

By: \_\_\_\_\_  
Its: Authorized Signatory

**[FORM OF LEGAL OPINION]**

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

\_\_\_\_\_  
Secretary of the Board of Directors of the Temescal Valley Water District, acting in its capacity as the legislative body of Community Facilities District No. 4 (Terramor) of Temescal Valley Water District

**[FORM OF ASSIGNMENT]**

For value received the undersigned do(es) hereby sell, assign and transfer unto

\_\_\_\_\_  
whose tax identification number is \_\_\_\_\_,  
the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s)  
\_\_\_\_\_  
attorney to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed:

\_\_\_\_\_  
NOTE: Signature(s) must be guaranteed by an eligible guarantor institution.

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

**EXHIBIT B**

**FORM OF REQUISITION FOR DISBURSEMENT OF COSTS OF ISSUANCE**

**COSTS OF ISSUANCE FUND**

**REQUISITION FOR DISBURSEMENT OF COSTS OF ISSUANCE**

The undersigned, on behalf of Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the "District"), hereby requests Wilmington Trust, National Association, as Trustee, to pay from the Community Facilities District No. 4 of Temescal Valley Water District Improvement Area No. 2 Costs of Issuance Fund, established by the Bond Indenture between the Trustee and the District dated as of October 1, 2021, upon receipt of an invoice from each of the payees set forth on Schedule I hereto the amount specified in such invoice but no more than the amount set forth on Schedule I and to the payees listed on Schedule I for payment of the Costs of Issuance set forth in the invoice attached hereto.

All payments shall be made by check or wire transfer in accordance with the payment instructions included on Schedule I or the accompanying invoices and the Trustee has no responsibility to verify or authenticate the payment instructions or the invoices or the authority under which they were given.

COMMUNITY FACILITIES DISTRICT NO. 4  
(TERRAMOR) OF TEMESCAL VALLEY WATER  
DISTRICT

Signature:

By: \_\_\_\_\_  
Name:  
Title:

Dated:  
Requisition No.:



**EXHIBIT C**

**FORM OF REQUISITION FOR DISBURSEMENT OF PROJECT COSTS**

**ACQUISITION AND CONSTRUCTION FUND**

**REQUISITION FOR DISBURSEMENT OF PROJECT COSTS**

The undersigned, on behalf of Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the "District"), hereby requests Wilmington Trust, National Association, as Trustee, to pay from the Project Facilities Account of the Community Facilities District No. 4 of Temescal Valley Water District Improvement Area No. 2 Acquisition and Construction Fund, established by the Bond Indenture between the Trustee and the District dated as of October 1, 2021, upon receipt of an invoice from each of the payees set forth on Schedule I hereto the amount specified in such invoice but no more than the amount set forth on Schedule I and to the payees listed on Schedule I for payment of the Project Costs set forth in the invoice attached hereto.

All payments shall be made by check or wire transfer in accordance with the payment instructions included on Schedule I or the accompanying invoices and the Trustee has no responsibility to verify or authenticate the payment instructions or the invoices or the authority under which they were given.

COMMUNITY FACILITIES DISTRICT NO. 4  
(TERRAMOR) OF TEMESCAL VALLEY WATER  
DISTRICT

Signature:

By: \_\_\_\_\_  
Name:  
Title:

Dated:  
Requisition No.:

## DISTRICT CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated October \_\_, 2021 (the “Disclosure Certificate”) is executed and delivered by Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the “District”) in connection with the issuance and delivery by the District of its \$\_\_\_\_\_ (Improvement Area No. 2) 2021 Special Tax Bonds (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted on September 28, 2021, by the Board of Directors of the Temescal Valley Water District, acting as the legislative body of the District, and the Bond Indenture dated as of October 1, 2021 by and between the District and Wilmington Trust, National Association, as trustee. The District covenants as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure 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 District pursuant to, and as described in, Section 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 General Manager, or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean, initially, Willdan Financial Services, or any successor Dissemination Agent designated in writing by the District and which has filed with the then current Dissemination Agent a written acceptance of such designation.

“District” shall mean Community Facilities District No. 4 (Terramor) of Temescal Valley Water District.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

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

“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) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Official Statement” shall mean that certain Official Statement for the Bonds dated \_\_\_\_\_, 2021.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“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.

“Trustee” means Wilmington Trust, National Association, or such other entity appointed by the District pursuant to the Indenture to act as the trustee under the Indenture.

“Underwriter” shall mean any underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Water District” means the Temescal Valley Water District.

### Section 3. Provision of Annual Reports.

(a) The District shall, or, if the Dissemination Agent is other than the District, upon written direction shall cause the Dissemination Agent to, not later than February 1 after the end of the District’s Fiscal Year (June 30) commencing with the report due by February 1, 2022, which initial Annual Report shall consist solely of the Official Statement and audited financial statements of the District, if any, provide to the Repository an Annual Report which 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 District, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(d).

(b) In the event that the Dissemination Agent is an entity other than the District, then the provisions of this Section 3(b) shall apply. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report, the District shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to the due date for an Annual Report the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District will be filing the Annual Report in compliance with subsection (a). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to EMMA by the date required in subsection (a), the Dissemination Agent shall send, in a timely manner, a notice to EMMA, in the form required by EMMA.

- (d) If the Dissemination Agent is other than the District, the Dissemination Agent shall:
  - (i) determine each year prior to the date for providing the Annual Report the name and address of the repository if other than the MSRB through EMMA; and
  - (ii) promptly after receipt of the Annual Report, file a report with the District certifying that the Annual Report has been provided to EMMA and the date it was provided.
- (e) Notwithstanding any other provision of this Disclosure Certificate, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The first Annual Report due by February 1, 2022 shall consist solely of the Official Statement and audited financial statements of the District, if any. Thereafter, the Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the District for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the District 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 District shall modify the basis upon which its financial statements are prepared, the District shall provide the information referenced in Section 8 below regarding such modification. If the District is preparing audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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

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

(ii) the balance in each fund under the Indenture and the Reserve Requirement as of the September 2 preceding the filing of the Annual Report;

(iii) any changes to the Rate and Method of Apportionment of the Special Taxes approved or submitted to the qualified electors of Improvement Area No. 2 for approval prior to the filing of the Annual Report;

(iv) an update of the estimated assessed value-to-lien ratio for Improvement Area No. 2 substantially in the form of Table 5 in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year;

(v) the status of any foreclosure actions being pursued by the District with respect to delinquent Special Taxes;

(vi) a statement whether the District has been included in the County of Riverside's Teeter Plan;

(vii) a description of the collection and delinquency rate of Special Taxes in Improvement Area No. 2 for the Fiscal Year then ended;

(viii) if Special Taxes are levied on Approved Property, the amount of Special Taxes levied on Approved Property and the amount of Special Taxes levied on Developed Property (as such terms are defined in the Rate and Method of Apportionment of the Special Taxes); and

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

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

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause the Dissemination Agent to give, notice filed with the Repository of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in paragraph 5(a)(5) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
3. appointment of a successor or additional paying agent or the change of the name of a paying agent;
4. nonpayment related defaults;
5. modifications to the rights of Owners of the Bonds;
6. bond calls;
7. release, substitution or sale of property securing repayment of the Bonds; and
8. incurrence of a Financial Obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) Upon the occurrence of a Listed Event under Section 5(b) above, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with the Repository in a timely manner not more than ten (10) business days after the event.

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

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Dissemination Agent. The District 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 initial Dissemination Agent shall be Willdan Financial Services. The Dissemination Agent, if other than the District, shall not be responsible in any manner for the content of any notice or report prepared by the District

pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The Dissemination Agent may resign by providing thirty (30) days written notice to the District and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver is related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District 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 District 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 District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Trustee at the written direction of any Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, shall, or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate, but only to the extent funds have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges of the Trustee whatsoever, including, without limitation, fees and expenses of its attorney. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. Where an entity other than the District is acting as the Dissemination Agent, the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

District: Temescal Valley Water District  
Community Facilities District No. 4 (Terramor)  
22646 Temescal Canyon Road  
Temescal Valley, California 92883  
Attn: General Manager

Underwriter: D.A. Davidson & Co.  
74-710 Highway 111, Suite 102  
Palm Desert, CA 92260  
Attn: Public Finance

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Trustee, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

This Disclosure Certificate is executed as of the date and year first set forth above.

COMMUNITY FACILITIES DISTRICT NO. 4  
(TERRAMOR) OF TEMESCAL VALLEY WATER  
DISTRICT

By: \_\_\_\_\_  
Disclosure Representative



§ \_\_\_\_\_  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

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**BOND PURCHASE AGREEMENT**

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**October \_\_, 2021**

Community Facilities District No. 4 (Terramor)  
of Temescal Valley Water District  
c/o Temescal Valley Water District  
22646 Temescal Canyon Road  
Temescal Valley, California 92883

Ladies and Gentlemen:

D.A. Davidson & Co., as underwriter (the “Underwriter”) acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this “Agreement”) with Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the “District”) which, upon acceptance, will be binding upon the District and the Underwriter. This offer is made subject to its acceptance by the District on the date hereof, and it is subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to the acceptance by the District. Capitalized terms that are used in this offer and not otherwise defined herein shall have the respective meanings ascribed to them in the Indenture (as hereinafter defined).

The District acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the District and the Underwriter and that the Underwriter has financial and other interests that differ from those of the District, and in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent or fiduciary of the District; (ii) the Underwriter is not acting as a municipal advisor (within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), financial advisor or fiduciary to the District or any other person or entity and has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters); (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Agreement, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission (“SEC”) or the rules of the Municipal Securities Rulemaking Board (“MSRB”) or other law; and

(iv) the District has consulted its own legal, accounting, tax, municipal, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. The District acknowledges receipt from the Underwriter of disclosures required by MSRB Rule G-17, relating to the Underwriter's role in the transaction, the Underwriter's compensation, conflict disclosures, if any, and complex municipal securities financing, if any.

1. Purchase, Sale and Delivery of the Bonds. Subject to the terms and conditions, and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter agrees to purchase from the District, and the District agrees to sell to the Underwriter, all (but not less than all) of the Bonds at a purchase price (the "Purchase Price") of \$ \_\_\_\_\_ (equal to the par amount of the Bonds of \$ \_\_\_\_\_, plus net original issue premium of \$ \_\_\_\_\_, less an Underwriter's discount of \$ \_\_\_\_\_).

The Bonds shall be dated the Closing Date (as hereinafter defined), bear interest from said date (payable semiannually on March 1 and September 1 in each year, commencing March 1, 2022) at the rates per annum, and mature on the dates and in the principal amounts and shall be subject to redemption, all as set forth in Exhibit A hereto.

The Bonds will be issued by the District under the Mello-Roos Community Facilities Act of 1982, as amended (constituting Section 53311 *et seq.* of the Government Code of the State of California) (the "Act") and Resolution No. R-21-\_\_ adopted on September 28, 2021 (the "Bond Resolution") by the Board of Directors (the "Board of Directors") of the Temescal Valley Water District (the "Water District") acting as the legislative body of the District.

The special taxes that provide a source of payment for the Bonds (the "Special Taxes") will be levied on property within Improvement Area No. 2 of the District ("Improvement Area No. 2") under Ordinance No. O-19-\_\_ adopted by the Board of Directors on May 28, 2019 (the "Ordinance"). In addition to the Ordinance, the Board of Directors adopted the following in connection with initial formation of the District, designation of Improvement Area No. 2 and the levy of the Special Taxes: (i) Resolution No. R-\_\_ (the "Resolution of Intention to Form the District"); (ii) Resolution No. R-\_\_ (the "Resolution of Intention to Incur Bonded Indebtedness"); (iii) Resolution No. R-\_\_ (the "Resolution of Formation"); (iv) Resolution No. R-\_\_ ("Resolution Declaring Necessity to Incur Bonded Indebtedness") and (v) Resolution No. R-\_\_ (the "Resolution Declaring Election Results" and, collectively, the "Resolutions and Ordinance"). Together, the Bond Resolution and the Resolutions and Ordinance are referred to as the "Resolutions and Ordinance."

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable and be subject to redemption as provided in the Bond Indenture, dated as of October 1, 2021 (the "Indenture") by and between the District and Wilmington Trust, National Association, as trustee (the "Trustee"). The proceeds of the sale of the Bonds will be used by the District to (i) pay the costs of forming the District and Improvement Area No. 2 therein ("Improvement Area No. 2"); (ii) pay the cost and expense of the acquisition and construction of certain public facilities in connection with the development of Improvement Area No. 2; (iii) fund a reserve account securing the Bonds; (iv) pay a portion of the interest due on the Bonds through September 1, 2022; (v) fund certain administrative

expenses of the District; and (vi) pay costs of issuance of the Bonds. Proceeds of the Bonds will be applied in accordance with the Indenture.

At 8:00 A.M., Pacific Daylight Time, on October 28, 2021, or at such other time or date as shall be agreed upon by the Underwriter and the District (such time and date being herein referred to as the “Closing Date”), the District will deliver (i) to The Depository Trust Company in New York, New York, the Bonds in definitive form (all Bonds being in book-entry form registered in the name of Cede & Co. and having the CUSIP numbers assigned to them printed thereon), duly executed by the officers of the District as provided in the Indenture, and (ii) to the Underwriter, at the offices of D.A. Davidson & Co., Palm Desert, California, the other documents herein mentioned; and the Underwriter shall accept such delivery and pay the purchase price of the Bonds in same day funds. The Bonds, as so registered, shall be made available to the Underwriter for inspection not later than the second to last business day before the Closing Date. The delivery of and payment for the Bonds is herein referred to as the “Closing.”

2. Public Offering and Establishment of Issue Price. (a) The Underwriter agrees to make an bona fide initial public offering of all of the Bonds in compliance with federal and state securities laws, at the initial offering prices set forth on Exhibit A attached hereto and incorporated herein by reference. Subject to the paragraphs below, the Underwriter may change the initial offering prices as it deems necessary in connection with the offering of the Bonds without any requirement of prior notice, and may offer and sell the Bonds to institutions at prices lower than those stated in Exhibit A.

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

(c) [Except as otherwise set forth in Exhibit A attached hereto,] the District will treat the first price at which 10% of each maturity of the Bonds (the “10% test”), is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Agreement, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon the request of the

District or Bond Counsel. For clarity, and notwithstanding any other condition to Closing set forth in this Agreement, the sale of 10% of each maturity of the Bonds to the public prior to the Closing Date shall not be a condition to Closing.

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

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

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

(e) The Underwriter confirms that:

(i) any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable: (A) to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the bonds of that maturity, provided that, the reporting obligation after the Closing Date may be a periodic intervals or otherwise upon request of the Underwriter and to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter, (B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such terms being used as defined below), and (C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with

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

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

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

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

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

(iii) a purchaser of any of the Bonds is a “*related party*” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of

the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other)[; and

(iv) “*sale date*” means the date of execution of this Agreement by all parties.]

3. Official Statement. The District shall deliver or cause to be delivered to the Underwriter promptly after acceptance of this Agreement copies of the Official Statement relating to the Bonds, dated the date hereof (which, together with all exhibits and appendices included therein or attached thereto and with such amendments or supplements thereto which shall be approved by the Underwriter, the “Official Statement”). The District authorizes the Official Statement, including the cover page and appendices thereto and the information contained therein, to be used in connection with the sale of the Bonds and ratifies, confirms and approves the use and distribution by the Underwriter for such purpose, prior to the date hereof, of the Preliminary Official Statement dated October \_\_, 2021 (the “Preliminary Official Statement”). The District authorized distribution (including the electronic distribution) of the Preliminary Official Statement and preparation and distribution of a final Official Statement pursuant to the Bond Resolution. The District deems such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for information allowed to be omitted by Rule 15c2-12, and has executed a certificate to that effect in the form of Exhibit C. The District also agrees to deliver to the Underwriter, at the District’s sole cost and at such address as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 with Rule G-32 and all other applicable rules of the MSRB. The District agrees to deliver such copies of the Official Statement within seven (7) business days after the date hereof. Such Official Statement shall contain all information previously permitted to be omitted by Rule 15c2-12. The Underwriter agrees to give written notice to the District of the date after which the Underwriter shall no longer be obligated to deliver Official Statements pursuant to paragraph (b)(4) of Rule 15c2-12 which shall be no later than twenty-five (25) days after the End of the Underwriting Period (as such term is hereinafter defined).

The Underwriter agrees to promptly file a copy of the final Official Statement, including any supplements prepared by the Successor Agency, in compliance with MSRB Rule G-32, and to take any and all other actions necessary to comply with applicable SEC rules and MSRB rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers thereof.

In connection with the issuance of the Bonds, and in order to assist the Underwriter in complying with Rule 15c2-12, the District will execute a Continuing Disclosure Certificate dated the Closing Date (the “Continuing Disclosure Certificate”). The form of Continuing Disclosure Certificate is attached as Appendix F to the Preliminary Official Statement.

4. Representations, Warranties and Agreements of the District. The District hereby agrees with and makes the following representations and warranties to, the Underwriter, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

(a) The District is duly organized and validly existing as a community facilities district under the laws of the State of California (the “State”), and has the full legal right, power and authority, among other things, upon satisfaction of the conditions in this Agreement and the Indenture, (i) to issue the Bonds as provided herein, and (ii) to secure the Bonds in the manner set forth in the Indenture.

(b) The Board of Directors has the full legal right, power and authority to adopt the Resolutions and Ordinance, and the District has the full legal right, power and authority to: (i) enter into this Agreement, the Indenture, and the Continuing Disclosure Certificate, the Acquisition Agreement relating to Improvement Area No. 2 of the District, by and among the Water District, the District and Forestar Toscana Development Company (the “Acquisition Agreement”) (collectively, the “District Documents”); (ii) issue, sell and deliver the Bonds to the Underwriter as provided herein; and (iii) carry out and consummate all other transactions on its part contemplated by the Final Official Statement and each of the District Documents, and the District and the Board of Directors have complied with all provisions of applicable law, including the Act, in all matters relating to such transactions.

(c) The District has duly authorized: (i) the execution and delivery by the District of the Bonds and the execution, delivery and due performance by the District of its obligations under the District Documents; (ii) the distribution and use of the Preliminary Official Statement and execution, delivery and distribution of the Final Official Statement; and (iii) the taking of any and all such action as may be required on the part of the District to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. All consents or approvals necessary to be obtained by the District in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The Resolutions and Ordinances have been duly adopted by the Board of Directors and are in full force and effect; and the District Documents, when executed and delivered by the District and the other party thereto, will constitute a legal, valid and binding obligation of the District enforceable against the District in accordance with their terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights generally.

(e) When delivered to the Underwriter, the Bonds will have been duly authorized by the Board of Directors and duly executed, issued and delivered by the District and will constitute legal, valid and binding special obligations of the District enforceable against the District in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights generally, and will be entitled to the benefit and security of the Indenture.

(f) The information (excluding information relating to The Depository Trust Company and its book-entry system, CUSIP numbers, information provided by the Underwriter and information under the captions “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 2” “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 2 – Appraisal Report” together, the “Excluded Information”) contained in the Preliminary Official Statement is, and as of the Closing Date such information in the Final Official Statement will be true and correct in all material respects, and except for the

Excluded Information as to which no view is expressed, the Preliminary Official Statement does not as of its date and the Final Official Statement will not as of the Closing Date contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) If, at any time up to and including twenty-five (25) days after the End of the Underwriting Period (as hereinafter defined), any event known to the officers of the District participating in the issuance of the Bonds occurs with respect to the District or the Water District as a result of which the Final Official Statement as then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the District shall promptly notify the Underwriter in writing of such event and shall provide a supplement to the Underwriter so that the Final Official Statement, as supplemented, does not contain an untrue statement or omit any material fact. Any information supplied by the District for inclusion in any amendments or supplements to the Final Official Statement will not contain any untrue or misleading statement of a material fact relating to the District or the Water District or omit to state any material fact relating to the District or the Water District necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As used herein, the term “End of the Underwriting Period” means the later of such time as: (i) the Bonds are delivered to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the Closing Date. Any notice delivered pursuant to this provision shall be written notice delivered to the District at or prior to the Closing Date, and shall specify a date (other than the Closing Date) to be deemed the “End of the Underwriting Period.”

(h) Neither the adoption of the Resolutions and Ordinance, the execution and delivery of the District Documents, nor the consummation of the transactions on the part of the District contemplated herein or therein or the compliance by the District with the provisions hereof or thereof will conflict with, or constitute on the part of the District, a violation of, or a breach of or default under, (i) any material indenture, mortgage, commitment, note or other agreement or instrument to which the District is a party or by which it is bound, (ii) any provision of the State Constitution or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the District or the Water District (or the members of the Board of Directors or any of its officers in their respective capacities as such) is subject, that would have a material adverse effect on the ability of the District to perform its obligations under the District Documents.

(i) The District has not previously issued or entered into any obligation and the District has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Special Taxes.

(j) Except as is specifically disclosed in the Official Statement, to the best knowledge of the District, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the District or the District has been served with process or threatened, which in any way questions the powers of the Board of Directors, the Water District or the District referred to in paragraph (b) above, or



the validity of any proceeding taken by the Board of Directors in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the District Documents, or which, in any way, could adversely affect the validity or enforceability of the Resolutions and Ordinance, the Bonds or the District Documents or, to the knowledge of the District, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the Bonds for federal income tax purposes or in any other way questions the status of the Bonds under State tax laws or regulations.

(k) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter to qualify the Bonds for offer and sale under the “Blue Sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, the District shall not be required to register as a dealer or a broker of securities or to consent to service of process in connection with any blue sky filing.

(l) Any certificate signed by an official of the District authorized to execute such certificate and delivered to the Underwriter in connection with the transactions contemplated by the District Documents shall be deemed a representation and warranty by the District to the Underwriter as to the truth of the statements therein contained.

(m) The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(n) The Bonds will be paid from Net Taxes (as defined in the Indenture) received by the District and amounts held in certain funds and accounts established and pledged under the Indenture.

(o) The Special Taxes may lawfully be levied in accordance with the rate and method of apportionment of special tax for Improvement Area No. 2 of the District (the “Rate and Method”), the Resolutions and Ordinance as described in the Preliminary Official Statement and the Official Statement, and, when levied, will be secured by a lien on the property on which they are levied.

(p) The Indenture creates a valid pledge of, and first lien upon, the Net Taxes deposited thereunder, and the amounts held in certain funds and accounts established and pledged under the Indenture, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

(q) Except as disclosed in the Final Official Statement, in the last five (5) years, neither the Water District, nor the District, nor any other entity for which the Water District is the legislative body, has failed to comply with any undertaking under Rule 15c2-12 in any material respect.

5. Conditions to the Obligations of the Underwriter. The obligations of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at

the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the District contained herein, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Agreement, all such actions as, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, bond counsel (“Bond Counsel”) for the District, shall be necessary and appropriate;

(b) Between the date hereof and the Closing Date, the market price or marketability of the Bonds at the initial offering prices set forth in the Official Statement shall not have been materially adversely affected, in the judgment of the Underwriter (evidenced by a written notice to the District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), which judgment shall be formed (to the maximum extent reasonably practicable under the circumstances) only after consultation with the Municipal Advisor, by reason of any of the following:

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

(ii) legislation introduced in or enacted (or resolution passed) by the Congress of the United States of America, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, or of the Bonds, including any or all underwriting arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws, rules or regulations as amended and then in effect; or

(iii) any amendment to the federal or California Constitution or action by any federal or California court, legislative body, regulatory body or other authority materially adversely affecting the validity or enforceability of the Special Taxes; or

(iv) the declaration of war or the escalation of, or engagement in, military hostilities by the United States or the occurrence of any other national or international emergency or calamity relating to the effective operation of the government of, or the financial community in, the United States the effect of which is such as to make it impracticable or inadvisable to proceed with the remarketing and redelivery of the Bonds as contemplated hereby or by the Official Statement; or

(v) the declaration of a general banking moratorium by federal, State of New York, or State of California authorities, or the general suspension of trading on any national securities exchange; or

(vi) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(vii) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official statement by the Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the remarketing, reoffering or redelivery of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws as amended and then in effect; or

(viii) any event occurring, or information becoming known, which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or results in the Official Statement containing any untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(ix) any proceeding shall be pending or threatened by the SEC against the District or the Water District; or

(x) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which adversely affects the Underwriter's ability to sell the Bonds; or

(xi) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in

force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(xii) an amendment to the federal or State constitution shall be enacted or action taken by any federal or State court, legislative body, regulatory body or other authority materially adversely affecting the tax status of the District, its property, income or securities (or interest thereon), the validity or enforceability of the Special Taxes or the ability of the District to issue the Bonds and levy the Special Taxes as contemplated by the Indenture, the Rate and Method, the Resolution of Formation, the Ordinance and the Official Statement; or

(xiii) the entry of any order by a court of competent jurisdiction which enjoins or restrains the City from issuing permits, licenses or entitlements within the District or which order, in the reasonable opinion of the Underwriter, otherwise materially and adversely affects development of the real property located in the District.

6. The obligation of the Underwriter to purchase the Bonds is subject (i) to the performance by the District of its obligations to be performed by it hereunder at and prior to the Closing; (ii) to the accuracy as of the date hereof and as of the time of the Closing of the representations and warranties of the District; (iii) to the accuracy of, and in reliance on, the representations and covenants of: Forestar Toscana Development Company, a Delaware corporation (“Forestar”), Richmond American Homes of Maryland, Inc., a Maryland corporation (“Richmond”) and TriPointe Homes IE-SD, Inc., a \_\_\_\_\_ corporation (“TriPointe”), and Pulte Home Company, a Michigan limited liability company (“Pulte” and together with Forestar, Richmond and TriPointe, the “Developers”) contained in the Letters of Representations delivered in connection with the Preliminary Official Statement and Closing Certificates delivered as of the Closing Date, in substantially the forms attached hereto as Exhibit E, with such additional changes as may be agreed to by the Developers and the Underwriter, and (d) to the following conditions, including the delivery by the District of such documents as are enumerated herein in form and substance satisfactory to the Underwriter:

(a) At the time of Closing, (i) the Official Statement and the District Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriter, and (ii) the District shall have duly adopted and there shall be in full force and effect such resolutions and ordinances (including, but not limited to, the Resolutions and Ordinance) as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.

(b) Receipt of the Bonds, executed by the District and authenticated by the Trustee, at or prior to the Closing. The terms of the Bonds, when delivered, shall in all instances be as described in Official Statement.

(c) On or prior to the Closing Date, the Underwriter shall have received counterpart originals or certified copies of the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) A final approving opinion of Bond Counsel dated the Closing Date in the form attached to the Final Official Statement.

(2) A letter or letters of Bond Counsel addressed to the Underwriter, which includes a statement to the effect that Bond Counsel’s final approving opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to the Underwriter, and further provides:

(i) the statements contained in the Official Statement on the cover page and under the captions [“INTRODUCTION - Sources of Payment for the Bonds,” “INTRODUCTION - Description of the Bonds,” “THE BONDS” (other than information relating to DTC and its book-entry only system and information in the section entitled “Debt Service Schedule”, as to which no opinion need be expressed), “SOURCES OF PAYMENT FOR THE BONDS (except information mentioned in the section entitled “No Teeter Plan” as to which no opinion need be expressed),” and “TAX MATTERS,” and in Appendices C and E] thereto, excluding any material that may be treated as included under such captions by reference to other documents, insofar as such statements expressly summarize certain provisions of the Indenture, the Bonds, the Rate and Method and the form and content of Bond Counsel’s final opinion are accurate in all material respects; and

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

(3) A letter of Stradling Yocca Carlson & Rauth, a Professional Corporation addressed to the District and the Underwriter (“Disclosure Counsel”), to the effect that during the course of serving as Disclosure Counsel in connection with the issuance of the Bonds and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, no information came to the attention of the attorneys in such firm rendering legal services in connection with the issuance of the Bonds that would lead them to believe that the Official Statement (excluding therefrom the financial statements, any financial or statistical data, assessed or appraised valuations, absorption schedules or forecasts, charts, numbers, estimates, projections, assumptions or expressions of opinion included in the Official Statement, information regarding DTC, and the appendices to the Official Statement, as to which no opinion need be expressed), as of the date thereof or the Closing Date, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) A letter of Best Best & Krieger LLP, (“Underwriter’s Counsel”), dated the Closing Date, addressed to the Underwriter and in form and substance acceptable to the Underwriter.

(5) Certified copies of the Resolutions and Ordinance.

(6) The Official Statement, duly executed by the District.

(7) Evidence of recordation in the real property records of the County of Riverside of the Notice of Special Tax Lien relating to Improvement Area No. 2 of the District, in the form required by the Act.

(8) A certificate of David Taussig & Associates, Inc., Newport Beach, California (“Special Tax Consultant”), in form and substance as set forth in Exhibit F hereto, dated as of the Closing Date.

(9) A certificate of the District, in form and substance as set forth in Exhibit G hereto, dated as of the Closing Date.

(10) Evidence that Form 8038-G has been executed by the District and will be filed with the Internal Revenue Service.

(11) Executed copies of the District Documents.

(12) A non-arbitrage certificate executed by the District in form and substance satisfactory to Bond Counsel.

(13) An opinion, dated the Closing Date and addressed to the Underwriter, of the General Counsel to the Water District, as counsel to the District, to the effect that:

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

(ii) the Board of Directors of the Water District, acting as legislative body of the District, has the full legal right, power and authority to adopt the Resolutions and Ordinance;

(iii) the Resolutions and Ordinance were duly adopted at meetings of the Board of Directors, acting as legislative body of the District which were called and held under law and with all public notice required by law and at which a quorum was present and acting throughout, and the Resolutions and Ordinance are in full force and effect and have not been amended or repealed;

(iv) this Agreement and the Continuing Disclosure Certificate have been duly executed and delivered by, and constitute valid and binding obligations of, the District, subject to bankruptcy, insolvency, reorganization, moratorium and other laws affecting enforcement of creditors’ rights in general and to the application of equitable principles if equitable remedies are sought; and

(v) to their best knowledge, based on reasonable due diligence, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending with respect to which the District has been served with process or threatened, in any way affecting the existence of the Water District, the District or the titles of the District’s officials to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds or the application of the proceeds thereof in accordance with the Indenture, or the collection or application of the Special Taxes to pay the

principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the District Documents or any action of the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Official Statement or the powers of the District or its authority with respect to the Bonds, the District Documents or any action on the part of the District contemplated by any of said documents, wherein an unfavorable decision, ruling, or finding could materially adversely affect the validity or enforceability of the Bonds or the District Documents;

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

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

(14) A certificate of the Trustee in the form attached hereto as Exhibit H, and an opinion of its counsel in form and substance satisfactory to the Underwriter and Bond Counsel, each dated as of the Closing Date.

(15) A certificate of the Municipal Advisor, in the form and substance attached hereto as Exhibit I.

(16) A Letter of Representations for each of the Developers, addressed to the District and the Underwriter in connection with the printing of the Preliminary Official Statement dated the date of the Preliminary Official Statement and set forth in Exhibit D, and a Closing Certificate for each of the Developers, addressed to the District and the Underwriter, dated the Closing Date, in the forms attached hereto as Exhibit E.

(17) A negative assurance letter or letters regarding the Final Official Statement from respective counsel to the Developers addressed to the District and the Underwriter in form and substance acceptable to Disclosure Counsel and the Underwriter.

(18) A certificate of Kitty Siino & Associates, the appraiser, in the form and substance attached hereto as Exhibit J.

(19) The executed Blanket Letter of Representations to The Depository Trust Company of the District.

(20) A report of proposed debt issuance, acknowledgement thereof and final report to the California Debt and Investment Advisory Commission with respect to the Bonds.

(21) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the statements and information contained in the Preliminary Official Statement and the Official Statement, of the District's representations and warranties contained herein, and of the Developers' representations and warranties set forth in their certificates hereto and the due performance or satisfaction by the District at or prior to the Closing of all agreements then to be performed and all conditions then to be satisfied by the County in connection with the transactions contemplated hereby and by the Official Statement.

If the District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the District shall be under any further obligation hereunder, except that the respective obligations of the District and the Underwriter set forth in Section 8 hereof shall continue in full force and effect.

7. Conditions of the District's Obligations. The District's obligations hereunder are subject to the Underwriter's performance of their obligations hereunder, and are also subject to the following conditions:

(a) As of the Closing Date, no litigation shall be pending or, to the knowledge of the duly authorized officer of the District executing the certificate referred to in Section 6 hereof, threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds or the District Documents or the existence or powers of the District; and

(b) As of the Closing Date, the District shall receive the approving opinions of Bond Counsel and Underwriter's Counsel referred to in Section 6 hereof, dated as of the Closing Date.

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

(a) The Underwriter shall be under no obligation to pay, and the District shall pay or cause to be paid (out of any legally available funds of the District) all expenses incident to the performance of the District's obligations hereunder, including, but not limited to, the cost of printing, engraving and delivering the Bonds to DTC, the cost of preparation, printing, distributing and delivering of the Indenture, the Preliminary Official Statement, the Official Statement and all other agreements and documents contemplated hereby (and drafts of any thereof) in such reasonable quantities as requested by the Underwriter; and the fees and disbursements of the Trustee, Bond Counsel and any municipal advisor, special tax consultants, appraisers, accountants, engineers or any other experts or consultants the District retained in connection with the Bonds; and

(b) The District shall be under no obligation to pay, and the Underwriter shall pay, any fees of the California Debt and Investment Advisory Commission, the cost of preparation of any "blue sky" or legal investment memoranda and this Agreement; expenses to qualify the



Bonds for sale under any “blue sky” or other state securities laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including the fees and disbursements of its counsel and any advertising expenses.

9. Notices. Any notice or other communication to be given to the District under this Agreement may be given by delivering the same in writing to the District, c/o 22646 Temescal Canyon Road, Temescal Valley, California 92883, Attention: General Manager and any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to D.A. Davidson & Co., 74-710 Highway 111, Suite 102, Palm Desert, California 92260, Attention: Katherine Koster.

10. Parties in Interest. This Agreement is made solely for the benefit of the District and the Underwriter (including their successors or assigns), and no other person shall acquire or have any right hereunder or by virtue hereof.

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

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

13. No Prior Agreements. This Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Bonds for the District.

14. Governing Law. This Agreement shall be governed by the laws of the State.

*(Signature page follows)*

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

**D.A. DAVIDSON & CO.,** as Underwriter

By: \_\_\_\_\_  
Managing Director

Accepted:  
October \_\_, 2021, at \_\_\_\_\_ p.m. (Pacific)

**COMMUNITY FACILITIES DISTRICT NO. 4  
(TERRAMOR) OF TEMESCAL VALLEY  
WATER DISTRICT**

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

\$ \_\_\_\_\_  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**MATURITY SCHEDULE**

<b>Maturity Date (September 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>10% Test Satisfied</b>	<b>10% Test Not Satisfied</b>	<b>Subject to Hold- The-Offering-Price Rule</b>
2023	\$	%	%				
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2041 <sup>T</sup>							
2046 <sup>T</sup>							
2051 <sup>T</sup>							

<sup>(T)</sup> Term Bond.

<sup>(C1)</sup> Priced to first optional call at \_\_\_% on September 1, 20\_\_.

<sup>(C2)</sup> Priced to optional call at par on September 1, 20\_\_.

**REDEMPTION TERMS**

**Optional Redemption.** The Bonds may be redeemed, at the option of the District from any source of funds, other than Special Tax Prepayments, on any date on or after September 1, 20\_\_, in whole, or in part by lot, at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, at the following redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed):

***Redemption Dates***

September 1, 20\_\_ through August 31, 20\_\_  
September 1, 20\_\_ through August 31, 20\_\_  
September 1, 20\_\_ through August 31, 20\_\_  
September 1, 20\_\_ and any date thereafter

***Redemption Price***

%

**Extraordinary Redemption from Special Tax Prepayments.** The Bonds are subject to extraordinary redemption as a whole or in part, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account plus amounts transferred from the Reserve Account pursuant to the Indenture, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Price</i>
Interest Payment Dates to and including March 1, 20__	%
September 1, 20__ and March 1, 20__	
September 1, 20__ and March 1, 20__	
September 1, 20__ and each Interest Payment Date thereafter	

**Mandatory Sinking Fund Redemption.** The Term Bonds maturing on September 1, 20\_\_ (the “20\_\_ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20\_\_ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**BONDS MATURING SEPTEMBER 1, 20\_\_**

<i>Redemption Date</i> <i>(September 1)</i>	<i>Principal Amount</i>
	\$

(maturity)

The Term Bonds maturing on September 1, 20\_\_ (the “20\_\_ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20\_\_ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**BONDS MATURING SEPTEMBER 1, 20\_\_**

<i>Redemption Date (September 1)</i>	<i>Principal Amount</i>
	\$

(maturity)

The Term Bonds maturing on September 1, 20\_\_ (the “20\_\_ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20\_\_ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

**BONDS MATURING SEPTEMBER 1, 20\_\_**

<i>Redemption Date (September 1)</i>	<i>Principal Amount</i>
	\$

(maturity)

## EXHIBIT B

§ \_\_\_\_\_  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

### FORM OF ISSUE PRICE CERTIFICATE

The undersigned, on behalf of D.A. Davidson & Co. (“Davidson”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”).

1. ***Price.***

(a) As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

(b) [Davidson offered the Hold-the Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A on or before the October \_\_, 2021 (the “Sale Date”). A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

(c) [Davidson has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

2. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) [*Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

(c) [*Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Davidson has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means Community Facilities District No. 4 (Terramor) of Temescal Valley Water District.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

[*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October \_\_, 2021.]

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Davidson’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

D.A. DAVIDSON & CO.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: October 28, 2021

**SCHEDULE A**

<b>Maturity Date (September 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>10% Test Satisfied</b>	<b>10% Test Not Satisfied</b>	<b>Subject to Hold- The-Offering-Price Rule</b>
	\$	%	%				
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2041 <sup>T</sup>							
2046 <sup>T</sup>							
2051 <sup>T</sup>							

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<sup>(T)</sup> Term Bond.

<sup>(C1)</sup> Priced to first optional call at \_\_\_% on September 1, 20\_\_.

<sup>(C2)</sup> Priced to optional call at par on September 1, 20\_\_.



**SCHEDULE B**

**EXHIBIT C**

§ \_\_\_\_\_ \*

**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**RULE 15c2-12 CERTIFICATE**

The undersigned hereby certifies and represents to D.A. Davidson & Co. (the “Underwriter”) that the undersigned is a duly appointed and acting officer of the Temescal Valley Water District (the “Water District”), the Board of Directors of which is the legislative body for Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the “Issuer” or the “District”), a community facilities district duly organized and existing under the laws of the State of California (the “State”) authorized to execute this Certificate, and further hereby certifies and confirms on behalf of the Issuer to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”) in connection with the offering and sale of the Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (Improvement Area No. 2) 2021 Special Tax Bonds (the “Bonds”).

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated October \_\_\_\_, 2021, setting forth information concerning the Bonds, the Water District and the District, as issuer of the Bonds (the “Preliminary Official Statement”).

(3) As used herein, “Permitted Omissions” shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters, all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule and has been, and the information therein is accurate and complete in all material respects except for the Permitted Omissions.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 28th day of October, 2021.

COMMUNITY FACILITIES DISTRICT NO. 4  
(TERRAMOR) OF TEMESCAL VALLEY  
WATER DISTRICT

By: \_\_\_\_\_  
Authorized Officer

\* *Preliminary, subject to change.*

**EXHIBIT D**

**§ \_\_\_\_\_  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**LETTER OF REPRESENTATION OF PULTE HOME COMPANY, LLC**

October 28, 2021

Community Facilities District No. 4 (Terramor)  
of Temescal Valley Water District  
Temescal Valley, California 92883

D.A. Davidson & Co.  
3017 Douglas Boulevard, Suite 300  
Roseville, CA 95661

In connection with the issuance and sale of the above-captioned bonds (the “Bonds”), and pursuant to the Bond Purchase Agreement (the “Bond Purchase Agreement”) to be executed by and between Community Facilities District No 4 (Terramor) of Temescal Valley Water District (the “District”), and D.A. Davidson & Co., as underwriter (the “Underwriter”), the undersigned, on behalf of Pulte Home Company, LLC, a Michigan limited liability company (the “Developer”), has executed this Letter of Representations (the “Letter of Representations”) and hereby certifies, represents, warrants and covenants that:

1. While the Bonds or any refunding obligations related thereto are outstanding, Developer will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the District, to challenge the adoption of the ordinance levying Special Taxes within the District, to invalidate the District or any of the Bonds or any refunding obligations, or to invalidate the special tax lien imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notice of special tax lien relating thereto. The foregoing covenant shall not prevent Developer in any way from bringing any other action, suit, proceeding, inquiry, or investigation at law or in equity relating to the following: (i) that the Special Taxes have not been levied in accordance with the methodologies contained in the rate and method of apportionment of special tax (the “Rate and Method of Apportionment”) pursuant to which the Special Taxes are levied, (ii) the application or use of the Special Taxes levied and collected, or (iii) the enforcement of the obligations of the Temescal Valley Water District (the “Water District”) and/or the District under the Bond Resolution, the Resolution of Formation, the Indenture or any other agreement among or between the Developer, the Water District and/or and the District or to which Developer is a party or of which it is a beneficiary.

2. An appraisal of the taxable properties within Improvement Area No. 2 (the “Appraisal Report”) was prepared by Kitty Siino & Associates (the “Appraiser”). The Appraisal Report estimates the minimum market value of the taxable properties within Improvement Area No. 2 as of September 14, 2021 (the “Date of Value”). To the Actual Knowledge of the Undersigned (as defined herein), taken in its entirety, all information submitted by, or on behalf of and authorized by, the Developer to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow or circled on Appendix A attached hereto, was true and correct in all material respects as of the Date of Value.

3. As of the date hereof, the information in the Preliminary Official Statement under the captions “INTRODUCTION - Property Ownership and Development Status” (second paragraph only), and “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1 - Property Ownership in Improvement Area No. 1,” “-- The Merchant Builders – *Pulte Home Company, LLC*,” “-- -- *Pulte Development Plan*,” and “-- -- *Pulte Financing Plan*,” solely as such information pertains to Developer, its Affiliates (as defined herein), the property owned by Developer and/or its Affiliates in the Improvement Area (the “Property”), Developer’s plans for the development of the Property and Developer’s contractual arrangements with respect thereto and the Developer’s compliance with its undertakings to provide continuing disclosure pursuant to the SEC’s Rule 15c2-12 (but in all cases under all captions excluding therefrom (i) information regarding the Appraisal Report, market value ratios and annual special tax ratios, and (ii) information which is identified as having been provided by a source other than the Developer) is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. Except as disclosed in the Preliminary Official Statement, Developer has not been adjudicated as bankrupt or discharged from any or all of its debts or obligations or granted an extension of time to pay its debts or a reorganization or readjustment of its debts within the past ten years. Except as disclosed in the Preliminary Official Statement, Developer does not have any proceedings pending (with proper service of process to Developer having been accomplished) or, to the Actual Knowledge of the Undersigned (as defined below), threatened in writing in which Developer may be adjudicated as bankrupt, become the debtor in a bankruptcy proceeding, be discharged from any or all of its debts or obligations, be granted an extension of time to pay its debts or obligations, or be granted a reorganization or readjustment of its debts or obligations.

5. Except as disclosed in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending against the Developer (with proper service of process or proper notice to the Developer having been accomplished), or to the Actual Knowledge of the Undersigned, overtly threatened in writing against the Developer (a) which, if successful, is reasonably likely to materially and adversely affect the Developer’s ability to develop and sell the Property as described in the Preliminary Official Statement, or to pay its Special Taxes or ordinary ad valorem property tax obligations levied on the Property (to the extent the responsibility of the Developer) prior to delinquency, or (b) which challenges or questions the validity or enforceability of the Bonds.

6. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, no other public debt secured by a tax or assessment on the Property is in the process of being authorized and no assessment districts or community facilities districts have been or are in the process of being formed which include any portion of the Property.

7. Except as disclosed in the Preliminary Official Statement, there are no events of monetary default or events which with the passage of time would constitute a monetary default under any loan or similar credit arrangement to which Developer is a party the result of which could reasonably be expected to have a material adverse effect on the Developer's ability to develop and sell the Property as described in the Preliminary Official Statement or to pay its Special Taxes related to the Property prior to delinquency.

8. The Developer has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that the Developer and some of its Affiliates have been delinquent at one time or another in the payment of ad valorem property taxes, special assessments or special taxes. However, to the Actual Knowledge of the Undersigned, during the last five years, neither the Developer nor any Affiliate (during its period of ownership) has been delinquent to any material extent in the payment of any ad valorem property tax, special assessment or special tax on property in California owned by the Developer or by any such Affiliate (during the period of its ownership) included within the boundaries of a community facilities district or an assessment district that (a) would have caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being filed in a court of law against the delinquent Developer.

9. As used in this Letter of Representations, the term "Actual Knowledge of the Undersigned" means the knowledge that the undersigned currently has as of the date of this Letter of Representations or has obtained through (i) interviews with such current officers and responsible employees of the Developer and its Affiliates (or its members or agents) as the undersigned has reasonably determined are likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations including, if the undersigned is not the chief financial officer of Developer (or, if Developer does not have a chief financial officer, the person who performs the functions usually associated with such officer) the chief financial officer or such person (or such other person who may have been approved by the Underwriter), and (ii) reviews of documents that were reasonably necessary for the undersigned to obtain knowledge of the matters set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's financial operations, such as those interviews and reviews mentioned above. For purposes of this Letter of Representations, individuals who were employees and officers of the Developer and its subsidiaries prior to the merger have not been consulted or contacted and documents entered into by the Developer and its subsidiaries or related to their properties and projects (other than the Property) have not been reviewed.

10. As used in this Letter of Representations, the term "Affiliate" of Developer means any person directly (or indirectly through one or more intermediaries) that exercises managerial

control over Developer or that is under managerial control of Developer, and about whom information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property, or to Developer's ability to pay the special taxes levied on the Property prior to delinquency).

11. Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Appendix B hereto.

12. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Bond Purchase Agreement.

[Remainder of page intentionally left blank]

The undersigned has executed this Letter of Representations solely in his or her capacity as an officer or authorized representative of the Developer and he or she will have no personal liability arising from or relating to this Letter of Representations. Any liability arising from or relating to this Letter of Representations may only be asserted against the Developer.

PULTE HOME COMPANY, LLC, a Michigan  
limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*Execution Page of Letter of Representation*

## APPENDIX A



§ \_\_\_\_\_  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**LETTER OF REPRESENTATION OF RICHMOND AMERICAN HOMES OF  
MARYLAND, INC.**

October 28, 2021

Community Facilities District No. 4 (Terramor)  
of Temescal Valley Water District  
Temescal Valley, California 92883

D.A. Davidson & Co.  
3017 Douglas Boulevard, Suite 300  
Roseville, CA 95661

In connection with the issuance and sale of the above-captioned bonds (the “Bonds”), and pursuant to the Bond Purchase Agreement (the “Bond Purchase Agreement”) to be executed by and between Community Facilities District No 4 (Terramor) of Temescal Valley Water District (the “District”), and D.A. Davidson & Co., as underwriter (the “Underwriter”), the undersigned, on behalf of Richmond American Homes of Maryland, Inc., a Maryland corporation (the “Developer”), has executed this Letter of Representations (the “Letter of Representations”) and hereby certifies, represents, warrants and covenants that:

1. While the Bonds or any refunding obligations related thereto are outstanding, Developer will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the District, to challenge the adoption of the ordinance levying Special Taxes within the District, to invalidate the District or any of the Bonds or any refunding obligations, or to invalidate the special tax lien imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notice of special tax lien relating thereto. The foregoing covenant shall not prevent Developer in any way from bringing any other action, suit, proceeding, inquiry, or investigation at law or in equity relating to the following: (i) that the Special Taxes have not been levied in accordance with the methodologies contained in the rate and method of apportionment of special tax (the “Rate and Method of Apportionment”) pursuant to which the Special Taxes are levied, (ii) the application or use of the Special Taxes levied and collected, or (iii) the enforcement of the obligations of the Temescal Valley Water District (the “Water District”) and/or the District under the Bond Resolution, the Resolution of Formation, the Indenture or any other agreement among or between the Developer, the Water District and/or and the District or to which Developer is a party or of which it is a beneficiary.

2. An appraisal of the taxable properties within Improvement Area No. 2 (the “Appraisal Report”) was prepared by Kitty Siino & Associates (the “Appraiser”). The Appraisal Report estimates the minimum market value of the taxable properties within Improvement Area

No. 2 as of September 14, 2021 (the “Date of Value”). To the Actual Knowledge of the Undersigned (as defined herein), taken in its entirety, all information submitted by, or on behalf of and authorized by, the Developer to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow or circled on Appendix A attached hereto, was true and correct in all material respects as of the Date of Value

3. As of the date hereof, the information in the Preliminary Official Statement under the captions “INTRODUCTION - Property Ownership and Development Status” (second paragraph only), and “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1 - Property Ownership in Improvement Area No. 1,” “-- The Merchant Builders – *Richmond American Homes of Maryland, Inc.*,” “-- *Richmond American Development Plan*,” and “-- *Richmond American Financing Plan*,” solely as such information pertains to Developer, its Affiliates (as defined herein), the property owned by Developer and/or its Affiliates in the Improvement Area (the “Property”), Developer’s plans for the development of the Property and Developer’s contractual arrangements with respect thereto and the Developer’s compliance with its undertakings to provide continuing disclosure pursuant to the SEC’s Rule 15c2-12 (but in all cases under all captions excluding therefrom (i) information regarding the Appraisal Report, market value ratios and annual special tax ratios, and (ii) information which is identified as having been provided by a source other than the Developer) is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. Except as disclosed in the Preliminary Official Statement, Developer has not been adjudicated as bankrupt or discharged from any or all of its debts or obligations or granted an extension of time to pay its debts or a reorganization or readjustment of its debts within the past ten years. Except as disclosed in the Preliminary Official Statement, Developer does not have any proceedings pending (with proper service of process to Developer having been accomplished) or, to the Actual Knowledge of the Undersigned (as defined below), threatened in writing in which Developer may be adjudicated as bankrupt, become the debtor in a bankruptcy proceeding, be discharged from any or all of its debts or obligations, be granted an extension of time to pay its debts or obligations, or be granted a reorganization or readjustment of its debts or obligations.

5. Except as disclosed in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending against the Developer (with proper service of process or proper notice to the Developer having been accomplished), or to the Actual Knowledge of the Undersigned, overtly threatened in writing against the Developer (a) which, if successful, is reasonably likely to materially and adversely affect the Developer’s ability to develop and sell the Property as described in the Preliminary Official Statement, or to pay its Special Taxes or ordinary ad valorem property tax obligations levied on the Property (to the extent the responsibility of the Developer) prior to delinquency, or (b) which challenges or questions the validity or enforceability of the Bonds.

6. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, no other public debt secured by a tax or assessment on the Property is in the process of being authorized and no assessment districts or community facilities districts have been or are in the process of being formed which include any portion of the Property.

7. Except as disclosed in the Preliminary Official Statement, there are no events of monetary default or events which with the passage of time would constitute a monetary default under any loan or similar credit arrangement to which Developer is a party the result of which could reasonably be expected to have a material adverse effect on the Developer's ability to develop and sell the Property as described in the Preliminary Official Statement or to pay its Special Taxes related to the Property prior to delinquency.

8. The Developer has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that the Developer and some of its Affiliates have been delinquent at one time or another in the payment of ad valorem property taxes, special assessments or special taxes. However, to the Actual Knowledge of the Undersigned, during the last five years, neither the Developer nor any Affiliate (during its period of ownership) has been delinquent to any material extent in the payment of any ad valorem property tax, special assessment or special tax on property in California owned by the Developer or by any such Affiliate (during the period of its ownership) included within the boundaries of a community facilities district or an assessment district that (a) would have caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being filed in a court of law against the delinquent Developer.

9. As used in this Letter of Representations, the term "Actual Knowledge of the Undersigned" means the knowledge that the undersigned currently has as of the date of this Letter of Representations or has obtained through (i) interviews with such current officers and responsible employees of the Developer and its Affiliates (or its members or agents) as the undersigned has reasonably determined are likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations including, if the undersigned is not the chief financial officer of Developer (or, if Developer does not have a chief financial officer, the person who performs the functions usually associated with such officer) the chief financial officer or such person (or such other person who may have been approved by the Underwriter), and (ii) reviews of documents that were reasonably necessary for the undersigned to obtain knowledge of the matters set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's financial operations, such as those interviews and reviews mentioned above. For purposes of this Letter of Representations, individuals who were employees and officers of the Developer and its subsidiaries prior to the merger have not been consulted or contacted and documents entered into by the Developer and its subsidiaries or related to their properties and projects (other than the Property) have not been reviewed.

10. As used in this Letter of Representations, the term "Affiliate" of Developer means any person directly (or indirectly through one or more intermediaries) that exercises managerial control over Developer or that is under managerial control of Developer, and about whom

information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property, or to Developer's ability to pay the special taxes levied on the Property prior to delinquency).

11. Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Appendix B hereto.

12. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Bond Purchase Agreement.

[Remainder of page intentionally left blank]

The undersigned has executed this Letter of Representations solely in his or her capacity as an officer or authorized representative of the Developer and he or she will have no personal liability arising from or relating to this Letter of Representations. Any liability arising from or relating to this Letter of Representations may only be asserted against the Developer.

RICHMOND AMERICAN HOMES OF  
MARYLAND, INC., a Maryland corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*Execution Page of Letter of Representation*

## APPENDIX A

§ \_\_\_\_\_  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**LETTER OF REPRESENTATION OF TRIPOINTE HOMES IE-SD, INC.**

October 28, 2021

Community Facilities District No. 4 (Terramor)  
of Temescal Valley Water District  
Temescal Valley, California 92883

D.A. Davidson & Co.  
3017 Douglas Boulevard, Suite 300  
Roseville, CA 95661

In connection with the issuance and sale of the above-captioned bonds (the “Bonds”), and pursuant to the Bond Purchase Agreement (the “Bond Purchase Agreement”) to be executed by and between Community Facilities District No 4 (Terramor) of Temescal Valley Water District (the “District”), and D.A. Davidson & Co., as underwriter (the “Underwriter”), the undersigned, on behalf of TriPointe Homes IE-SD, Inc. (the “Developer”), has executed this Letter of Representations (the “Letter of Representations”) and hereby certifies, represents, warrants and covenants that:

1. While the Bonds or any refunding obligations related thereto are outstanding, Developer will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the District, to challenge the adoption of the ordinance levying Special Taxes within the District, to invalidate the District or any of the Bonds or any refunding obligations, or to invalidate the special tax lien imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notice of special tax lien relating thereto. The foregoing covenant shall not prevent Developer in any way from bringing any other action, suit, proceeding, inquiry, or investigation at law or in equity relating to the following: (i) that the Special Taxes have not been levied in accordance with the methodologies contained in the rate and method of apportionment of special tax (the “Rate and Method of Apportionment”) pursuant to which the Special Taxes are levied, (ii) the application or use of the Special Taxes levied and collected, or (iii) the enforcement of the obligations of the Temescal Valley Water District (the “Water District”) and/or the District under the Bond Resolution, the Resolution of Formation, the Indenture or any other agreement among or between the Developer, the Water District and/or and the District or to which Developer is a party or of which it is a beneficiary.

2. An appraisal of the taxable properties within Improvement Area No. 2 (the “Appraisal Report”) was prepared by Kitty Siino & Associates (the “Appraiser”). The Appraisal Report estimates the minimum market value of the taxable properties within Improvement Area No. 2 as of September 14, 2021 (the “Date of Value”). To the Actual Knowledge of the Undersigned (as defined herein), taken in its entirety, all information submitted by, or on behalf of and authorized by, the Developer to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow or circled on Appendix A attached hereto, was true and correct in all material respects as of the Date of Value.

3. As of the date hereof, the information in the Preliminary Official Statement under the captions “INTRODUCTION - Property Ownership and Development Status” (second paragraph only), and “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 1 - Property Ownership in Improvement Area No. 1,” “- The Merchant Builders – *TriPointe Homes IE-SD, Inc.*,” “-- -- *TriPointe Homes Development Plan*,” and “-- -- *TriPointe Homes Financing Plan*,” solely as such information pertains to Developer, its Affiliates (as defined herein), the property owned by Developer and/or its Affiliates in the Improvement Area (the “Property”), Developer’s plans for the development of the Property and Developer’s contractual arrangements with respect thereto and the Developer’s compliance with its undertakings to provide continuing disclosure pursuant to the SEC’s Rule 15c2-12 (but in all cases under all captions excluding therefrom (i) information regarding the Appraisal Report, market value ratios and annual special tax ratios, and (ii) information which is identified as having been provided by a source other than the Developer) is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4. Except as disclosed in the Preliminary Official Statement, Developer has not been adjudicated as bankrupt or discharged from any or all of its debts or obligations or granted an extension of time to pay its debts or a reorganization or readjustment of its debts within the past ten years. Except as disclosed in the Preliminary Official Statement, Developer does not have any proceedings pending (with proper service of process to Developer having been accomplished) or, to the Actual Knowledge of the Undersigned (as defined below), threatened in writing in which Developer may be adjudicated as bankrupt, become the debtor in a bankruptcy proceeding, be discharged from any or all of its debts or obligations, be granted an extension of time to pay its debts or obligations, or be granted a reorganization or readjustment of its debts or obligations.

5. Except as disclosed in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending against the Developer (with proper service of process or proper notice to the Developer having been accomplished), or to the Actual Knowledge of the Undersigned, overtly threatened in writing against the Developer (a) which, if successful, is reasonably likely to materially and adversely affect the Developer’s ability to develop and sell the Property as described in the Preliminary Official Statement, or to pay its Special Taxes or ordinary ad valorem property tax obligations levied on the Property (to the extent the responsibility of the Developer) prior to delinquency, or (b) which challenges or questions the validity or enforceability of the Bonds.



6. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, no other public debt secured by a tax or assessment on the Property is in the process of being authorized and no assessment districts or community facilities districts have been or are in the process of being formed which include any portion of the Property.

7. Except as disclosed in the Preliminary Official Statement, there are no events of monetary default or events which with the passage of time would constitute a monetary default under any loan or similar credit arrangement to which Developer is a party the result of which could reasonably be expected to have a material adverse effect on the Developer's ability to develop and sell the Property as described in the Preliminary Official Statement or to pay its Special Taxes related to the Property prior to delinquency.

8. The Developer has been developing or has been involved in the development of numerous projects over an extended period of time. It is likely that the Developer and some of its Affiliates have been delinquent at one time or another in the payment of ad valorem property taxes, special assessments or special taxes. However, to the Actual Knowledge of the Undersigned, during the last five years, neither the Developer nor any Affiliate (during its period of ownership) has been delinquent to any material extent in the payment of any ad valorem property tax, special assessment or special tax on property in California owned by the Developer or by any such Affiliate (during the period of its ownership) included within the boundaries of a community facilities district or an assessment district that (a) would have caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being filed in a court of law against the delinquent Developer.

9. As used in this Letter of Representations, the term "Actual Knowledge of the Undersigned" means the knowledge that the undersigned currently has as of the date of this Letter of Representations or has obtained through (i) interviews with such current officers and responsible employees of the Developer and its Affiliates (or its members or agents) as the undersigned has reasonably determined are likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations including, if the undersigned is not the chief financial officer of Developer (or, if Developer does not have a chief financial officer, the person who performs the functions usually associated with such officer) the chief financial officer or such person (or such other person who may have been approved by the Underwriter), and (ii) reviews of documents that were reasonably necessary for the undersigned to obtain knowledge of the matters set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer's financial operations, such as those interviews and reviews mentioned above. For purposes of this Letter of Representations, individuals who were employees and officers of the Developer and its subsidiaries prior to the merger have not been consulted or contacted and documents entered into by the Developer and its subsidiaries or related to their properties and projects (other than the Property) have not been reviewed.

10. As used in this Letter of Representations, the term "Affiliate" of Developer means any person directly (or indirectly through one or more intermediaries) that exercises managerial

control over Developer or that is under managerial control of Developer, and about whom information could be material to potential investors in their investment decision regarding the Bonds (including without limitation information relevant to the proposed development of the Property, or to Developer's ability to pay the special taxes levied on the Property prior to delinquency).

11. Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Appendix B hereto.

12. All capitalized terms not otherwise defined herein shall have the meaning set forth in the Bond Purchase Agreement.

[Remainder of page intentionally left blank]

The undersigned has executed this Letter of Representations solely in his or her capacity as an officer or authorized representative of the Developer and he or she will have no personal liability arising from or relating to this Letter of Representations. Any liability arising from or relating to this Letter of Representations may only be asserted against the Developer.

TRIPOINTE HOMES IE-SD, INC., a  
\_\_\_\_\_ corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*Execution Page of Letter of Representation*

## APPENDIX A

**EXHIBIT E**

**§ \_\_\_\_\_  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**CLOSING CERTIFICATE OF FORESTAR TOSCANA DEVELOPMENT COMPANY**

October 28, 2021

Community Facilities District No. 4 (Terramor)  
of Temescal Valley Water District  
Temescal Valley, California 92883

D.A. Davidson & Co.  
3017 Douglas Boulevard, Suite 300  
Roseville, CA 95661

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the “Bonds”) and to the Bond Purchase Agreement, dated October \_\_, 2021 (the “Bond Purchase Agreement”), entered into in connection therewith. This certificate is delivered pursuant to the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations (the “Letter of Representations”), dated \_\_\_\_\_, 2021, delivered by Forestar Toscana Development Company, a Delaware corporation (the “Developer”), which is attached hereto as Exhibit A.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement dated October \_\_, 2021 relating to the Bonds (with such amendments or supplements thereto, the “Official Statement”). To the actual knowledge of the undersigned, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement.

2. To the actual knowledge of the undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 3 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 3 of the Letter of Representations) relating to the Developer, its Affiliates, ownership of the Property, the Developer’s development plan as it relates to the Property, the Developer’s financing plan, the Developer’s lenders, if any, and contractual arrangements of the Developer or any affiliates (“Affiliates”) (including, if material to the

Developer's development plan or the Developer's financing plan, other loans of such Affiliates), which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through twenty-five (25) days after the "End of the Underwriting Period" as defined in the Bond Purchase Agreement (provided the Developer may assume the End of the Underwriting Period is the Closing Date (as defined in the Purchase Agreement), unless it receives written notice from the Underwriter that the End of the Underwriting Period is later than the Closing Date), if any event relating to or affecting the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur as a result of which it is necessary, in the opinion of the Underwriter, the District or counsel to the District, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it was delivered to a purchaser, the Developer shall reasonably cooperate with the District and the Underwriter in the preparation and publication of a supplement or amendment to the Official Statement, in form and substance satisfactory to the Underwriter and the District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

The undersigned has executed this Closing Certificate solely in his or her capacity as an officer of the Developer and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Developer.

FORESTAR TOSCANA DEVELOPMENT  
COMPANY, a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

§ \_\_\_\_\_  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**CLOSING CERTIFICATE OF RICHMOND  
AMERICAN HOMES OF MARYLAND, INC.**

October 28, 2021

Community Facilities District No. 4 (Terramor)  
of Temescal Valley Water District  
Temescal Valley, California 92883

D.A. Davidson & Co.  
3017 Douglas Boulevard, Suite 300  
Roseville, CA 95661

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the “Bonds”) and to the Bond Purchase Agreement, dated October \_\_, 2021 (the “Bond Purchase Agreement”), entered into in connection therewith. This certificate is delivered pursuant to the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations (the “Letter of Representations”), dated \_\_\_\_\_, 2021, delivered by RICHMOND AMERICAN HOMES OF MARYLAND, INC., a Maryland corporation (the “Developer”), which is attached hereto as Exhibit A.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement dated \_\_\_\_\_, 2021 relating to the Bonds (with such amendments or supplements thereto, the “Official Statement”). To the actual knowledge of the Undersigned, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement.

2. To the actual knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 3 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 3 of the Letter of Representations) relating to the Developer, its Affiliates, ownership of the Property, the Developer’s development plan as it relates to the Property, the Developer’s financing plan, the Developer’s lenders, if any, and contractual arrangements of the Developer or any affiliates (“Affiliates”) (including, if material to the Developer’s development plan or the Developer’s financing plan, other loans of such Affiliates),

which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the “End of the Underwriting Period” as defined in the Bond Purchase Agreement (provided the Developer may assume the End of the Underwriting Period is the Closing Date (as defined in the Purchase Agreement), unless it receives written notice from the Underwriter that the End of the Underwriting Period is later than the Closing Date), if any event relating to or affecting the Developer, its Affiliates, ownership of the Property, the Developer’s development plan, the Developer’s financing plan, the Developer’s lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer’s development plan or the Developer’s financing plan, other loans of such Affiliates), as it pertains to the Property, shall occur as a result of which it is necessary, in the opinion of the Underwriter, the District or counsel to the District, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it was delivered to a purchaser, the Developer shall reasonably cooperate with the District and the Underwriter in the preparation and publication of a supplement or amendment to the information described in the sections of the Official Statement referenced in paragraph 3 of the Letter of Representations, in form and substance satisfactory to the Underwriter and the District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

The undersigned has executed this Closing Certificate solely in his or her capacity as an officer of the Developer and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Developer.

RICHMOND AMERICAN HOMES OF  
MARYLAND, INC., a Maryland corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



§ \_\_\_\_\_  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**CLOSING CERTIFICATE OF PULTE HOME COMPANY, LLC**

October 28, 2021

Community Facilities District No. 4 (Terramor)  
of Temescal Valley Water District  
Temescal Valley, California 92883

D.A. Davidson & Co.  
3017 Douglas Boulevard, Suite 300  
Roseville, CA 95661

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the “Bonds”) and to the Bond Purchase Agreement, dated \_\_\_\_\_, 2021 (the “Bond Purchase Agreement”), entered into in connection therewith. This Closing Certificate of Pulte Home Company, LLC (the “Closing Certificate”) is delivered pursuant to the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations of Pulte Home Company, LLC (the “Letter of Representations”), dated \_\_\_\_\_, 2021, delivered by Pulte Home Company, LLC, a Michigan limited liability company (the “Developer”), which is attached hereto as Exhibit A.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement dated \_\_\_\_\_, 2021 relating to the Bonds (with such amendments or supplements thereto, the “Official Statement”). To the actual knowledge of the Undersigned, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement.

2. To the actual knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 3 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 3 of the Letter of Representations) relating to the Developer, its Affiliates, ownership of the Property, the Developer’s development plan as it relates to the Property, the Developer’s financing plan, the Developer’s lenders, if any, and contractual arrangements of the Developer or any affiliates (“Affiliates”) (including, if material to the Developer’s development plan or the Developer’s financing plan, other loans of such Affiliates),

which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the “End of the Underwriting Period” as defined in the Bond Purchase Agreement (provided the Developer may assume the End of the Underwriting Period is the Closing Date (as defined in the Purchase Agreement), unless it receives written notice from the Underwriter that the End of the Underwriting Period is later than the Closing Date), if any event relating to or affecting the Developer, its Affiliates, ownership of the Property, the Developer’s development plan, the Developer’s financing plan, the Developer’s lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer’s development plan or the Developer’s financing plan, other loans of such Affiliates), as it pertains to the Property, shall occur as a result of which it is necessary, in the opinion of the Underwriter, the District or counsel to the District, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it was delivered to a purchaser, the Developer shall reasonably cooperate with the District and the Underwriter in the preparation and publication of a supplement or amendment to the information described in the sections of the Official Statement referenced in paragraph 3 of the Letter of Representations, in form and substance satisfactory to the Underwriter and the District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

The undersigned has executed this Closing Certificate solely in his or her capacity as an officer of the Developer and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Developer.

PULTE HOME COMPANY, LLC, a Michigan  
limited liability company

By: \_\_\_\_\_  
Name:  
Title:

§ \_\_\_\_\_  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**CLOSING CERTIFICATE OF TRIPOINTE HOMES IE-SD, INC.**

October 28, 2021

Community Facilities District No. 4 (Terramor)  
of Temescal Valley Water District  
Temescal Valley, California 92883

D.A. Davidson & Co.  
3017 Douglas Boulevard, Suite 300  
Roseville, CA 95661

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the “Bonds”) and to the Bond Purchase Agreement, dated October \_\_, 2021 (the “Bond Purchase Agreement”), entered into in connection therewith. This certificate is delivered pursuant to the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations (the “Letter of Representations”), dated \_\_\_\_\_, 2021, delivered by TriPointe Homes IE-SD, Inc.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement dated \_\_\_\_\_, 2021 relating to the Bonds (with such amendments or supplements thereto, the “Official Statement”). To the actual knowledge of the Undersigned, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement.

2. To the actual knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 3 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 3 of the Letter of Representations) relating to the Developer, its Affiliates, ownership of the Property, the Developer’s development plan as it relates to the Property, the Developer’s financing plan, the Developer’s lenders, if any, and contractual arrangements of the Developer or any affiliates (“Affiliates”) (including, if material to the Developer’s development plan or the Developer’s financing plan, other loans of such Affiliates), which should be disclosed in the Official Statement for the purposes for which it is to be used in

order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the “End of the Underwriting Period” as defined in the Bond Purchase Agreement (provided the Developer may assume the End of the Underwriting Period is the Closing Date (as defined in the Purchase Agreement), unless it receives written notice from the Underwriter that the End of the Underwriting Period is later than the Closing Date), if any event relating to or affecting the Developer, its Affiliates, ownership of the Property, the Developer’s development plan, the Developer’s financing plan, the Developer’s lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer’s development plan or the Developer’s financing plan, other loans of such Affiliates), as it pertains to the Property, shall occur as a result of which it is necessary, in the opinion of the Underwriter, the District or counsel to the District, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it was delivered to a purchaser, the Developer shall reasonably cooperate with the District and the Underwriter in the preparation and publication of a supplement or amendment to the information described in the sections of the Official Statement referenced in paragraph 3 of the Letter of Representations, in form and substance satisfactory to the Underwriter and the District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

The undersigned has executed this Closing Certificate solely in his or her capacity as an officer of the Developer and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Developer.

TRIPOINTE HOMES IE-SD, INC., a  
\_\_\_\_\_ corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT F**

**§ \_\_\_\_\_  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**CERTIFICATE OF SPECIAL TAX CONSULTANT**

David Taussig & Associates, Inc. (“Special Tax Consultant”), Newport Beach, California was retained as Special Tax Consultant and assisted in the preparation of and has reviewed the Rate and Method of Apportionment Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the “Rate and Method”) set forth in Appendix A to the Official Statement dated \_\_\_\_\_, 2021 (the “Official Statement”) relating to the above-referenced bonds (the “Bonds”) being issued by Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the “District”). Based upon the Special Tax Consultant’s review of the Official Statement and such other documents as it deems relevant in the circumstances, the Special Tax Consultant hereby certifies that the Special Tax, if collected in the maximum amounts permitted under the Rate and Method, will generate as of the Closing Date and at buildout at least 110% of the gross annual debt service on the Bonds, plus the Administrative Expenses Cap, provided that the annual debt service figures on the attached debt service schedule and projected development information provided by each Merchant Builder, which were relied upon by Special Tax Consultant, are substantially true and correct.

Although the Special Tax if collected in the maximum amounts under the Rate and Method will generate at least 110% of the gross annual debt service payable with respect to the Bonds, plus the Administrative Expenses Cap each year, no representation is made herein as to actual amounts that will be collected in future years.

All information with respect to the Rate and Method and all other information sourced to the Special Tax Consultant in the Official Statement is true and correct as of the date of the Official Statement and as of the date hereof, and a true and correct copy of the Rate and Method is attached to the Official Statement as Appendix A.

Dated: October 28, 2021

DAVID TAUSSIG & ASSOCIATES, INC.

By: \_\_\_\_\_

**EXHIBIT G**

**§ \_\_\_\_\_  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**DISTRICT CLOSING CERTIFICATE**

\_\_\_\_\_, the undersigned, hereby certify that I am the \_\_\_\_\_ of the Temescal Valley Water District (the “Water District”), the Board of Directors of which is the legislative body for Community Facilities District No. 4 (Terramor) of Temescal Valley Water District, (the “District”), a community facilities district duly organized and existing under the laws of the State of California (the “State”) and that as such, I am authorized to execute this Certificate on behalf of the District in connection with the issuance of the above-referenced bonds (the “Bonds”).

I hereby further certify on behalf of the District that:

- (A) to my best knowledge, after reasonable inquiry, no litigation is pending with respect to which the District has been served with process or threatened (1) to restrain or enjoin the issuance of any of the Bonds or the collection of Net Taxes pledged under the Indenture; (2) in any way contesting or affecting the authority for the issuance of the Bonds or the validity or enforceability of the Bonds or the District Documents; or (3) in any way contesting the existence or powers of the District;
- (B) the representations and warranties made by the District in the Bond Purchase Agreement dated October \_\_, 2021, between the District and D.A. Davidson & Co. (the “Agreement”) are true and correct in all material respects on the Closing Date, with the same effect as if made on the Closing Date;
- (C) no event affecting the District has occurred since the date of the Official Statement that, as of the Closing Date, would cause any statement or information contained in the Official Statement under the captions “LITIGATION” to be incorrect or incomplete in any material respect or would cause the information contained under such caption in the Official Statement to contain an untrue statement of a material fact or omit to state a material fact necessary in order to make such statements therein, in the light of the circumstances under which they were made, not misleading;
- (D) as of the date hereof, the District Documents are in full force and effect in accordance with their terms and have not been amended, modified or supplemented except in such case as may have been agreed to by the Underwriter; and

(E) the District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied under the District Documents prior to issuance of the Bonds.

Capitalized terms not defined herein shall have the same meaning set forth in the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date herein below set forth.

Dated: October 28, 2021

COMMUNITY FACILITIES DISTRICT NO. 4  
(TERRAMOR) OF TEMESCAL VALLEY  
WATER DISTRICT

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT H**

**§ \_\_\_\_\_  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**CERTIFICATE OF TRUSTEE**

The undersigned hereby states and certifies that the undersigned is an authorized officer of Wilmington Trust Company, National Association, as trustee (the "Trustee") under that certain Bond Indenture, dated as of October 1, 2021 (the "Indenture"), by and between Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the "District") and the Trustee, relating to the above-captioned bonds (the "Bonds") and as such, is familiar with the following facts and is authorized and qualified to certify the following facts on behalf of the Trustee:

- (1) The Trustee is duly organized and existing as a national banking association under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Indenture.
- (2) The Indenture has been duly authorized, executed and delivered by the Trustee and the Bonds have been authenticated by a duly authorized representative of the Trustee in accordance with the Indenture.
- (3) There is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Trustee or threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Indenture or contesting the powers of the Trustee or its authority to enter into and perform its obligation under the Indenture.

Capitalized terms not defined herein have the same meaning as is set forth in the Bond Purchase Agreement relating to the Bonds.

Dated: October 28, 2021

WILMINGTON TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Fiscal Agent

By \_\_\_\_\_  
Authorized Officer



**EXHIBIT I**

**§ \_\_\_\_\_  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**CERTIFICATE OF MUNICIPAL ADVISOR**

The undersigned hereby states and certifies as follows:

- (1) The undersigned is an authorized officer of CSG Advisors, Incorporated, which has acted as municipal advisor (the “Municipal Advisor”) to Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the “District”) in connection with the issuance of the above-referenced bonds (the “Bonds”), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same.
- (2) The Municipal Advisor has participated in the preparation of the Preliminary Official Statement dated \_\_\_\_\_, 2021 and the final Official Statement dated \_\_\_\_\_, 2021 (the “Official Statement”) relating to the Bonds.
- (3) Nothing has come to the attention of the Municipal Advisor which would lead it to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Dated: October 28, 2021

CSG ADVISORS, INCORPORATED.,  
as Municipal Advisor

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT J**

**§ \_\_\_\_\_  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**CERTIFICATE OF APPRAISER**

The undersigned, on behalf of Kitty Siino & Associates, Inc. (the “Appraiser”), was retained by the Temescal Valley Water District as Appraiser in connection with the issuance by Community Facilities District No. 4 (Terramor) of Temescal Valley Water District of the above-captioned bonds and has prepared the Appraisal Report dated as of \_\_\_\_\_, 2021 (the “Appraisal”), and hereby certifies that:

1. No events or occurrences have been ascertained by the Appraiser or have come to the Appraiser’s attention that would materially change the opinions set forth in the Appraisal.

2. The Appraiser consents to the reproduction of the Appraisal as Appendix B to the Preliminary Official Statement dated \_\_\_\_\_, 2021 (the “Preliminary Official Statement”), and the Official Statement dated \_\_\_\_\_, 2021 (the “Official Statement”), and to the references to the Appraiser and the Appraisal made in the Preliminary Official Statement and the Official Statement.

3. The Appraisal attached to the Preliminary Official Statement and the Official Statement is a true and correct copy of such document.

4. The Appraiser has reviewed the Preliminary Official Statement and the Official Statement, and the statements concerning the Appraiser and the Appraisal contained in the Preliminary Official Statement and the Official Statement are true, correct and complete in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Dated: October 28, 2021

KITTY SIINO & ASSOCIATES, INC.

By: \_\_\_\_\_  
Authorized Officer

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

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

**NEW ISSUE—BOOK-ENTRY-ONLY**

**NO RATING**

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

**\$18,200,000\***

**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT  
(IMPROVEMENT AREA NO. 2)  
2021 SPECIAL TAX BONDS**

**Dated: Delivery Date**

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

This Official Statement describes bonds that are being issued by Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the “District”). The Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (Improvement Area No. 2) 2021 Special Tax Bonds (the “Bonds”) are being issued by the District to (a) pay costs of establishing Improvement Area No. 2 of the District; (b) pay the cost and expense of the acquisition and construction of certain public facilities in connection with the development of the District; (c) fund a reserve account securing the Bonds; (d) pay a portion of the interest due on the Bonds through September 1, 2022; and (e) 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 (Section 53311 *et seq.* of the Government Code of the State of California), and pursuant to a resolution adopted by the Board of Directors of the Temescal Valley Water District (the “Water District”), acting as the legislative body of the District and a Bond Indenture, dated as of October 1, 2021 (the “Indenture”), by and between the District and Wilmington Trust, National Association, as trustee (the “Trustee”).

**The Bonds are limited obligations of the District and are payable solely from revenues derived from certain annual Special Taxes (as defined herein) to be levied on and collected from the owners of parcels within Improvement Area No. 2 of the District subject to the Special Taxes and from certain other funds pledged under the Indenture, all as further described herein. The Special Taxes are to be levied according to the rate and method of apportionment approved by the Board of Directors of the Water District and the qualified electors within Improvement Area No. 2 of the District. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes.” The Board of Directors of the Water District 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 principal amounts of \$5,000 and integral multiples thereof and will be in book-entry form only. Purchasers of Bonds will not receive certificates representing their beneficial ownership of the Bonds but will receive credit balances on the books of their respective nominees. Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing March 1, 2022. The Bonds will not be transferable or exchangeable except for transfer to another nominee of DTC or as otherwise described herein. Principal of and interest on the Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See “THE BONDS—General Provisions” and APPENDIX G—“BOOK-ENTRY ONLY SYSTEM” herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE WATER DISTRICT, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE WATER DISTRICT OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES TO BE LEVIED IN IMPROVEMENT AREA NO. 2 OF THE DISTRICT AND CERTAIN OTHER AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.

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

**THE BONDS ARE NOT RATED BY ANY RATING AGENCY, AND INVESTMENT IN THE BONDS INVOLVES SIGNIFICANT RISKS THAT ARE NOT APPROPRIATE FOR CERTAIN INVESTORS. CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED “SPECIAL RISK FACTORS” FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.**

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

MATURITY SCHEDULE  
(See Inside Cover Page)

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, and subject to certain other conditions. Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California is serving as Disclosure Counsel to the District with respect to the Bonds. Certain legal matters will be passed on for the Water District and the District by Clayson, Bainer & Saunders, PLC, Corona, California, and for the Underwriter by its counsel, Best Best & Krieger LLP, Riverside, California. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about October \_\_, 2021.

**[D.A. DAVIDSON LOGO]**

Dated: October \_\_, 2021

\* Preliminary, subject to change.

**\$18,200,000\***  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)**  
**OF TEMESCAL VALLEY WATER DISTRICT**  
**(IMPROVEMENT AREA NO. 2)**  
**2021 SPECIAL TAX BONDS**

**MATURITY SCHEDULE**

**Base CUSIP No.†: 87975C**

**Serial Bonds**

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.†</i>
	\$	%	%		

**Term Bonds**

\$ \_\_\_\_\_ % Term Bonds due September 1, 20 \_\_, Yield: \_\_\_\_\_ % Price: \_\_\_\_\_ CUSIP No. † \_\_\_\_\_

\$ \_\_\_\_\_ % Term Bonds due September 1, 20 \_\_, Yield: \_\_\_\_\_ % Price: \_\_\_\_\_ CUSIP No. † \_\_\_\_\_

\$ \_\_\_\_\_ % Term Bonds due September 1, 20 \_\_, Yield: \_\_\_\_\_ % Price: \_\_\_\_\_ CUSIP No. † \_\_\_\_\_

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\* Preliminary, subject to change.

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**TEMESCAL VALLEY WATER DISTRICT  
COUNTY OF RIVERSIDE**

**BOARD OF DIRECTORS**

**Serving as the Legislative Body of  
Community Facilities District No. 4 (Terramor)  
of Temescal Valley Water District**

C.W. Colladay, President  
Paul Rodriguez, Vice President/Secretary/Treasurer  
John Butler  
David Harich  
Fred Myers

**WATER DISTRICT OFFICIALS**

Jeff Pape, General Manager  
Mel McCullough, Finance Manager

**BOND COUNSEL AND DISCLOSURE COUNSEL**

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

**MUNICIPAL ADVISOR**

CSG Advisors, Incorporated  
San Francisco, California

**SPECIAL TAX CONSULTANT**

DTA, Inc.  
Newport Beach, California

**REAL ESTATE APPRAISER**

Kitty Siino, MAI  
Tustin, California

**MARKET ABSORPTION ANALYST**

Zonda Advisory  
Newport Beach, California

**TRUSTEE**

Wilmington Trust, National Association  
Costa Mesa, California

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

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](http://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 such information is not guaranteed as to accuracy or completeness by the Water District 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 Water District or the District or any other parties described in this Official Statement since the date of this Official Statement. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is made by this Official Statement to such documents on file with the Water District for further information. While the Water District maintains an internet website for various purposes, none of the information on that website is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the Water District. 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 caption “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 2” and “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 2.”

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 WATER DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

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

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

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**[INSERT COLOR REGIONAL MAP HERE]**

**[INSERT COLOR TERRAMOR MAP HERE]**

**\$18,200,000\***  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)**  
**OF TEMESCAL VALLEY WATER DISTRICT**  
**(IMPROVEMENT AREA NO. 2)**  
**2021 SPECIAL TAX BONDS**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page, the table of contents and the appendices (collectively, the “Official Statement”), is to provide certain information concerning the issuance by Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the “District”) of its (Improvement Area No. 2) 2021 Special Tax Bonds (the “Bonds”) in the aggregate principal amount of \$18,200,000\*. The proceeds of the Bonds will be used to (a) pay costs of establishing Improvement Area No. 2 of the District; (b) pay the cost and expense of the acquisition and construction of certain public facilities in connection with the development of the District; (c) fund a reserve account securing the Bonds; (d) pay a portion of the interest due on the Bonds through September 1, 2022; and (e) pay costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and pursuant to a resolution adopted by the Board of Directors of the Temescal Valley Water District (the “Board of Directors”), acting as the legislative body of the District, on September 28, 2021 and a Bond Indenture dated as of October 1, 2021 (the “Indenture”), by and between the District and Wilmington Trust, National Association, as trustee (the “Trustee”).

The Bonds are secured under the Indenture by a pledge of and lien upon Net Taxes (as defined herein) levied on parcels within Improvement Area No. 2 of the District and all moneys in the Special Tax Fund as described in the Indenture. See “SOURCES OF PAYMENT FOR THE BONDS.”

The Bonds are being issued and delivered pursuant to the provisions of the Act and the Indenture. See “THE BONDS—General Provisions” herein.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The 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 E—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—DEFINITIONS” herein.

**The District**

**General.** The District is located in the central part of the Water District’s service area, northeast of Interstate 15 at Temescal Canyon Road and Terramor Drive in unincorporated Riverside County. The District currently consists only of Improvement Area No. 1 and Improvement Area No. 2, though additional improvement areas are expected to be annexed into the District in the future. In the aggregate, these improvement areas will constitute the master planned community of “Terramor.” Terramor is expected to include four developed parks on approximately 22 acres, 540 acres of open space with trails, and two resort-like club houses (which clubhouses are complete), both of which include pools. Such amenities may be accessed by residents within Improvement Area No. 2.

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\* Preliminary, subject to change.

Improvement Area No. 2 is the second phase of Terramor. Forestar Toscana Development Company, a Delaware corporation (the “Developer”) is the master developer of the property in Improvement Area No. 2 of the District. All of the property within Improvement Area No. 2 to be developed into residential units have been sold or are under contract to be sold to the following merchant builders: Richmond American Homes of Maryland, Inc. a Maryland corporation (“Richmond American”), Tri Pointe Homes IE-SD Inc., a California corporation (“Tri Pointe Homes”) and Pulte Home Company, LLC, a Michigan limited liability company (“Pulte”). See “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 2.”

Improvement Area No. 1 was the first phase of Terramor. As of September 1, 2021, of the 598 homes planned in Improvement Area No. 1, 572 had been conveyed to individual homeowners. Special taxes levied in Improvement Area No. 1 are not available to pay debt service on the Bonds.

The District is expected to include additional improvement areas in the future, which are expected to be similarly developed by the Developer. Special taxes collected within those future improvement areas are not pledged nor will they be available to pay debt service on the Bonds.

***Formation Proceedings.*** The District and Improvement Area No. 2 were formed by the Water District pursuant to the Act and the District constitutes a governmental entity separate and apart from the Water District.

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 or improvement area therein and may levy and collect a special tax within such district or improvement area therein to repay such indebtedness.

Pursuant to the Act, on September 27, 2016, the Board of Directors of the Water District adopted a resolution, stating its intention to form the District, and designating Improvement Area No. 1 therein, and to authorize the levy of a special tax on the taxable property within Improvement Area No. 1. Subsequent to a noticed public hearing, the Board of Directors of the Water District adopted resolutions which, among other matters, established the District.

Subsequent to the establishment of the District, pursuant to the Act, on February 26, 2019, the Board of Directors of the Water District adopted a resolution (the “Resolution of Intention”), stating its intention to annex property to the District to be designated as Improvement Area No. 2 of the District, and to authorize the levy of a special tax on the taxable property within Improvement Area No. 2. On February 26, 2019 the Board of Directors of the Water District also adopted a resolution, stating its intention to incur bonded indebtedness in an aggregate principal amount not to exceed \$25,000,000 for the purpose of financing the acquisition, construction, expansion, improvement, or rehabilitation of certain public facilities to serve the area within the District and its neighboring areas. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 2—Description of Authorized Facilities.”

Subsequent to a noticed public hearing, the Board of Directors of the Water District adopted resolutions which designated Improvement Area No. 2 therein, authorized the levy of a special tax within Improvement Area No. 2, determined the necessity to incur bonded indebtedness within Improvement Area No. 2 in an amount not to exceed \$25,000,000, and called an election within Improvement Area No. 2 on the proposition of incurring bonded indebtedness and levying a special tax within Improvement Area No. 2.

On April 23, 2019, an election was held within Improvement Area No. 2 at which the landowners eligible to vote approved the issuance of bonds for the benefit of Improvement Area No. 2 in an amount not to

exceed \$25,000,000. At the same election, the eligible landowners approved a rate and method of apportionment of special tax for Improvement Area No. 2 of the District (the “Rate and Method”). A copy of the Rate and Method is attached hereto as Appendix A.

On January 26, 2021, the Board of Directors, acting as the legislative body of the District, adopted a resolution accepting the unanimous consent and approval of certain landowners to annex property to Improvement Area No. 2. On March 23, 2021, the Board of Directors, acting as the legislative body of the District, called an election within certain property on the proposition of annexing additional property to Improvement Area No. 2. On March 23, 2021, such election was held and certain landowners approved the annexation of such property to Improvement Area No. 2.

### **Property Ownership and Development Status**

The entire Terramor community is planned for 1,443 proposed homes located in a gated community; however, the development within Improvement Area No. 2 is planned for 495 proposed single family homes divided into five neighborhoods. The balance of the property within Improvement Area No. 2 is anticipated to be used for recreational facilities, parks and open space. Of the 495 proposed single family homes, 342 are planned for market-rate units while the remaining 153 are planned for age-qualified units for persons 55 years or older.

The majority of the property planned for residential development in the five residential neighborhoods in Improvement Area No. 2 has been conveyed to merchant builders or individual homeowners: (i) Richmond American is developing the Fieldcrest, Skyview and Olivine neighborhoods which are planned for a total of 342 homes; (ii) Tri Pointe Homes is developing the Altis neighborhood planned for 75 homes; and (iii) Pulte is developing the Irontree neighborhood planned for 78 homes. As of August 1, 2021, the Developer owned 86 lots within Improvement No. 2, which are expected to be included in the Skyview neighborhood and all of which are under contract to be sold to Richmond American with a scheduled closing date in December 2021. No assurance can be given that the conveyance of the 86 lots will occur as expected. See “OWNERSHIP AND DEVELOPMENT IN IMPROVEMENT AREA NO. 2—Property Ownership in Improvement Area No. 2.”

The area included in Improvement Area No. 2 has been graded and the majority of the major infrastructure (sewer, water, storm drains, utilities, and arterial roads) to be installed by the Developer has been substantially completed. As of August 1, 2021, 161 fully completed homes had been conveyed to individual homeowners. As of such date, within Improvement Area No. 2, the Developer and merchant builders owned 12 completed model homes, 90 homes under construction (34 of which were over 95% complete) and 232 finished lots. Additionally, two resort style clubhouses which serve the Terramor community have been completed and are open for use. Such amenities may be accessed by residents within Improvement Area No. 2. Between August 1, 2021 and September 1, 2021, an additional 29 homes within Improvement Area No. 2 were conveyed to individual homeowners. See “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 2” herein.

### **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, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a “plan,” “expect,” “estimate,” “project,” “budget” or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 2,” “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 2” and APPENDIX B—“APPRAISAL REPORT.”

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 DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

### **Sources of Payment for the Bonds**

**General.** The Bonds and any Parity Bonds (which may only be issued for refunding purposes) are limited obligations of the District, and the interest on and principal of and redemption premiums, if any, on the Bonds and any Parity Bonds are payable solely from the Special Taxes to be levied annually against the property in Improvement Area No. 2 of the District, or, to the extent necessary, from the moneys on deposit in the Reserve Account. As described herein, the Special Taxes are collected along with *ad valorem* property taxes on the property tax bills mailed by the Treasurer-Tax Collector of the County of Riverside (the “County”). Although the Special Taxes constitute a lien on the property subject to taxation in Improvement Area No. 2, they do not constitute a personal indebtedness of the owners of such property. There is no assurance that such owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if they are financially able to do so.

**Limited Obligations.** Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds and any Parity Bonds. The Bonds and any Parity Bonds are not general or special obligations of the Water District nor general obligations of the District, but are special obligations of the District payable solely from Special Taxes collected in Improvement Area No. 2 and amounts held under the Indenture as more fully described herein.

**Special Tax.** As used in this Official Statement, the term “Special Tax” is that tax which has been authorized pursuant to the Act to be levied against certain land within Improvement Area No. 2 of the District pursuant to the Act and in accordance with the Rate and Method. See “SOURCES OF PAYMENT FOR THE BONDS—Special Taxes” and APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” Under the Indenture, the District will pledge to repay the Bonds and any Parity Bonds from the Special Tax revenues remaining after the payment of certain annual Administrative Expenses of the District up to the Administrative Expenses Cap (the “Net Taxes”) and from amounts on deposit in the Special Tax Fund established under the Indenture.

The Special Taxes are the primary security for the repayment of the Bonds and any Parity 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 and any Parity Bonds are amounts held by the Trustee in the Special Tax Fund, including amounts held in the Reserve Account therein. See “SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund.”

Special Taxes within Improvement Area No. 2 were levied for the first time in Fiscal Year 2020-21.

**Foreclosure Proceeds.** The District will covenant for the benefit of the owners of the Bonds and Parity Bonds that it (i) will commence judicial foreclosure proceedings against parcels with aggregate delinquent Special Taxes (including prior years) in excess of \$5,000 or more as of the October 1 following the close of each Fiscal Year in which such Special Taxes were due, (ii) will commence judicial foreclosure proceedings against parcels owned by any single owner with delinquent Special Taxes in the aggregate amount (including prior years) of \$5,000 or more, (iii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes regardless of delinquent amount by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special

Tax levied and the amount on deposit in the Reserve Account is less than the Reserve Requirement, and (iv) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Account is at least equal to the Reserve Requirement. The District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the Water District for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the Special Tax Fund.

The District covenants that it will deposit any Gross Taxes received in connection with a foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

The District does not participate in the County's Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"); accordingly, the collection of Special Taxes are subject to delinquency. See "SOURCES OF PAYMENT FOR THE BONDS—No Teeter Plan."

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE WATER DISTRICT, 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 TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE WATER DISTRICT OR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES AND CERTAIN AMOUNTS HELD UNDER THE BOND INDENTURE AS MORE FULLY DESCRIBED HEREIN.**

*Parity Bonds and Liens.* Under the terms of the Indenture, the District may issue additional bonds secured by the Net Taxes on a parity with the Bonds ("Parity Bonds") if certain conditions are met; provided, however, that Parity Bonds may only be issued for the purpose of refunding the Bonds or other Parity Bonds. See "SOURCES OF PAYMENT FOR THE BONDS—Issuance of Parity Bonds." Parity Bonds may be issued by means of a supplemental indenture and without any requirement for the consent of any Bond owners. See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—DEFEASANCE AND PARITY BONDS." Other taxes and/or special assessments with liens equal in priority to the continuing lien of the Special Taxes have been levied and may also be levied in the future on the property within Improvement Area No. 2 which could adversely affect the willingness of the landowners to pay the Special Taxes when due. See "SPECIAL RISK FACTORS—Parity Taxes and Special Assessments" herein.

## **Appraisal Report**

An MAI appraisal of the land and existing improvements within Improvement Area No. 2 (the "Appraisal Report") was prepared by Kitty Siino, MAI, Tustin, California (the "Appraiser"). The Appraisal Report has a date of value of August 1, 2021. See APPENDIX B—"APPRAISAL REPORT." The Appraisal Report provides an estimate of the minimum market value of the property in Improvement Area No. 2 of the District, assuming development of the property as currently planned. As currently planned, development in Improvement Area No. 2 of the District will consist of 495 residential units. As of August 1, 2021, the Appraiser estimates that the minimum market value of all of the taxable parcels within Improvement Area No. 2 of the District subject to the Special Tax was \$170,342,514.

The Appraisal Report is based upon a variety of assumptions and limiting conditions that are described in Appendix B. None of the Water District, the District nor the Underwriter makes any representations as to the accuracy of the Appraisal Report. See "THE COMMUNITY FACILITIES

DISTRICT AND IMPROVEMENT AREA NO. 2—Appraisal Report” and “—Appraised Value-to-Lien Ratios.” There is no assurance that 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 property owner. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 2,” “SPECIAL RISK FACTORS—Land Values” and APPENDIX B—“APPRAISAL REPORT” herein.

### **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 the denominations of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. In the event that the book-entry-only system described herein is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Indenture. See APPENDIX G—“BOOK-ENTRY ONLY SYSTEM.”

Principal of, premium, if any, and interest on the Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Bonds, the Beneficial Owners will become the registered owners of the Bonds and will be paid principal and interest by the Trustee, all as described in the Indenture. See APPENDIX E—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—GENERAL AUTHORIZATION AND BOND TERMS—Transfers Outside Book-Entry System” herein.

The Bonds are subject to redemption as described herein. See “THE BONDS—Redemption.” For a more complete description of the Bonds and the basic documentation pursuant to which they are being sold and delivered, see “THE BONDS” and APPENDIX E—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE” herein.

### **Professionals Involved in the Offering**

Wilmington Trust, National Association, Costa Mesa, California, will act as Trustee under the Indenture. D.A. Davidson Companies will serve as the underwriter (the “Underwriter”) of the Bonds. Certain proceedings in connection with the issuance and delivery of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel and Disclosure Counsel to the District in connection with the issuance of the Bonds. Certain legal matters will be passed on for the District and the Water District by Clayson, Bainer & Saunders, PLC, Corona, California, for the Underwriter by Best Best & Krieger LLP, Riverside, California, as counsel to the Underwriter, and for the Trustee by its counsel. Other professional services have been performed by Kitty Siino, MAI, Tustin, California, as the Appraiser, Zonda Advisory, Newport Beach, California, as Market Absorption Analyst, CSG Advisors, Incorporated, San Francisco, California, as Municipal Advisor to the Water District and the District, and DTA, Inc., Newport Beach, California, as Special Tax Consultant.

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds, see “FINANCIAL INTERESTS” herein.

### **Continuing Disclosure**

The District has agreed to provide, or cause to be provided, pursuant to Rule 15c2-12 adopted by the Securities and Exchange Commission (the “Rule”) certain financial information and operating data on an



annual basis (the “District Reports”). The District has further agreed to provide, in a timely manner, notice of certain events with respect to the Bonds (the “Listed Events”). These covenants have been made in order to assist the Underwriter in complying with the Rule. The District Reports will be filed with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”) available on the internet at <http://emma.msrb.org>. Notices of Listed Events will also be filed with the MSRB on EMMA. The Water District will assist the District in preparing the District Reports. Within the last five years, the Water District and certain related entities have failed to comply in certain respects with prior continuing disclosure undertakings. See “CONTINUING DISCLOSURE.”

See “CONTINUING DISCLOSURE” herein and Appendix F hereto for a description of the specific nature of the District Reports to be filed by the District and notices of Listed Events and a copy of the continuing disclosure undertaking pursuant to which the District Reports are to be made.

### **Bond Owners’ Risks**

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

### **Other Information**

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

Brief descriptions of the Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bonds and the constitution and laws of the State as well as the proceedings of the Board, 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 Indenture. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

Copies of the Indenture and other documents and information are available for inspection and (upon request and payment to the District of a charge for copying, mailing and handling) for delivery from the Water District at 22646 Temescal Canyon Road, Temescal Valley, California 92883.

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## ESTIMATED SOURCES AND USES OF FUNDS

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

<b>Sources of Funds:</b>	
Principal Amount of Bonds	\$
Plus Net Original Issue Premium	
Total Sources	\$
<b>Uses of Funds:</b>	
Acquisition and Construction Fund <sup>(1)</sup>	\$
Costs of Issuance <sup>(2)</sup>	
Interest Account of Special Tax Fund <sup>(3)</sup>	
Reserve Account	
Total Uses	\$

<sup>(1)</sup> Acquisition and Construction Fund includes the Project Facilities Account.

<sup>(2)</sup> Includes Underwriter’s Discount, Bond Counsel fees, Disclosure Counsel Fees, Special Tax Consultant fees, Municipal Advisor fees, Trustee fees, printing costs and other issuance costs.

<sup>(3)</sup> Used to pay a portion of the interest due on the Bonds through September 1, 2022.

Source: The Underwriter.

## THE BONDS

### General Provisions

The Bonds will be dated as of their date of delivery and will bear interest at the rates per annum set forth on the inside cover page hereof, payable semiannually on each March 1 and September 1, commencing on March 1, 2022 (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.

Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Interest on any Bond will be payable from the Interest Payment Date next preceding the date of authentication of that Bond, unless (i) such date of authentication is an Interest Payment Date, in which event interest will be payable from such date of authentication; (ii) the date of authentication is after a Record Date but prior to the immediately succeeding Interest Payment Date, in which event interest will be payable from the Interest Payment Date immediately succeeding the date of authentication; or (iii) the date of authentication is prior to the close of business on the first Record Date, in which event interest will be payable from the date of the Bonds; provided, however, that if at the time of authentication of a Bond, interest is in default, interest on that Bond will be payable from the last Interest Payment Date to which the interest has been paid or made available for payment.

As used herein, Record Date means the fifteenth day of the month preceding any Interest Payment Date occurs, regardless of whether such day is a Business Day.

Interest on any Bond will be paid to the person whose name appears in the Bond Register as the Owner of such Bond as of the close of business on the Record Date. Such interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, to the Bondowner at its address on the Bond Register. In addition, with respect to any Bonds owned by the District and upon a request in writing received by the Trustee on or before the applicable Record Date from an Owner of \$1,000,000 or more in principal amount of the Bonds, payment will be made by wire transfer in immediately available funds to an account designated by such Owner.

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 Trustee in Costa Mesa, California.

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple thereof. So long as DTC is the securities depository all payments of principal and interest on the Bonds will be made to DTC and will be paid to the Beneficial Owners in accordance with DTC’s procedures and the procedures of DTC’s Participants. See APPENDIX G—“BOOK-ENTRY-ONLY SYSTEM.”

**Debt Service Schedule**

The following table presents the annual debt service on the Bonds (including sinking fund redemption), assuming there are no optional or extraordinary redemptions. See “SOURCES OF PAYMENT FOR THE BONDS” and “THE BONDS—Redemption.”

<i>Date</i> <i>(September 1)</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
	\$	\$ (1)	\$
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>

<sup>(1)</sup> To be paid in part from capitalized interest.  
Source: The Underwriter.

## Redemption

**Optional Redemption.** The Bonds may be redeemed, at the option of the District from any source of funds, other than Prepayments, on any date on or after September 1, 20\_\_, in whole, or in part by lot, at the following redemption prices, expressed as percentages of the principal amount of the Bonds to be redeemed, together with accrued interest to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and any date thereafter	100

In the event the District elects to redeem Bonds as provided above, the District shall give written notice to the Trustee of its election to so redeem, the redemption date and the principal amount of the Bonds of each maturity to be redeemed. The notice to the Trustee shall be given at least 45 but no more than 60 days prior to the redemption date, or by such later date as is acceptable to the Trustee, in its sole discretion.

**Extraordinary Redemption from Special Tax Prepayments.** The Bonds are subject to extraordinary redemption as a whole or in part, on any Interest Payment Date, and shall be redeemed by the Trustee, from Prepayments deposited to the Redemption Account plus amounts transferred from the Reserve Account pursuant to the Indenture, at the following redemption prices, expressed as a percentage of the principal amount to be redeemed, together with accrued interest to the redemption date:

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

Prepayments and amounts released from the Reserve Account in connection with Prepayments will be allocated to the redemption of the Bonds and Parity Bonds as nearly as practicable on a proportionate basis based on the outstanding principal amount of the Bonds and Parity Bonds and shall be applied to redeem Bonds and Parity Bonds as nearly as practicable on a pro rata basis among series and maturities in increments of \$5,000; provided, however, that, for Prepayments of less than \$50,000, the District may specify in a Certificate of an Authorized Representative that Prepayments be applied to one or more maturities of the Bonds or Parity Bonds so long as there is delivered to the Trustee a Certificate of the Special Tax Consultant that, following such redemption from Prepayments, the maximum Special Taxes that may be levied in each Fiscal Year on Developed Property is not less than 110% of Maximum Annual Debt Service net of the Administrative Expenses Cap.

See the caption “SPECIAL RISK FACTORS—Potential Early Redemption of Bonds from Prepayments or Community Facilities District Bond Proceeds” for a discussion of the potential for a lower than expected yield on the Bonds as a result of a special mandatory redemption from prepayment of Special Taxes or from bond proceeds of other community facilities districts.

**Mandatory Sinking Fund Redemption.** The Term Bonds maturing on September 1, 20\_\_ (the “20\_\_ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20\_\_ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for

each redeemed 20\_\_ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

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

***Sinking Fund Payments***

\$

(maturity)

The Term Bonds maturing on September 1, 20\_\_ (the “20\_\_ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20\_\_ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 20\_\_ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

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

***Sinking Fund Payments***

\$

(maturity)

The Term Bonds maturing on September 1, 20\_\_ (the “20\_\_ Term Bonds”) shall be called before maturity and redeemed, from the Sinking Fund Payments that have been deposited into the Principal Account, on September 1, 20\_\_, and on each September 1 thereafter prior to maturity, in accordance with the schedule of Sinking Fund Payments set forth below. The 20\_\_ Term Bonds so called for redemption shall be selected by the Trustee by lot and shall be redeemed at a redemption price for each redeemed 20\_\_ Term Bond equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, as follows:

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

***Sinking Fund Payments***

\$

(maturity)

In the event of a partial optional redemption or extraordinary redemption of 20\_\_ Term Bonds, 20\_\_ Term Bonds or 20\_\_ Term Bonds, each of the remaining Sinking Fund Payments for such Term Bonds will be reduced, as nearly as practicable, on a pro rata basis, in integral multiples of \$5,000, as directed by an Authorized Representative of the District.

***Selection of Bonds for Redemption.*** If less than all of 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 an integral multiple thereof. So long as the Bonds are registered in the name of the Nominee, such Bonds or any portion thereof shall be selected by the Depository in accordance with its operating procedures.

**Notice of Redemption.** So long as the Bonds are held in book-entry form, the Beneficial Owners will not be mailed any notice of redemption by the Trustee. It is the responsibility of DTC Participants to provide such notice. See APPENDIX G—“BOOK-ENTRY ONLY SYSTEM.” The Trustee is obligated to provide at least 30 days but not more than 45 days prior to the date of redemption, notice of intended redemption, by first-class mail, postage prepaid, to the respective registered owners of the Bonds at the addresses appearing on the Bond registration books; provided, however, so long as the Bonds and Parity Bonds are registered in the name of the Nominee, such notice shall be given in such manner as complies with the requirements of the Depository. The notice of redemption must: (i) specify the CUSIP numbers (if any), the bond numbers and the maturity date or dates of the Bonds selected for redemption, except that where all of the Bonds are subject to redemption, or all the Bonds or Parity Bonds of one maturity are to be redeemed, the bond numbers of such issue need not be specified; (ii) state the date fixed for redemption and surrender of the Bonds to be redeemed; (iii) state the redemption price; (iv) state the place or places where the Bonds are to be redeemed; (v) in the case of Bonds to be redeemed only in part, state the portion of such Bond which is to be redeemed; (vi) state the date of issue of the Bonds as originally issued; (vii) state the rate of interest borne by each Bond being redeemed; and (viii) state any other descriptive information needed to identify accurately the Bonds being redeemed as shall be specified by the Trustee. Such notice must further state that on the date fixed for redemption, there will become due and payable on each Bond or portion thereof called for redemption, the principal thereof, together with any premium, and interest accrued to the redemption date, and that from and after such date, interest thereon will cease to accrue and be payable.

So long as notice of redemption has been provided as set forth in the Indenture, the actual receipt by the owner of any Bond of notice of such redemption is not a condition precedent to redemption, and neither the failure to receive such notice nor any defect therein will affect the validity of the proceedings for redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Any redemption notice for an optional redemption of the Bonds delivered in accordance with the Indenture may be conditional, and, if any condition stated in the redemption notice has not been satisfied on or prior to the redemption date: (i) the redemption notice will be of no force and effect, (ii) the District will not be required to redeem such Bonds, (iii) the redemption will not be made, and (iv) the Trustee will within a reasonable time thereafter give notice to the persons to whom such conditional redemption notice was given in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

**Effect of Redemption.** When notice of redemption has been given, and when the amount necessary for redemption has been made available for that purpose and is available therefor on the date fixed for such redemption, the Bonds designated for redemption will become due and payable on the date fixed for redemption upon presentation and surrender of the Bonds at the place specified in the notice of redemption. Bonds or portions thereof so designated for redemption will be deemed to be no longer Outstanding and such Bonds, or portions thereof, will cease to bear further interest. As of the date fixed for redemption no Owner of any of the Bonds or portions thereof so designated for redemption will be entitled to any of the benefits of the Indenture, or to any other rights, except with respect to payment of the redemption price and interest accrued to the redemption date from the amounts so made available.

**Purchase in lieu of Redemption.** The Bonds may be purchased by the District in lieu or partially in lieu of redemption of Bonds. See APPENDIX E—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—CREATION OF FUNDS AND APPLICATION OF NET TAXES—Redemption Account of the Special Tax Fund.”

## **Registration, Transfer and Exchange**

**Registration.** The Trustee 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 Trustee.

**Transfer or Exchange.** Whenever any Bond is surrendered for registration of transfer or exchange, the Trustee 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 Trustee will not be required to register transfers or make exchanges of (i) Bonds for a period of 15 days next preceding the date of any selection of the Bonds to be redeemed, or (ii) any Bonds chosen for redemption.

## **SOURCES OF PAYMENT FOR THE BONDS**

### **Limited Obligations**

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

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 Trustee in the Special Tax Fund, including amounts held in the Reserve Account therein, for the exclusive benefit of the owners of the Bonds, and foreclosure proceeds resulting from the sale of delinquent parcels if and when available.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT, THE WATER DISTRICT, THE COUNTY OF RIVERSIDE, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE NET TAXES, NO OTHER REVENUES OR TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE WATER DISTRICT OR GENERAL OBLIGATIONS OF THE DISTRICT BUT ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET TAXES TO BE LEVIED IN IMPROVEMENT AREA NO. 2 AND CERTAIN OTHER AMOUNTS HELD UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

### **Special Taxes**

**Authorization and Pledge.** In accordance with the provisions of the Act, the Water District established the District, and designated Improvement Area No. 2 therein, on April 23, 2019 for the purpose of financing the various public improvements required in connection with the proposed development within the District. On April 23, 2019, an election was held within Improvement Area No. 2 of the District at which the landowners eligible to vote approved the issuance of bonds for Improvement Area No. 2 of the District in an amount not to exceed \$25,000,000, secured by special taxes levied on property within Improvement Area No. 2 of the District to finance the Facilities (as defined herein). The landowners within Improvement Area No. 2 of the District also voted to approve the Rate and Method which authorized the Special Tax to be levied to repay indebtedness issued for the benefit of Improvement Area No. 2 of the District, including the Bonds. Subsequent to the establishment of Improvement Area No. 2, the District undertook proceedings to annex additional property to Improvement Area No. 2. Such annexed property is subject to the Special Tax levy.

The District will covenant in the Indenture that, subject to Act, 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, to maintain the Reserve Account at the Reserve Requirement and to pay the estimated Administrative Expenses.

The “Special Taxes” are the special taxes authorized to be levied and collected by the District in accordance with the Rate and Method and the Act. The Special Taxes are collected in the manner and at the same time as *ad valorem* property taxes are collected and are subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.”

The “Net Taxes” pledged by the District to the Bonds (and any Parity Bonds) is defined in the Indenture as the “Gross Taxes” minus amounts permitted to be set aside prior to the payment of the principal of and interest on the Bonds and Parity Bonds in order to pay Administrative Expenses up to the Administrative Expenses Cap. The Administrative Expenses Cap shall be \$45,000 per year (plus Extraordinary Administrative Expenses in the event there are any Extraordinary Administrative Expenses).

“Gross Taxes” is defined in the Indenture as the amount of all Special Taxes received by the District from the Treasurer, together with all payments made with respect to tax-defaulted parcels (including all delinquent and redemption penalties, fees and costs) and the proceeds collected from the sale of property pursuant to the foreclosure provisions of the Indenture.

Except for Prepayments which shall be deposited to the Redemption Account the Trustee will, on each date on which the Special Taxes are received from the District, deposit the Special Taxes in the Special Tax Fund. The Trustee will transfer the Special Taxes on deposit in the Special Tax Fund on the dates and in the amounts set forth in the Indenture, in the following order of priority, to:

- (1) The Administrative Expense Fund an amount up to the Administrative Expenses Cap (plus Extraordinary Administrative Expenses in the event there are any Extraordinary Administrative Expenses);
- (2) The Interest Account of the Special Tax Fund;
- (3) The Principal Account of the Special Tax Fund;
- (4) The Redemption Account of the Special Tax Fund;
- (5) The Reserve Account of the Special Tax Fund;
- (6) The Rebate Fund; and
- (7) The Surplus Fund.

See APPENDIX E—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE.”

The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. Special Taxes within Improvement Area No. 2 were levied for the first time in Fiscal Year 2020-21. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” hereto. 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 the caption “*Limitation on Special Tax Levy and Potential Impact on Coverage*” below and “SPECIAL RISK FACTORS—Insufficiency of Special Taxes” herein.

***Rate and Method of Apportionment of Special Tax.*** The District is legally authorized and has covenanted to cause the levy of the Special Taxes in an amount determined according to a methodology, *i.e.*, the Rate and Method which the Board and the electors within Improvement Area No. 2 have approved. The Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in Improvement Area No. 2 as more particularly described below.

The following is a synopsis of the provisions of the Rate and Method for Improvement Area No. 2, which should be read in conjunction with the complete text of the Rate and Method which is attached as APPENDIX A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” Unless otherwise defined herein, the meaning of the defined terms used in this section are as set forth in APPENDIX A. This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX A.



The Special Tax was first levied in Fiscal Year 2020-21. The Special Taxes are only expected to be levied in an amount needed to pay the debt service due on the Bonds, plus estimated annual Administrative Expenses. No assurances can be made that Special Taxes will be collected in an amount required to make the debt service payments on the Bonds. See “SPECIAL RISK FACTORS — Special Tax Delinquencies” and “— Insufficiency of Special Taxes.”

The following is a summary of the salient provisions of the Rate and Method, as applicable to Improvement Area No. 2.

*Classification of Parcels.* For each Fiscal Year all Assessor’s Parcels within Improvement Area No. 2 shall be classified by Zone and as Developed Property, Approved Property, Other Taxable Property or Undeveloped Property and shall be subject to the levy of Special Taxes in accordance with the Rate and Method.

Parcels of Developed Property in the District shall be assigned to the appropriate Land Use Class, as listed in the tables below.

*Maximum Special Tax Rates.*

*Developed Property.* The Maximum Special Tax for each Assessor’s Parcel of Developed Property within a particular Zone shall be the greater of (i) the amount derived by application of the Assigned Special Tax, or (ii) the amount derived by application of the Backup Special Tax. The Assigned Special Tax for each Land Use Class within each Zone is shown in the following tables.

**Assigned Special Tax Rates for Developed Property  
Zone A (Market Rate Units)**

<i>Land Use Category</i>	<i>Description</i>	<i>Residential Floor Space</i>	<i>Assigned Special Tax Rates</i>
1	Residential Property	> 3,101 s.f.	\$3,478 per unit
2	Residential Property	2,901 – 3,101 s.f.	\$3,377 per unit
3	Residential Property	2,601 – 2,900 s.f.	\$3,278 per unit
4	Residential Property	2,301 – 2,600 s.f.	\$3,183 per unit
5	Residential Property	2,151 – 2,300 s.f.	\$3,094 per unit
6	Residential Property	2,001 – 2,150 s.f.	\$2,977 per unit
7	Residential Property	1,851 – 2,000 s.f.	\$2,888 per unit
8	Residential Property	< 1,850 s.f.	\$2,799 per unit
9	Non-Residential Property	NA	\$29,446 per Acre

**Assigned Special Tax Rates for Developed Property  
Zone B (Age-Qualified Units)**

<i>Land Use Category</i>	<i>Description</i>	<i>Residential Floor Space</i>	<i>Assigned Special Tax Rates</i>
1	Residential Property	> 2,599 s.f.	\$2,921 per unit
2	Residential Property	2,300 – 2,599 s.f.	\$2,703 per unit
3	Residential Property	1,900 – 2,299 s.f.	\$2,502 per unit
4	Residential Property	1,601 – 1,899 s.f.	\$2,115 per unit
5	Residential Property	1,301 – 1,600 s.f.	\$1,888 per unit
6	Residential Property	1,101 – 1,300 s.f.	\$1,875 per unit
7	Residential Property	< 1,101 s.f.	\$1,819 per unit
8	Non-Residential Property	NA	\$18,804 per Acre

*Backup Special Tax.*

The Backup Special Tax for Developed Property shall be \$29,446 per Acre in Zone A and \$18,804 per Acre in Zone B.

*Approved Property, Other Taxable Property and Undeveloped Property.* The Maximum Special Tax for each Assessor's Parcel of Approved Property, Other Taxable Property, or Undeveloped Property shall be \$29,446 per Acre in Zone A and \$18,804 per Acre in Zone B.

*No Reduction of Assigned Special Tax Rates.* Pursuant to Section J of the Rate and Method, prior to the issuance of the Bonds, if the Total Effective Tax Rate for any Plan Type in a Land Use Class is greater than 2.00% for property in Zone A or 1.75% for property in Zone B, then the Assigned Special Tax rate for such Land Use Class shall be reduced such that the Total Effective Tax Rate shall be less than 2.00% or 1.75%, as applicable. Based on the estimated property taxes and assessments levied against the parcels within Improvement Area No. 2 and the price points set forth in the Market Absorption Study (as defined below), none of the Assigned Special Tax rates will be reduced in accordance with Section J of the Rate And Method.

*Reduction of Backup Special Tax.* Pursuant to Section J of the Rate and Method, if the Assigned Special Tax for any Land Use Class in a Zone is reduced, then the Backup Special Tax for all property within such Zone shall also be reduced. Because none of the Assigned Special Tax rates were reduced in accordance with Section J of the Rate and Method, none of the Backup Special Tax rates will be reduced.

*Method of Apportionment and Levy of the Special Tax.* For each Fiscal Year, the District shall determine the Special Tax Requirement and shall levy the Special Tax as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax Rate to satisfy the Special Tax Requirement.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax for Approved Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property.

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax to be levied on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined by application of the Backup Special Tax, shall be increased in equal percentages from the applicable Assigned Special Tax Rate up to 100% of the Maximum Special Tax for each such Assessor's Parcel.

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Other Taxable Property at up to 100% of the Maximum Special Tax for Other Taxable Property.

Notwithstanding the above, pursuant to Section 53321(d) of the Act, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor's Parcel for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner or owners of any other Assessor Parcel(s) within Improvement Area No. 2 by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

*Exemptions.* The District shall not levy Special Taxes on: (i) Property Owner Association Property or Public Property in Zones A and B provided that an Assessor’s Parcel shall not be exempt and shall be classified as Taxable Property Owner Association Property and Taxable Public Property if exempting such property would reduce the sum of all Taxable Property to less than the minimum taxable Acreage amounts shown in the table below and (ii) any Parcels for which the obligation to pay the Special Tax has been prepaid in full pursuant to the Rate and Method.

<i>Zone</i>	<i>Minimum Taxable Acreage</i>
A	20.08 Acres
B	36.31 Acres

*Term of Special Tax.* The Special Tax shall be levied for the period necessary to fully satisfy the Special Tax Requirement, but in no event shall it be levied after Fiscal Year 2058-59.

*Prepayment of Annual Special Taxes.* The Special Tax obligation for an Assessor’s Parcel may be prepaid, either in full or in part, in accordance with formulas set forth in the Rate and Method. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX—Section H.” Also see “THE BONDS—Redemption—*Extraordinary Redemption from Special Tax Prepayments*” and “SPECIAL RISK FACTORS—Potential Early Redemption of Bonds from Prepayments or Community Facilities District Bond Proceeds.”

*Estimated Debt Service Coverage.* Pursuant to the Rate and Method, and subject to the Maximum Special Taxes prescribed therein and permitted by the Act, the District will only levy Special Taxes in an amount sufficient to achieve the Special Tax Requirement. The Bonds have been sized so that the Assigned Special Taxes on Developed Property that may be levied in each Fiscal Year produce an amount equal to at least 110% of the debt service due on the Bonds in such Fiscal Year plus Administrative Expenses of \$45,000.

*Limitation on Special Tax Levy and Potential Impact on Coverage.* Pursuant to Section 53321(d) of the Act, the special tax levied against any Assessor’s parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Assessor’s parcel within Improvement Area No. 2 by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the tax levy to the Assigned Special Tax in all years. However, subject to the limitations on the District’s ability to levy the necessary amount of Special Taxes as imposed by Section 53321(d) of the Government Code, the District can levy Special Taxes on Approved Property and Undeveloped Property to make-up all or a portion of any shortfall in the Special Tax levy.

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

The County assesses and collects secured and unsecured property taxes for the cities, school districts, and special districts within the County, including the Special Taxes for Improvement Area No. 2 of the District. The delinquency dates for property tax payments are December 10 for the first installment and April 10 for the second installment. Once the property taxes are collected, the County conducts its internal reconciliation for accounting purposes and distributes the Water District’s share of such taxes (including the Special Taxes) to the Water District, periodically and typically pursuant to a published schedule. Prior to distribution, the moneys are deposited in an account established on behalf of the District in the Riverside County Investment Pool (the “Pool”) which is invested by the County Treasurer. If the County or the Pool were at any time to become subject to bankruptcy proceedings, it is possible that the Water District’s property taxes held in the Pool (including the Special Taxes), if any, could be temporarily unavailable to the County.

Special Taxes within Improvement Area No. 2 were levied for the first time in Fiscal Year 2020-21. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 2—Special Tax History.”

The District will make certain covenants in the Indenture 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 District’s ability to collect sufficient Special Taxes to pay debt service on the Bonds and Administrative Expenses when due. First, the District will covenant that, to the extent it is legally permitted to do so, it will not reduce the maximum Special Tax rates and will oppose the reduction of maximum Special Tax rates by initiative where such reduction would reduce the maximum Special Taxes below current levels unless, in connection therewith, (i) the District receives a certificate from one or more Independent Financial Consultants which, when taken together, certify that, among other things, on the basis of the parcels of land and improvements existing in Improvement Area No. 2 of the District as of the July 1 preceding the reduction, the maximum amount of the Special Tax which may be levied on then existing Developed Property (as defined in the Rate and Method then in effect in Improvement Area No. 2) in each Bond Year for any Bonds and Parity Bonds Outstanding will equal at least the sum of the estimated Administrative Expenses and 110% of gross debt service in each Bond Year on all Bonds and Parity Bonds to remain Outstanding after the reduction is approved, (ii) the District finds that any reduction made under such conditions will not adversely affect the interests of the Owners of the Bonds and Parity Bonds, and (iii) the District is not delinquent in the payment of the principal of or interest on the Bonds or any Parity Bonds. For purposes of estimating Administrative Expenses for the foregoing calculation, the Independent Financial Consultant shall assume Administrative Expenses equal to the Administrative Expenses Cap (\$45,000 per year).

Second, the District will covenant not to permit the tender of Bonds or Parity Bonds in payment of any Special Taxes unless the District shall have first received a certificate from an Independent Financial Consultant that the acceptance of such a tender will not result in the District having insufficient Special Tax revenues to pay the principal of and interest on the Bonds and Parity Bonds when due. See APPENDIX E—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE.”

Although the Special Taxes constitute liens on taxed parcels within Improvement Area No. 2, they do not constitute a personal indebtedness of the owners of property within Improvement Area No. 2 of the District. In addition to the obligation to pay Special Taxes, properties in Improvement Area No. 2 of the District are subject to other assessments and special taxes as set forth under Table 3 herein. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 2—Direct and Overlapping Indebtedness.” These other special taxes and assessments are co-equal to the lien for the Special Taxes. Moreover, other liens for taxes and assessments could come into existence in the future in certain situations without the consent or knowledge of the Water District or the landowners in Improvement Area No. 2 of the District. See “SPECIAL RISK FACTORS—Parity Taxes and Special Assessments” herein. 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 “SPECIAL RISK FACTORS.”

***Proceeds of Foreclosure Sales.*** The proceeds of delinquent Special Taxes received following a judicial foreclosure sale of parcels within Improvement Area No. 2 of the District resulting from a landowner’s failure to pay the Special Taxes when due, up to the amount of the delinquent Special Tax lien, are included within the Special Tax revenues pledged to the payment of principal and interest on the Bonds under the Indenture.

Pursuant to Section 53356.1 of the Act, in the event of any delinquency in the payment of any Special Tax or receipt by the District of Special Taxes in an amount which is less than the Special Tax levied, the Board of Directors of the Water District, as the legislative body of the District, may order that Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at a judicial foreclosure sale. Under the Act, the

commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the District will covenant for the benefit of the Owners of the Bonds that it (i) will commence judicial foreclosure proceedings against parcels with aggregate delinquent Special Taxes (including prior years) in excess of \$5,000 or more as of the October 1 following the close of each Fiscal Year in which such Special Taxes were due, (ii) will commence judicial foreclosure proceedings against parcels owned by any single owner with delinquent Special Taxes in the aggregate amount (including prior years) of \$5,000 or more, (iii) will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes regardless of delinquent amount by the October 1 following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied and the amount on deposit in the Reserve Account is less than the Reserve Requirement, and (iv) will diligently pursue such foreclosure proceedings until the delinquent Special Taxes are paid; provided that, notwithstanding the foregoing, the District may elect to defer foreclosure proceedings on any parcel so long as the amount in the Reserve Account is at least equal to the Reserve Requirement. The District may, but shall not be obligated to, advance funds from any source of legally available funds in order to maintain the Reserve Account. The District may treat any delinquent Special Tax sold to an independent third-party or to any funds of the Water District for at least 100% of the delinquent amount as having been paid. Proceeds of any such sale up to 100% of the delinquent amount will be deposited in the Special Tax Fund.

The District covenants that it will deposit any Gross Taxes received in connection with a foreclosure in the Special Tax Fund and will apply such proceeds remaining after the payment of Administrative Expenses to make current payments of principal and interest on the Bonds and any Parity Bonds, to bring the amount on deposit in the Reserve Account up to the Reserve Requirement and to pay any delinquent installments of principal or interest due on the Bonds and any Parity Bonds.

See APPENDIX E—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY” herein.

If foreclosure is necessary and other funds (including amounts in the Reserve Account) 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 Water District and the District. See “SPECIAL RISK FACTORS—Bankruptcy and Foreclosure” herein. Moreover, no assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale will be sold or, if sold, that the proceeds of such sale will be sufficient to pay any delinquent Special Tax installment. See “SPECIAL RISK FACTORS—Land Values” herein. Although the Act authorizes the District to cause such an action to be commenced and diligently pursued to completion, the Act does not impose on the District or the Water District 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 District may not draw on the County Tax Loss Reserve Fund in the event of delinquencies in Special Tax payments within Improvement Area No. 2.

## **Reserve Account of the Special Tax Fund**

In order to secure further the payment of principal of and interest on the Bonds, the District is required, upon delivery of the Bonds, to deposit in the Reserve Account an amount equal to the Reserve Requirement and thereafter to maintain in the Reserve Account an amount equal to the Reserve Requirement. The Indenture provides that the amount to be maintained in the Reserve Account as the Reserve Requirement shall, as of any date of calculation, equal the lesser of (i) 10% of the initial principal amount of the Bonds and any Parity Bonds; (ii) the Maximum Annual Debt Service on the then Outstanding Bonds and any Parity Bonds; or (iii) one hundred twenty-five percent (125%) of average annual debt service on the then Outstanding Bonds and any Parity Bonds. As of the date of issuance of the Bonds the Reserve Requirement will be fully funded from a portion of the proceeds of the Bonds in the amount of \$ \_\_\_\_\_ (the "Initial Reserve Requirement"). In no event shall the Reserve Requirement exceed the Initial Reserve Requirement.

Subject to the limits on the maximum annual Special Tax which may be levied within Improvement Area No. 2 of the District in accordance with the Rate and Method set forth in Appendix A, the District 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 Account at the Reserve Requirement. Amounts in the Reserve Account are to be applied to (i) pay debt service on the Bonds and any Parity Bonds, to the extent other moneys in the Interest Account and the Principal Account are insufficient therefor; (ii) make any required transfer to the Rebate Fund pursuant to the Indenture; (iii) redeem the Bonds and any Parity Bonds in whole or in part; and (iv) pay the principal and interest due in the final year of maturity of a series of the Bonds and any Parity Bonds. See APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—CREATION OF FUNDS AND APPLICATION OF REVENUES AND NET TAXES—Reserve Account of the Special Tax Fund" herein.

## **Surplus Fund**

After the transfer of Administrative Expenses to the Administrative Expense Fund, the payment of principal of and interest on the Bonds when due, transfers to the Redemption Account to pay principal and premium, if any, on Bonds called for redemption, transfers to replenish the Reserve Account to the Reserve Requirement and any required transfers to the Rebate Fund, as soon as practicable after each September 1, and in any event prior to each September 15, the Trustee will transfer all remaining amounts in the Special Tax Fund to the Surplus Fund, other than amounts in the Special Tax Fund which (i) the District has included as being available in the Special Tax Fund in calculating the amount of the levy of Special Taxes for such Fiscal Year pursuant to the Indenture or (ii) amounts to be transferred to the Acquisition and Construction Fund because such amounts were included in the levy of Special Taxes for the previous Fiscal Year to pay for the acquisition or construction of the Project. Moneys deposited in the Surplus Fund may be applied to pay the principal of, including Sinking Fund Payments, premium, if any, and interest on the Bonds and any Parity Bonds when due in the event that moneys in the Special Tax Fund and the Reserve Account of the Special Tax Fund are insufficient therefor, to replenish the Reserve Account to the Reserve Requirement, to pay Administrative Expenses to the extent that the amounts transferred to the Water District are insufficient to pay Administrative Expenses, to pay Project Costs, or for any other lawful purpose of the District.

The amounts in the Surplus Fund are not pledged to the repayment of the Bonds or any Parity Bonds and may be used by the District for any lawful purpose.

## **Issuance of Parity Bonds**

The District may at any time after the issuance and delivery of the Bonds issue Parity Bonds payable from the Net Taxes collected within Improvement Area No. 2 and other amounts deposited in the Special Tax Fund and secured by a lien and charge upon such amounts equal to the lien and charge securing the Outstanding Bonds and any other Parity Bonds theretofore issued under the Indenture or under any Supplemental Indenture; provided, however, that Parity Bonds may only be issued for the purpose of refunding

all or a portion of the Bonds or any Parity Bonds then Outstanding. Parity Bonds which may only be issued to effect a partial refunding may be issued if the Annual Debt Service on the Bonds and Parity Bonds to remain Outstanding following the issuance of the Parity Bonds proposed to be issued is less than the Annual Debt Service on the Bonds and Parity Bonds Outstanding prior to the issuance of such Parity Bonds in each Bond Year.

See APPENDIX E—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—DEFEASANCE AND PARITY BONDS—Conditions for the Issuance of Parity Bonds and Other Additional Indebtedness.”

## **THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 2**

### **General Description of the District**

The District is located in the central part of the Water District’s service area, northeast of Interstate 15 at Temescal Canyon Road and Terramor Drive in unincorporated Riverside County. The District currently consists only of Improvement Area No. 1 and Improvement Area No. 2, though additional improvement areas are expected to be annexed into the District in the future. In the aggregate, these improvement areas will constitute the master planned community of “Terramor.” Terramor is expected to include four developed parks on approximately 22 acres, 540 acres of open space with trails, and two resort-like club houses (construction of which are complete), both of which include pools.

### **Status of Development in Improvement Area No. 2**

The property within Improvement Area No. 2, which encompasses approximately 150 gross acres and approximately 63 taxable acres subject to payment of the Special Tax, is proposed to contain 495 single-family residential units at completion of the development located within a gated community. Of the 495 proposed single family homes, 342 are planned for market-rate units while the remaining 153 are planned for age-qualified units for persons 55 years or older. The age-qualified projects within Improvement Area No. 2 are being developed by Tri Pointe Homes and Pulte.

As of August 1, 2021, 161 fully completed homes had been conveyed to individual homeowners. As of such date, within Improvement Area No. 2, the Developer and merchant builders owned 12 completed model homes, 90 homes under construction (34 of which were over 95% complete) and 232 finished lots. Additionally, two resort style clubhouses which serve the Terramor community have been completed and are open for use. Between August 1, 2021 and September 1, 2021, an additional 29 homes within Improvement Area No. 2 were conveyed to individual homeowners. See “OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 2 – Property Ownership in Improvement Area No. 2.”

The status of ownership and the associated appraised values within Improvement Area No. 2 as of August 1, 2021 are set forth in Table 1 below.

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**TABLE 1  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)  
OWNERSHIP STATUS AS OF AUGUST 1, 2021**

<u>Planning Area 6 (Fieldcrest) (Market Rate)</u>	<u>Appraised Value</u>
Richmond American (8 homes over 95% complete)	\$ 4,137,589
Richmond American (5 homes under construction)	1,175,000
Individual Owners (80 homes)	<u>52,003,000</u>
Subtotal Planning Area 6	\$ 57,315,589
<u>Planning Area 7 (Altis) (Age-Qualified)</u>	
Tri Pointe Homes (3 model homes)	\$ 1,433,672
Tri Pointe Homes (72 lots (certain homes under construction))	<u>12,507,815</u>
Subtotal Planning Area 7	\$ 13,941,487
<u>Planning Area 8 (Skyview) (Market Rate)</u>	
Richmond American (5 model homes)	\$ 2,292,400
Richmond American (71 lots (certain homes under construction))	10,225,490
Forestar (86 Lots)	<u>11,385,805</u>
Subtotal Planning Area 8	\$ 23,903,695
<u>Planning Area 9 (Olivine) (Market Rate)</u>	
Richmond American (1 model home and 9 homes under construction)	\$ 5,324,604
Richmond American (11 lots (homes under construction))	2,640,000
Individual Owners (66 homes)	<u>41,142,700</u>
Subtotal Planning Area 9	\$ 49,107,304
<u>Planning Area 10 (Irontree) (Age-Qualified)</u>	
Pulte (3 model homes and 17 homes under construction)	\$ 8,945,937
Pulte (43 lots (certain homes under construction))	8,505,512
Individual Owners (15 homes)	<u>8,622,990</u>
Subtotal Planning Area 10	\$ 26,074,439
<b>Aggregate Total for CFD No. 4 Improvement Area 2</b>	<u><b>\$ 170,342,514</b></u>

Source: The Appraisal Report.

### **Description of Authorized Facilities**

Facilities are authorized to be constructed and acquired (the “Facilities”) by the District, the County and the Riverside County Flood Control and Water Conservation District (the “Water Conservation District”). The construction and acquisition of Facilities to be owned by the District, the County and the Water Conservation District are governed by the terms of an Acquisition/Financing Agreement by and among the Water District, the District and the Developer, and a Joint Community Facilities Agreement by and among the Water District, the County, the Water Conservation District and the Developer. In general, the Facilities consist of: (1) water and wastewater facilities of the District, including the acquisition of capacity in the wastewater system and water system of the Water District and the construction of a wastewater treatment plant, (2) certain roadways and roadway improvements and related infrastructure and improvements to be owned by the County, and (3) storm and sewer drains and related infrastructure and improvements to be owned by the Water Conservation District. The estimated cost of the Facilities that may be financed, in part, with proceeds of the Bonds, based on the current estimated cost of the Facilities, is set forth in Table 2 below. However, the actual cost of the Facilities will depend on various factors, including product mix and the timing



of construction within the undeveloped portion of Improvement Area No. 2 of the District, and such costs could be significantly higher. Notwithstanding the foregoing, any costs in excess of available Bond proceeds are expected to be paid for by the Developer.

**TABLE 2  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)  
FACILITIES ELIGIBLE TO BE FINANCED  
WITH BOND PROCEEDS**

<i>Facility Description</i>	<i>Estimated Amount<sup>(1)</sup></i>
County Facilities	\$ 6,379,108
Water Conservation District Facilities	4,927,671
Water District Facilities	<u>14,322,258</u>
<b>Total Facilities</b>	<b><u>\$ 25,629,038</u></b>

<sup>(1)</sup> Rounded to the nearest million dollars. Represents costs of Facilities expected to be financed from Bond proceeds, based on the current estimated costs. Amounts in excess of available Bond proceeds to finance the Facilities are funded from the Developer’s own sources.

Source: The Developer.

**Direct and Overlapping Indebtedness**

The ability of an owner of land within Improvement Area No. 2 to pay the Special Taxes could be affected by the existence of other taxes and assessments imposed upon the property. These other taxes and assessments consist of the direct and overlapping debt in Improvement Area No. 2 as set forth in Table 3 below (the “Debt Report”). The Debt Report sets forth those entities which have issued debt and does not include entities which have not issued debt and only levy or assess fees, charges, *ad valorem* taxes or special taxes. See Tables 8A through 8E for information regarding other entities levying taxes, assessments or other charges on property in Improvement Area No. 2. The Debt Report includes the principal amount of the Bonds. The Debt Report has been derived from data assembled and reported to the District by DTA, Inc. as of September 2, 2021, updated to include the principal amount of the Bonds. None of the Water District, the District or the Underwriter has independently verified the information in the Debt Report and such entities do not guarantee its completeness or accuracy. The allocation of total debt outstanding will change as additional development occurs.

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**TABLE 3  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)  
DIRECT AND OVERLAPPING DEBT**

<i>Overlapping District</i>	<i>Fiscal Year 2020-21 Total Levy</i>	<i>Amount of Levy on Parcels in IA No. 2<sup>(1)</sup></i>	<i>Percent of Levy on Parcels in IA No. 2<sup>(1)</sup></i>	<i>Total Debt Outstanding<sup>(2)</sup></i>	<i>IA No. 2 Share of Total Debt Outstanding</i>
Metropolitan Water District G.O. Bonds	\$164,714,077	\$ 3,269	0.0020%	\$ 26,830,000	\$ 532
Riverside City Community College District G.O. Bonds	17,897,984	13,730	0.0767	300,457,166	230,486
Corona-Norco Unified School District G.O. Bonds	40,682,039	92,597	0.2276	495,649,992	<u>1,128,160</u>
				Estimated Share of Overlapping Debt Allocable to Improvement Area No. 2	\$ 1,359,179
				CFD No. 4, IA No. 2 Series 2021 Bonds	\$ 18,200,000*
				Estimated Share of Direct and Overlapping Debt Allocable to the Improvement Area No. 2	\$ 19,559,179

\* Preliminary, subject to change.

(1) General obligation debt shown is allocated based on the assessed value within Improvement Area No. 2 as a percentage of the total assessed valuation within the respective taxing overlapping district; increases in the assessed value of the parcels within Improvement Area No. 2 will likely result in increases to such parcels' share of the total overlapping levy.

(2) As of September 2, 2021.

Source: DTA, Inc.

### Market Absorption Study

In order to determine the projected absorption of the planned residential property within Improvement Area No. 2, the Water District engaged Zonda Advisory (the "Market Absorption Analyst") to perform a comprehensive analysis of the product mix characteristics as well as the economic factors that are expected to influence the absorption of the planned products within Improvement Area No. 2. The Market Absorption Analyst delivered its Market Absorption Study titled "Terramor CFD Update - Phase 2, Temescal Valley, Corona, CA August 2021" (the "Market Absorption Study"). A copy of the Market Absorption Study is included as APPENDIX H—"MARKET ABSORPTION STUDY" to this Official Statement.

### Appraisal Report

The estimated assessed value of the property within Improvement Area No. 2, as shown on the County's assessment roll for Fiscal Year 2020-21, is approximately \$93,806,212. However, 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 Water District engaged Kitty Siino, MAI, 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 Water District and has no material relationships with the Water District, the District, 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 Water District instructed the Appraiser to prepare its analysis and report in conformity with 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 aggregate market value of the "as is" condition of the property within Improvement Area No. 2 subject to the Special Taxes. 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 include all of the costs necessary to bring the subject properties to a finished lot condition. Subject to the contingencies, assumptions and limiting conditions set forth in the Appraisal Report, the Appraiser concluded that, as of August 1, 2021 the minimum market value of the taxable parcels within Improvement Area No. 2 was

\$170,342,514. Table 4 below shows the market value of the various parcels owned by individual homeowners, the Developer and each of the merchant builders as set forth in the Appraisal Report based on ownership as of August 1, 2021.

**TABLE 4  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)  
SUMMARY OF APPRAISED VALUES**

<i>Property Owner</i>	<i>No. of Units/Lots</i>	<i>Minimum Market Value<sup>(1)</sup></i>
Individual Homeowners	161	\$ 101,768,690
Forestar	86	11,385,805
Richmond American	110	25,795,083
Tri Pointe Homes	75	13,941,487
Pulte	<u>63</u>	<u>17,451,449</u>
<b>TOTAL</b>	<b><u>495</u></b>	<b><u>\$ 170,342,514</u></b>

<sup>(1)</sup> Total represents a rounded amount of the appraised values of each owner's property.  
Source: The Appraisal Report.

In estimating the market value, the Appraiser utilized a direct sales comparison approach and a discounted cash flow analysis along with a mass appraisal technique for the builder-owned existing homes. The values of the lots owned by the Developer and the merchant builders were adjusted for any costs to complete such lots. To arrive at the absorption schedule for the proposed residential developments within Improvement Area No. 2, the Appraiser considered in the analysis the absorption set forth in the Market Absorption Study.

Reference is made to Appendix B for a complete list of the assumptions and limiting conditions and a full discussion of the appraisal methodology and the basis for the Appraiser's opinions. In the event that any of the contingencies, assumptions and limiting conditions are not actually realized, the value of the property within Improvement Area No. 2 may be less than the amount reported in the Appraisal Report. In any case, there can be no assurance that any portion of the property within Improvement Area No. 2 would actually sell for the amount indicated by the Appraisal Report.

The Appraisal Report merely indicates the Appraiser's opinion as to the minimum market value of the property 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 dates of the Appraisal Report. 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.

It is a condition precedent to the issuance of the Bonds that the Appraiser deliver to the District a certification to the effect that, while the Appraiser has not updated the Appraisal Report, and has not undertaken any obligation to do so, nothing has come to the attention of the Appraiser subsequent to the date of the Appraisal Report that would cause the Appraiser to believe that the value of the property in Improvement Area No. 2 is less than the value reported in the Appraisal Report. However, the Appraiser notes that acts and events may have occurred since the date of the Appraisal Report which could result in both positive and negative effects on market value within Improvement Area No. 2.

**Appraised Value-To-Lien Ratios**

Tables 5 and 6 below incorporate the values assigned to parcels in the Appraisal Report, the estimated principal amount of direct and overlapping debt allocable to each category of parcels and the appraised value-

to-lien ratios for various categories of parcels based upon property values, land classification and property ownership in Improvement Area No. 2 as of August 1, 2021. Table 5 shows the actual Special Tax levy enrolled for Fiscal Year 2021-22 based on development status as of March 1, 2021 and ownership status as of August 1, 2021. Table 6 shows the estimated Special Tax levy for Fiscal Year 2022-23, based on ownership and development status as of August 1, 2021 (and assuming no further development or transfers of property).

Tables 5 and 6 calculate the appraised value-to-lien ratios based upon the principal amount of the Bonds and other overlapping general obligation debt described in Table 3. The appraised value-to-lien ratio of the Taxable Property as of August 1, 2021, based on land use classification as of August 1, 2021, and including the Bonds and other overlapping general obligation debt in such calculation, is 8.71-to-1\*. In the District Reports provided pursuant to the District Continuing Disclosure Certificate, a table in the form of Tables 5 and 6 will not be updated based on appraised value, but similar information will be provided based on current assessed values within Improvement Area No. 2.

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\* Preliminary, subject to change.

**TABLE 5**  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)**  
**OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)**  
**SUMMARY OF ESTIMATED APPRAISED VALUE-TO-LIEN RATIOS FOR FISCAL YEAR 2021-22**

<i>Property Classification / Planning Area / Owner<sup>(1)(2)</sup></i>	<i>Number of Units/Lots</i>	<i>Actual Fiscal Year 2021-22 Special Tax Levy<sup>(1)</sup></i>	<i>Percentage of Fiscal Year 2021-22 Special Tax Levy<sup>(1)</sup></i>	<i>TVWD CFD No. 4, IA No. 2 Outstanding Bond Amount<sup>(3)</sup></i>	<i>MWD GO Outstanding Bond Amount<sup>(4)</sup></i>	<i>RCCD GO Outstanding Bond Amount<sup>(4)</sup></i>	<i>CNUSD GO Outstanding Bond Amount<sup>(4)</sup></i>	<i>Total Direct and Overlapping Debt<sup>*</sup></i>	<i>Appraised Value<sup>(5)</sup></i>	<i>Appraised Value-to-Lien Ratio<sup>(6)*</sup></i>
<b>Developed Property</b>										
<u>Planning Area 6 (Fieldcrest)</u>										
Individual Owners	80	\$ 267,190	37.90%	\$ 6,898,444	\$ 210	\$ 90,809	\$ 444,485	\$ 7,433,948	\$ 52,003,000	7.00 to 1
Richmond American	4	13,409	1.90	346,200	4	1,523	7,452	355,179	2,068,795	5.82 to 1
<u>Planning Area 8 (Skyview)</u>										
Richmond American	5	10,895	1.55	281,293	1	498	2,437	284,228	2,292,400	8.07 to 1
<u>Planning Area 9 (Olivine)</u>										
Individual Owners	66	210,216	29.82	5,427,461	140	60,811	297,649	5,786,061	41,142,700	7.11 to 1
Richmond American (Completed-Unsold)	10	31,848	4.52	822,267	11	4,587	22,451	849,316	5,324,604	6.24 to 1
Richmond American (Under Construction)	4	12,738	1.81	328,876	3	1,488	7,282	337,650	960,000	2.84 to 1
<u>Planning Area 10 (Irontree)</u>										
Individual Owners	15	31,725	4.50	819,092	14	6,263	30,653	856,022	8,622,990	10.07 to 1
Pulte (Completed-Unsold)	17	35,955	5.10	928,304	14	5,915	28,952	963,184	7,604,046	7.89 to 1
Pulte (Under Construction/Finished Lots)	43	90,945	12.90	2,348,063	17	7,541	36,911	2,392,532	8,505,512	3.56 to 1
Subtotal - Developed Property	244	\$ 704,921	100.00%	\$ 18,200,000	\$ 415	\$ 179,434	\$ 878,273	\$ 19,258,121	\$ 128,524,047	6.67 to 1
<b>Approved Property<sup>(7)</sup></b>										
<u>Planning Area 6 (Fieldcrest)</u>										
Richmond American	9	\$ 0	0.00%	\$ 0	\$ 8	\$ 3,494	\$ 17,103	\$ 20,605	\$ 3,243,795	157.43 to 1
<u>Planning Area 7 (Altis)</u>										
TriPointe Homes	75	0	0.00	0	73	31,640	154,871	186,584	13,941,487	74.72 to 1
<u>Planning Area 8 (Skyview)</u>										
Richmond American	71	0	0.00	0	16	7,069	34,599	41,684	10,225,490	245.31 to 1
<u>Planning Area 9 (Olivine)</u>										
Richmond American	7	0	0.00	0	6	2,604	12,747	15,358	1,680,000	109.39 to 1
<u>Planning Area 10 (Irontree)</u>										
Pulte	3	0	0.00	0	1	425	2,082	2,508	1,341,891	535.04 to 1
Subtotal - Approved Property	165	\$ 0	0.00%	\$ 0	\$ 105	\$ 45,233	\$ 221,401	\$ 266,739	\$ 30,432,663	114.09 to 1
<b>Undeveloped Property<sup>(7)</sup></b>										
<u>Planning Area 8 (Skyview)</u>										
Developer <sup>(8)</sup>	86	\$ 0	0.00%	\$ 0	\$ 13	\$ 5,820	\$ 28,486	\$ 34,319	\$ 11,385,805	331.76 to 1
Subtotal - Undeveloped Property	86	\$ 0	0.00%	\$ 0	\$ 13	\$ 5,820	\$ 28,486	\$ 34,319	\$ 11,385,805	331.76 to 1
<b>Total</b>	<b>495</b>	<b>\$ 704,921</b>	<b>100.00%</b>	<b>\$ 18,200,000</b>	<b>\$ 532</b>	<b>\$ 230,486</b>	<b>\$ 1,128,160</b>	<b>\$ 19,559,179</b>	<b>\$ 170,342,514</b>	<b>8.71 to 1</b>

\* Preliminary, subject to change.

(1) Based on building permits issued as of March 1, 2021, levied at 100% of the Assigned Special Tax rates for Developed Property.

(2) Ownership status based on Appraisal Report with a date of value of August 1, 2021. Since August 1, 2021, the merchant builders have obtained additional building permits and have closed additional homes to individual homeowners. See "OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 2—The Merchant Builders" for a description of the development and ownership status within Improvement Area No. 2 as of September 1, 2021.

(3) Allocated based on the Fiscal Year 2021-22 Special Tax levy.

(4) As of September 2, 2021. Overlapping debt allocated based on Fiscal Year 2021-22 levy.

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- <sup>(5)</sup> Value based on Appraisal Report with a date of value of August 1, 2021.
- <sup>(6)</sup> Calculated by dividing Appraised Value column by the Total Direct and Overlapping Debt column.
- <sup>(7)</sup> Approved Property is property for which a Final Map was recorded as of January 1, 2021, but a building permit was not issued as of March 1, 2021. Final Map means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates individual lots or parcels for which building permits may be issued without further subdivision, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels. Undeveloped Property is property not classified as Developed or Approved Property.
- <sup>(8)</sup> The Developer has entered into a contract to sell the remaining 86 lots that it owns in Improvement Area No. 2 to Richmond American. Such sale is currently scheduled to close in December 2021. No assurance can be given that the conveyance of the 86 lots will occur as expected.

Source: DTA, Inc.

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**TABLE 6**  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)**  
**OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)**  
**SUMMARY OF ESTIMATED APPRAISED VALUE-TO-LIEN RATIOS FOR FISCAL YEAR 2022-23**

<i>Property Classification / Planning Area / Owner<sup>(1)(2)</sup></i>	<i>Number of Units/Lots</i>	<i>Projected Fiscal Year 2022-23 Special Tax Levy<sup>(1)(3)</sup></i>	<i>Percentage of Fiscal Year 2022-23 Special Tax Levy<sup>(1)(3)*</sup></i>	<i>TVWD CFD No. 4, IA No. 2 Outstanding Bond Amount<sup>(9)*</sup></i>	<i>MWD GO Outstanding Bond Amount<sup>(5)</sup></i>	<i>RCCD GO Outstanding Bond Amount<sup>(5)</sup></i>	<i>CNUSD GO Outstanding Bond Amount<sup>(6)</sup></i>	<i>Total Direct and Overlapping Debt<sup>*</sup></i>	<i>Appraised Value<sup>(6)</sup></i>	<i>Appraised Value-to-Lien Ratio<sup>(7)*</sup></i>
<b>Developed Property</b>										
<b>Planning Area 6 (Fieldcrest)</b>										
Individual Owners	80	\$ 267,190	30.76%	\$ 5,599,145	\$ 210	\$ 90,809	\$ 444,485	\$ 6,134,650	\$ 52,003,000	8.48 to 1
Richmond American (Completed-Unsold)	8	26,719	3.08	559,915	7	3,075	15,054	578,051	4,137,589	7.16 to 1
Richmond American (Under Construction)	5	16,885	1.94	353,836	4	1,941	9,502	365,284	1,175,000	3.22 to 1
<b>Planning Area 7 (Altis)</b>										
TriPointe Homes (Completed-Unsold)	3	7,707	0.89	161,505	3	1,318	6,453	169,279	1,433,672	8.47 to 1
TriPointe Homes (Under Construction/Finished Lots)	17	42,534	4.90	891,328	17	7,470	36,566	935,382	2,953,234	3.16 to 1
<b>Planning Area 8 (Skyview)</b>										
Richmond American (Completed-Unsold)	5	10,895	1.25	228,312	1	498	2,437	231,247	2,292,400	9.91 to 1
Richmond American (Under Construction/Finished Lots)	12	25,179	2.90	527,643	3	1,195	5,848	534,688	1,728,252	3.23 to 1
<b>Planning Area 9 (Olivine)</b>										
Individual Owners	66	210,216	24.20	4,405,217	140	60,811	297,649	4,763,817	41,142,700	8.64 to 1
Richmond American (Completed-Unsold)	10	31,848	3.67	667,396	11	4,587	22,451	694,445	5,324,604	7.67 to 1
Richmond American (Under Construction)	11	35,031	4.03	734,098	9	4,092	20,030	758,229	2,640,000	3.48 to 1
<b>Planning Area 10 (Irontree)</b>										
Individual Owners	15	31,725	3.65	664,819	14	6,263	30,653	701,749	8,622,990	12.29 to 1
Pulte (Completed-Unsold)	20	42,300	4.87	886,425	15	6,340	31,033	923,813	8,945,937	9.68 to 1
Pulte (Under Construction/Finished Lots)	43	90,945	10.47	1,905,813	17	7,541	36,911	1,950,283	8,505,512	4.36 to 1
Subtotal - Developed Property	295	\$ 839,174	96.62%	\$ 17,585,453	\$ 453	\$ 195,941	\$ 959,071	\$ 18,740,917	\$ 140,904,890	7.52 to 1
<b>Approved Property<sup>(8)</sup></b>										
<b>Planning Area 7 (Altis)</b>										
TriPointe Homes	55	\$ 14,759	1.70%	\$ 309,284	\$ 53	\$ 22,852	\$ 111,852	\$ 444,040	\$ 9,554,581	21.52 to 1
<b>Planning Area 8 (Skyview)</b>										
Richmond American	59	14,567	1.68	305,263	14	5,874	28,751	339,902	8,497,238	25.00 to 1
Subtotal - Approved Property	114	\$ 29,326	3.38%	\$ 614,547	\$ 66	\$ 28,726	\$ 140,603	\$ 783,943	\$ 18,051,819	23.03 to 1
<b>Undeveloped Property<sup>(8)</sup></b>										
<b>Planning Area 8 (Skyview)</b>										
Forestar <sup>(9)</sup>	86	\$ 0	0.00%	\$ 0	\$ 13	\$ 5,820	\$ 28,486	\$ 34,319	\$ 11,385,805	331.76 to 1
Subtotal - Undeveloped Property	86	\$ 0	0.00%	\$ 0	\$ 13	\$ 5,820	\$ 28,486	\$ 34,319	\$ 11,385,805	331.76 to 1
<b>Total</b>	<b>495</b>	<b>\$ 868,500</b>	<b>100.00%</b>	<b>\$ 18,200,000</b>	<b>\$ 532</b>	<b>\$ 230,486</b>	<b>\$ 1,128,160</b>	<b>\$ 19,559,179</b>	<b>\$ 170,342,514</b>	<b>8.71 to 1</b>

\* Preliminary, subject to change.

(1) Estimated based on building permits issued as of August 1, 2021, levied at 100% of the Assigned Special Tax rates for Developed Property. Actual Fiscal Year 2022-23 levy will reflect building permits issued as of March 1, 2022.

(2) Ownership and construction status based on Appraisal Report with a date of value of August 1, 2021. Since August 1, 2021, the merchant builders have obtained additional building permits and have closed additional homes to individual homeowners. See "OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 2—The Merchant Builders" for a description of the development and ownership status within Improvement Area No. 2 as of September 1, 2021.

(3) The projected Special Tax levy for Fiscal Year 2022-23 will be levied in an amount sufficient to pay debt service due on the Bonds in Fiscal Year 2022-23 plus \$45,000 in annual Administrative Expenses.

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- (4) Allocated based on estimated Fiscal Year 2022-23 Special Tax Levy.
  - (5) As of September 2, 2021. Overlapping debt allocated based on Fiscal Year 2021-22 levy.
  - (6) Value based on Appraisal Report with a date of value of August 1, 2021.
  - (7) Calculated by dividing Appraised Value column by the Total Direct and Overlapping Debt column.
  - (8) Approved Property is property for which a Final Map was recorded but a building permit was not issued as of August 1, 2021. Final Map means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates individual lots or parcels for which building permits may be issued without further subdivision, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels. Undeveloped Property is property not classified as Developed or Approved Property as of August 1, 2021. Once a Final Map is recorded, such Undeveloped Property will be reclassified as Approved Property.
  - (9) The Developer has entered into a contract to sell the remaining 86 lots that it owns in Improvement Area No. 2 to Richmond American. Such sale is currently scheduled to close in December 2021. No assurance can be given that the conveyance of the 86 lots will occur as expected.
- Source: DTA, Inc.

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## Special Tax Rates

Special Taxes are levied annually in accordance with the Rate and Method. See APPENDIX A—“RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” Table 7A below sets forth the Assigned Special Tax rates and levy for Fiscal Year 2021-22. Table 7B shows the Assigned Special Tax rates and estimated levy for Fiscal Year 2022-23, based on development status as of August 1, 2021. Assuming no further development beyond August 1, 2021, the District will levy Special Taxes on Approved Property in Fiscal Year 2022-23 and in each fiscal year thereafter until Special Tax revenues from Developed Property are sufficient to pay debt service on the Bonds and Administrative Expenses. The Assigned Special Tax rates do not escalate.

**TABLE 7A  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)  
PROJECTED SPECIAL TAXES FOR FISCAL YEAR 2021-22**

<i>Zone / Land Use Class</i>	<i>Land Use</i>	<i>Assigned Special Tax<sup>(1)</sup></i>	<i>Fiscal Year 2021-22 Number of Units/Acres</i>	<i>Actual Fiscal Year 2021-22 Special Tax Levy<sup>(2)</sup></i>	<i>Fiscal Year 2021-22 Total Levy<sup>(2)</sup></i>
<b>Zone A</b>					
1	Residential Property (> 3,101 SF)	\$3,478 per Unit	0	\$0 per Unit <sup>(3)</sup>	\$ 0
2	Residential Property (2,901 - 3,101 SF)	\$3,377 per Unit	53	\$3,377 per Unit	178,981
3	Residential Property (2,601 - 2,900 SF)	\$3,278 per Unit	58	\$3,278 per Unit	190,124
4	Residential Property (2,301 - 2,600 SF)	\$3,183 per Unit	26	\$3,183 per Unit	82,758
5	Residential Property (2,151 - 2,300 SF)	\$3,094 per Unit	27	\$3,094 per Unit	83,538
6	Residential Property (2,001 - 2,150 SF)	\$2,977 per Unit	0	\$0 per Unit <sup>(3)</sup>	0
7	Residential Property (1,851 - 2,000 SF)	\$2,888 per Unit	0	\$0 per Unit <sup>(3)</sup>	0
8	Residential Property (< 1,851 SF)	\$2,799 per Unit	0	\$0 per Unit <sup>(3)</sup>	0
9	Non-Residential Property	\$29,446 per Acre	0.00	\$0 per Acre <sup>(3)</sup>	0
NA	Approved Property <sup>(4)</sup>	\$29,446 per Acre	1.96	\$0 per Acre	0
NA	Undeveloped Property <sup>(4)</sup>	\$29,446 per Acre	0.00	\$0 per Acre <sup>(3)</sup>	0
<b>Zone B</b>					
1	Residential Property (> 2,599 SF)	\$2,921 per Unit	0	\$0 per Unit <sup>(3)</sup>	\$ 0
2	Residential Property (2,300 - 2,599 SF)	\$2,703 per Unit	0	\$0 per Unit <sup>(3)</sup>	0
3	Residential Property (1,900 - 2,299 SF)	\$2,502 per Unit	2	\$2,502 per Unit	5,004
4	Residential Property (1,601 - 1,899 SF)	\$2,115 per Unit	76	\$2,115 per Unit	160,740
5	Residential Property (1,301 - 1,600 SF)	\$1,888 per Unit	2	\$1,888 per Unit	3,776
6	Residential Property (1,101 - 1,300 SF)	\$1,875 per Unit	0	\$0 per Unit <sup>(3)</sup>	0
7	Residential Property (< 1,101 SF)	\$1,819 per Unit	0	\$0 per Unit <sup>(3)</sup>	0
8	Non-Residential Property	\$18,404 per Acre	0.00	\$0 per Acre <sup>(3)</sup>	0
NA	Approved Property <sup>(4)</sup>	\$18,404 per Acre	22.00	\$0 per Acre	0
NA	Undeveloped Property <sup>(4)</sup>	\$18,404 per Acre	8.39	\$0 per Acre	0
<b>Total</b>					<b>\$ 704,921</b>

(1) Based on the Assigned Special Tax rate for Residential Property and Non-Residential Property, and the Maximum Special Tax rate for Approved Property. The Maximum Special Tax for Developed Property is the greater of the amount derived from the application of the Assigned Special Tax rate and the Backup Special Tax.

(2) Based on building permits issued as of March 1, 2021 levied at 100.00% of the Assigned Special Tax rates for Developed Property.

(3) No units/acres in these tax classes within Improvement Area No. 2.

(4) The District did not levy Special Taxes on Approved Property and Undeveloped Property in Fiscal Year 2021-22.

Source: DTA, Inc.

**TABLE 7B  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)  
PROJECTED SPECIAL TAXES FOR FISCAL YEAR 2022-23**

<i>Zone / Land Use Class</i>	<i>Land Use</i>	<i>Assigned Special Tax<sup>(1)</sup></i>	<i>Fiscal Year 2022-23 Number of Units/Acres</i>	<i>Estimated Fiscal Year 2022-23 Special Tax Levy<sup>(2)(3)*</sup></i>	<i>Estimated Fiscal Year 2022-23 Total Levy<sup>(2)(3)*</sup></i>
<b>Zone A</b>					
1	Residential Property (> 3,101 SF)	\$3,478 per Unit	0	\$0 per Unit <sup>(4)</sup>	\$ 0
2	Residential Property (2,901 - 3,101 SF)	\$3,377 per Unit	60	\$3,377 per Unit	202,620
3	Residential Property (2,601 - 2,900 SF)	\$3,278 per Unit	62	\$3,278 per Unit	203,236
4	Residential Property (2,301 - 2,600 SF)	\$3,183 per Unit	29	\$3,183 per Unit	92,307
5	Residential Property (2,151 - 2,300 SF)	\$3,094 per Unit	29	\$3,094 per Unit	89,726
6	Residential Property (2,001 - 2,150 SF)	\$2,977 per Unit	0	\$0 per Unit <sup>(4)</sup>	0
7	Residential Property (1,851 - 2,000 SF)	\$2,888 per Unit	0	\$0 per Unit <sup>(4)</sup>	0
8	Residential Property (< 1,851 SF)	\$2,799 per Unit	0	\$0 per Unit <sup>(4)</sup>	0
9	Non-Residential Property	\$29,446 per Acre	0.00	\$0 per Acre <sup>(4)</sup>	0
NA	Approved Property <sup>(5)</sup>	\$29,446 per Acre	0.00	\$0 per Acre <sup>(4)</sup>	0
NA	Undeveloped Property <sup>(5)</sup>	\$29,446 per Acre	0.00	\$0 per Acre <sup>(4)</sup>	0
<b>Zone B</b>					
1	Residential Property (> 2,599 SF)	\$2,921 per Unit	0	\$0 per Unit <sup>(4)</sup>	\$ 0
2	Residential Property (2,300 - 2,599 SF)	\$2,703 per Unit	1	\$2,703 per Unit	2,703
3	Residential Property (1,900 - 2,299 SF)	\$2,502 per Unit	24	\$2,502 per Unit	60,048
4	Residential Property (1,601 - 1,899 SF)	\$2,115 per Unit	82	\$2,115 per Unit	173,430
5	Residential Property (1,301 - 1,600 SF)	\$1,888 per Unit	8	\$1,888 per Unit	15,104
6	Residential Property (1,101 - 1,300 SF)	\$1,875 per Unit	0	\$0 per Unit <sup>(4)</sup>	0
7	Residential Property (< 1,101 SF)	\$1,819 per Unit	0	\$0 per Unit <sup>(4)</sup>	0
8	Non-Residential Property	\$18,404 per Acre	0.00	\$0 per Acre <sup>(4)</sup>	0
NA	Approved Property <sup>(5)</sup>	\$18,404 per Acre	16.86	\$1,739 per Acre	29,326
NA	Undeveloped Property <sup>(5)</sup>	\$18,404 per Acre	8.39	\$0 per Acre	0
<b>Total</b>					<b>\$ 868,500</b>

\* Preliminary, subject to change.

- (1) Based on the Assigned Special Tax rate for Residential Property and Non-Residential Property, and the Maximum Special Tax rate for Approved Property. The Maximum Special Tax for Developed Property is the greater of the amount derived from the application of the Assigned Special Tax rate and the Backup Special Tax.
- (2) Estimated based on building permits issued as of August 1, 2021 levied at 100.00% of the Assigned Special Tax rates for Developed Property and approximately 9.45% of the Maximum Special Tax rate for Approved Property. Actual Fiscal Year 2022-23 levy will reflect Final Maps recorded as of January 1, 2022 and building permits issued as of March 1, 2022.
- (3) The Special Tax will be levied in Fiscal Year 2022-23 in an amount sufficient to pay for debt service due on the Bonds in Fiscal Year 2022-23 plus \$45,000 in annual administrative expenses.
- (4) No units/acres in these tax classes within Improvement Area No. 2.
- (5) Approved Property is property for which a Final Map was recorded but a building permit was not issued as of August 1, 2021. Final Map means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots or parcels for which building permits may be issued without further subdivision, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels. Undeveloped Property is property not classified as Developed or Approved Property as of August 1, 2021. Once a Final Map is recorded, such Undeveloped Property will be reclassified as Approved Property.

Source: DTA, Inc.

## Expected Tax Burden

For Fiscal Year 2022-23, the projected total effective tax rate for all categories of residential units is expected to range from approximately 1.59% to 1.70% of total projected base sales prices. The actual amounts charged and the effective tax rates may vary and may increase or decrease in future years. Tables 8A through 8F below show a sample property tax bill for the tax class with the highest effective tax rate in each neighborhood within Improvement Area No. 2.

**TABLE 8A  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)  
SAMPLE PROPERTY TAX BILL  
FIELDCRESS (MARKET RATE) (ZONE A)  
TAX CLASS 2 (2,901 – 3,101 SF)**

<i>Assessed Valuation and Property Taxes</i>	<i>Percent of Total AV</i>	<i>Expected Amount</i>
BASE PRICE <sup>(1)</sup>	\$666,990	
ESTIMATED NET ASSESSED VALUE <sup>(1)</sup>	\$659,990	
Unit Size for Residential Property <sup>(2)</sup>	2,917 Square Feet	
Lot Size for Residential Property <sup>(3)</sup>	4,850 Square Feet	
<b>AD VALOREM PROPERTY TAXES<sup>(4)</sup></b>		
General Tax Levy	1.000000%	\$6,599.90
Corona-Norco Unified School District	0.099140	654.31
Riverside City Community College District	0.014700	97.02
Metropolitan Water District West	<u>0.003500</u>	<u>23.10</u>
<b>SUBTOTAL AD VALOREM PROPERTY TAX RATE/TAXES</b>	<b>1.117340%</b>	<b>\$7,374.33</b>
<b>ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES</b>		
CSA #134 <sup>(5)</sup>		\$530.72
CSA #152 <sup>(6)</sup>		52.94
Northwest Mosquito & Vector Control <sup>(7)</sup>		10.60
Flood Control Stormwater/Cleanwater <sup>(8)</sup>		2.51
Metropolitan Water District Standby West <sup>(9)</sup>		9.22
CFD 4 IA 2 Temescal Valley Water District <sup>(10)</sup>		<u>3,377.00</u>
<b>SUBTOTAL SPECIAL TAXES, ASSESSMENTS AND CHARGES</b>		<b>\$3,982.99</b>
<b><u>PROJECTED TOTAL PROPERTY TAXES</u></b>		<b><u>\$11,357.32</u></b>
<b>Projected Total Effective Tax Rate (as % of Base Price)</b>		<b>1.70277%</b>

(1) Base price provided by Zonda Advisory as of August 2021. Estimated net assessed value reflects \$7,000 homeowner's exemption.

(2) Based on actual unit size for the Fieldcress project for Tax Class 2 of Zone A.

(3) Estimated lot size for the Fieldcress project provided by Zonda Advisory as of August 2021.

(4) Estimated based on actual Fiscal Year 2021-22 *ad valorem* rates for TRA 059-167.

(5) Based on actual Fiscal Year 2021-22 rate of \$530.72 per benefit unit.

(6) Based on actual Fiscal Year 2021-22 rate of \$52.94 per benefit unit.

(7) Based on actual Fiscal Year 2021-22 rate of \$10.60 per benefit unit.

(8) Based on actual Fiscal Year 2021-22 rate of \$22.50 per acre.

(9) Based on actual Fiscal Year 2021-22 rate of \$9.22 per parcel.

(10) Expected amount based on the Special Tax rate of \$3,377 per unit for Tax Class 2 property in Zone A, which is 100% of the Assigned Special Tax rate of \$3,377 per unit.

Source: DTA, Inc.; Zonda Advisory.

**TABLE 8B**  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)**  
**OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)**  
**SAMPLE PROPERTY TAX BILL**  
**OLIVINE (MARKET RATE) (ZONE A)**  
**TAX CLASS 4 (2,301 – 2,600 SF)**

<i>Assessed Valuation and Property Taxes</i>	<i>Percent of Total AV</i>	<i>Expected Amount</i>
BASE PRICE <sup>(1)</sup>	\$637,990	
ESTIMATED NET ASSESSED VALUE <sup>(1)</sup>	\$630,990	
Unit Size for Residential Property <sup>(2)</sup>	2,375 Square Feet	
Lot Size for Residential Property <sup>(3)</sup>	4,800 Square Feet	
<b>AD VALOREM PROPERTY TAXES<sup>(4)</sup></b>		
General Tax Levy	1.000000%	\$6,309.90
Corona-Norco Unified School District	0.099140	625.56
Riverside City Community College District	0.014700	92.76
Metropolitan Water District West	<u>0.003500</u>	<u>22.08</u>
<b>SUBTOTAL AD VALOREM PROPERTY TAX RATE/TAXES</b>	<b>1.117340%</b>	<b>\$7,050.30</b>
<b>ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES</b>		
CSA #134 <sup>(5)</sup>		\$ 530.72
CSA #152 <sup>(6)</sup>		52.94
Northwest Mosquito & Vector Control <sup>(7)</sup>		10.60
Flood Control Stormwater/Cleanwater <sup>(8)</sup>		2.48
Metropolitan Water District Standby West <sup>(9)</sup>		9.22
CFD 4 IA 2 Temescal Valley Water District <sup>(10)</sup>		<u>3,183.00</u>
<b>SUBTOTAL SPECIAL TAXES, ASSESSMENTS AND CHARGES</b>		<b>\$3,788.96</b>
<b><u>PROJECTED TOTAL PROPERTY TAXES</u></b>		<b><u>\$10,839.26</u></b>
<b>Projected Total Effective Tax Rate (as % of Base Price)</b>		<b>1.69897%</b>

- (1) Base price provided by Zonda Advisory as of August 2021. Estimated net assessed value reflects \$7,000 homeowner's exemption.
- (2) Based on actual unit size for the Olivine project for Tax Class 4 of Zone A.
- (3) Estimated lot size for the Olivine project provided by Zonda Advisory as of August 2021.
- (4) Estimated based on actual Fiscal Year 2021-22 *ad valorem* rates for TRA 059-167.
- (5) Based on actual Fiscal Year 2021-22 rate of \$530.72 per benefit unit.
- (6) Based on actual Fiscal Year 2021-22 rate of \$52.94 per benefit unit.
- (7) Based on actual Fiscal Year 2021-22 rate of \$10.60 per benefit unit.
- (8) Based on actual Fiscal Year 2021-22 rate of \$22.50 per acre.
- (9) Based on actual Fiscal Year 2021-22 rate of \$9.22 per parcel.
- (10) Expected amount based on the Special Tax rate of \$3,183 per unit for Tax Class 4 property in Zone A, which is 100% of the Assigned Special Tax rate of \$3,183 per unit.

Source: DTA, Inc.; Zonda Advisory.

**TABLE 8C  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)  
SAMPLE PROPERTY TAX BILL  
SKYVIEW (MARKET RATE) (ZONE B)  
TAX CLASS 3 (1,900 – 2,299 SF)**

<i>Assessed Valuation and Property Taxes</i>	<i>Percent of Total AV</i>	<i>Expected Amount</i>
BASE PRICE <sup>(1)</sup>	\$580,990	
ESTIMATED NET ASSESSED VALUE <sup>(1)</sup>	\$573,990	
Unit Size for Residential Property <sup>(2)</sup>	2,000 Square Feet	
Lot Size for Residential Property <sup>(2)</sup>	2,976 Square Feet	
<b>AD VALOREM PROPERTY TAXES<sup>(3)</sup></b>		
General Tax Levy	1.000000%	\$5,739.90
Corona-Norco Unified School District	0.099140	569.05
Riverside City Community College District	0.014700	84.38
Metropolitan Water District West	<u>0.003500</u>	<u>20.09</u>
<b>SUBTOTAL AD VALOREM PROPERTY TAX RATE/TAXES</b>	<b>1.117340%</b>	<b>\$6,413.42</b>
<b>ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES</b>		
CSA #134 <sup>(4)</sup>		\$ 530.72
CSA #152 <sup>(5)</sup>		52.94
Northwest Mosquito & Vector Control <sup>(6)</sup>		10.60
Flood Control Stormwater/Cleanwater <sup>(7)</sup>		1.54
Metropolitan Water District Standby West <sup>(8)</sup>		9.22
CFD 4 IA 2 Temescal Valley Water District <sup>(9)</sup>		<u>2,502.00</u>
<b>SUBTOTAL SPECIAL TAXES, ASSESSMENTS AND CHARGES</b>		<b>\$3,107.02</b>
<b><u>PROJECTED TOTAL PROPERTY TAXES</u></b>		<b><u>\$9,520.44</u></b>
<b>Projected Total Effective Tax Rate (as % of Base Price)</b>		<b>1.63866%</b>

- (1) Base price provided by Zonda Advisory as of August 2021. Estimated net assessed value reflects \$7,000 homeowner's exemption.
- (2) Estimated lot size for the Skyview project and estimated average unit size for Tax Class 3 of Zone B provided by Zonda Advisory as of August 2021.
- (3) Estimated based on actual Fiscal Year 2021-22 *ad valorem* rates for TRA 059-167.
- (4) Based on actual Fiscal Year 2021-22 rate of \$530.72 per benefit unit.
- (5) Based on actual Fiscal Year 2021-22 rate of \$52.94 per benefit unit.
- (6) Based on actual Fiscal Year 2021-22 rate of \$10.60 per benefit unit.
- (7) Based on actual Fiscal Year 2021-22 rate of \$22.50 per acre.
- (8) Based on actual Fiscal Year 2021-22 rate of \$9.22 per parcel.
- (9) Expected amount based on the Special Tax rate of \$2,502 per unit for Tax Class 3 property in Zone B, which is 100% of the Assigned Special Tax rate of \$2,502 per unit.

Source: DTA, Inc.; Zonda Advisory.

**TABLE 8D**  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)**  
**OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)**  
**SAMPLE PROPERTY TAX BILL**  
**IRONTREE (AGE QUALIFIED) (ZONE B)**  
**TAX CLASS 4 (1,601 – 1,899 SF)**

<i>Assessed Valuation and Property Taxes</i>	<i>Percent of Total AV</i>	<i>Expected Amount</i>
BASE PRICE <sup>(1)</sup>	\$560,990	
ESTIMATED NET ASSESSED VALUE <sup>(1)</sup>	\$553,990	
Unit Size for Residential Property <sup>(2)</sup>	1,731 Square Feet	
Lot Size for Residential Property <sup>(2)</sup>	7,350 Square Feet	
 AD VALOREM PROPERTY TAXES <sup>(3)</sup>		
General Tax Levy	1.000000%	\$5,539.90
Corona-Norco Unified School District	0.099140	549.23
Riverside City Community College District	0.014700	81.44
Metropolitan Water District West	<u>0.003500</u>	<u>19.39</u>
SUBTOTAL AD VALOREM PROPERTY TAX RATE/TAXES	1.117340%	\$6,189.95
 ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES		
CSA #134 <sup>(4)</sup>		\$ 530.72
CSA #152 <sup>(5)</sup>		52.94
Northwest Mosquito & Vector Control <sup>(6)</sup>		10.60
Flood Control Stormwater/Cleanwater <sup>(7)</sup>		3.80
Metropolitan Water District Standby West <sup>(8)</sup>		9.22
CFD 4 IA 2 Temescal Valley Water District <sup>(9)</sup>		<u>2,115.00</u>
SUBTOTAL SPECIAL TAXES, ASSESSMENTS AND CHARGES		\$2,722.28
 <u>PROJECTED TOTAL PROPERTY TAXES</u>		 <u>\$8,912.23</u>
 <b>Projected Total Effective Tax Rate (as % of Base Price)</b>		 <b>1.58866%</b>

- (1) Base price provided by Zonda Advisory as of August 2021. Estimated net assessed value reflects \$7,000 homeowner's exemption.
- (2) Estimated lot size for the Irontree project and estimated average unit size for Tax Class 4 of Zone B provided by Zonda Advisory as of August 2021.
- (3) Estimated based on actual Fiscal Year 2021-22 *ad valorem* rates for TRA 059-167.
- (4) Based on actual Fiscal Year 2021-22 rate of \$530.72 per benefit unit.
- (5) Based on actual Fiscal Year 2021-22 rate of \$52.94 per benefit unit.
- (6) Based on actual Fiscal Year 2021-22 rate of \$10.60 per benefit unit.
- (7) Based on actual Fiscal Year 2021-22 rate of \$22.50 per acre.
- (8) Based on actual Fiscal Year 2021-22 rate of \$9.22 per parcel.
- (9) Expected amount based on the Special Tax rate of \$2,115 per unit for Tax Class 4 property in Zone B, which is 100% of the Assigned Special Tax rate of \$2,115 per unit.

Source: DTA, Inc.; Zonda Advisory.

**TABLE 8E**  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)**  
**OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)**  
**SAMPLE PROPERTY TAX BILL**  
**ALTIS (AGE QUALIFIED) (ZONE B)**  
**TAX CLASS 3 (1,900 – 2,299 SF)**

<i>Assessed Valuation and Property Taxes</i>	<i>Percent of Total AV</i>	<i>Expected Amount</i>
BASE PRICE <sup>(1)</sup>	\$576,000	
ESTIMATED NET ASSESSED VALUE <sup>(1)</sup>	\$569,000	
Unit Size for Residential Property <sup>(2)</sup>	2,017 Square Feet	
Lot Size for Residential Property <sup>(2)</sup>	7,000 Square Feet	
<b>AD VALOREM PROPERTY TAXES<sup>(3)</sup></b>		
General Tax Levy	1.000000%	\$5,690.00
Corona-Norco Unified School District	0.099140	564.11
Riverside City Community College District	0.014700	83.64
Metropolitan Water District West	<u>0.003500</u>	<u>19.92</u>
<b>SUBTOTAL AD VALOREM PROPERTY TAX RATE/TAXES</b>	<b>1.117340%</b>	<b>\$6,357.66</b>
<b>ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES</b>		
CSA #134 <sup>(4)</sup>		\$ 530.72
CSA #152 <sup>(5)</sup>		52.94
Northwest Mosquito & Vector Control <sup>(6)</sup>		10.60
Flood Control Stormwater/Cleanwater <sup>(7)</sup>		3.62
Metropolitan Water District Standby West <sup>(8)</sup>		9.22
CFD 4 IA 2 Temescal Valley Water District <sup>(9)</sup>		<u>2,502.00</u>
<b>SUBTOTAL SPECIAL TAXES, ASSESSMENTS AND CHARGES</b>		<b>\$3,109.10</b>
<b><u>PROJECTED TOTAL PROPERTY TAXES</u></b>		<b><u>\$9,466.76</u></b>
<b>Projected Total Effective Tax Rate (as % of Base Price)</b>		<b>1.64353%</b>

- (1) Base price provided by Zonda Advisory as of August 2021. Estimated net assessed value reflects \$7,000 homeowner's exemption.
- (2) Estimated lot size for the Altis project and estimated average unit size for Tax Class 3 of Zone B provided by Zonda Advisory as of August 2021.
- (3) Estimated based on actual Fiscal Year 2021-22 *ad valorem* rates for TRA 059-167.
- (4) Based on actual Fiscal Year 2021-22 rate of \$530.72 per benefit unit.
- (5) Based on actual Fiscal Year 2021-22 rate of \$52.94 per benefit unit.
- (6) Based on actual Fiscal Year 2021-22 rate of \$10.60 per benefit unit.
- (7) Based on actual Fiscal Year 2021-22 rate of \$22.50 per acre.
- (8) Based on actual Fiscal Year 2021-22 rate of \$9.22 per parcel.
- (9) Expected amount based on the Special Tax rate of \$2,502 per unit for Tax Class 3 property in Zone B, which is 100% of the Assigned Special Tax rate of \$2,502 per unit.

Source: DTA, Inc.; Zonda Advisory.

### **Largest Taxpayers**

Special Taxes for Fiscal Year 2020-21 were levied only against Developed Property. Table 9A below shows the share of the Fiscal Year 2020-21 Special Tax levy based on ownership status as of August 1, 2021. Table 9B below shows the share of the estimated Fiscal Year 2022-23 Special Tax levy assuming no further development and change of ownership beyond August 1, 2021. Actual property ownership, development status, share of Fiscal Year 2022-23 Special Taxes and percent of total Special Taxes, will change based on development, home construction and home sales that occur. See "OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 2" and "SPECIAL RISK FACTORS — Concentration of Ownership."

**TABLE 9A  
 TEMESCAL VALLEY WATER DISTRICT  
 COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
 IMPROVEMENT AREA NO. 2  
 FISCAL YEAR 2021-2022 TOP TAXPAYERS**

<i>Owner <sup>(1)</sup></i>	<i>Number of Units/Lots Taxed<sup>(2)</sup></i>	<i>Actual Fiscal Year 2021-22 Special Tax Levy<sup>(2)</sup></i>	<i>Percentage of Fiscal Year 2021-22 Special Tax Levy<sup>(3)</sup></i>
Individual Owners	161	\$ 509,131	72.23%
Pulte	60	126,900	18.00
Richmond American	<u>23</u>	<u>68,890</u>	<u>9.77</u>
<b>Total</b>	<b>244</b>	<b>\$ 704,921</b>	<b>100.00%</b>

<sup>(1)</sup> Ownership and construction status based on Appraisal Report with a date of value of August 1, 2021.

<sup>(2)</sup> The District only levied Special Taxes on Developed Property in Fiscal Year 2021-22.

<sup>(3)</sup> Based on building permits issued as of March 1, 2021 levied at 100.00% of the Assigned Special Tax for Developed Property.

Source: DTA, Inc.

**TABLE 9B  
 TEMESCAL VALLEY WATER DISTRICT  
 COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
 IMPROVEMENT AREA NO. 2  
 PROJECTED FISCAL YEAR 2022-2023 TOP TAXPAYERS**

<i>Owner <sup>(1)</sup></i>	<i>Number of Units/Lots Taxed</i>	<i>Estimated Fiscal Year 2022-23 Special Tax Levy<sup>(2)*</sup></i>	<i>Percentage of Fiscal Year 2022-23 Special Tax Levy<sup>(2)*</sup></i>
Individual Owners	161	\$ 509,131	58.62%
Richmond American	110	161,124	18.55
Pulte	63	133,245	15.34
TriPointe Homes	<u>75</u>	<u>65,000</u>	<u>7.48</u>
<b>Total</b>	<b>409</b>	<b>\$ 868,500</b>	<b>100.00%</b>

\* Preliminary, subject to change.

<sup>(1)</sup> Ownership and construction status based on Appraisal Report with a date of value of August 1, 2021. Assumes no further development or transfer of property beyond August 1, 2021.

<sup>(2)</sup> Estimated based on building permits issued as of August 1, 2021 levied at 100.00% of the Assigned Special Tax for Developed Property and approximately 9.45% of the Maximum Special Tax for Approved Property. Actual Fiscal Year 2022-23 Special Tax levy will reflect Final Maps recorded as of January 1, 2022 and building permits issued as of March 1, 2022.

<sup>(3)</sup> The Special Tax will be levied in Fiscal Year 2022-23 in an amount sufficient to pay for debt service due on the Bonds in Fiscal Year 2022-23 plus \$45,000 in annual administrative expenses.

Source: DTA, Inc.

**Special Tax History**

Special Taxes within Improvement Area No. 2 were first levied in Fiscal Year 2020-21. The following table shows the Special Tax delinquency history for Fiscal Year 2020-21. In each Fiscal Year, the first installment of the Special Tax levy will become delinquent if not paid on or prior to December 10 and the second installment will become delinquent if not paid on or before April 10.



**TABLE 10  
 TEMESCAL VALLEY WATER DISTRICT  
 COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
 IMPROVEMENT AREA NO. 2  
 SPECIAL TAX DELINQUENCY HISTORY**

<i>Fiscal Year</i>	<i>Special Tax Levy</i>	<i>Number of Parcels Levied</i>	<i>Delinquency as of June 30 of Year Levied</i>	<i>Delinquency Rate as of June 30 of Year Levied</i>	<i>Number of Delinquent Parcels as of 9/1/2021<sup>(3)</sup></i>	<i>Delinquency as of 9/1/2021<sup>(3)</sup></i>	<i>Delinquency Rate as of 9/1/2021<sup>(3)</sup></i>
2020-21 <sup>(1)</sup>	\$133,316	38	3,377	2.53%	0	\$0	0.00%
2021-22	704,921	240 <sup>(2)</sup>	N/A	N/A	N/A	N/A	N/A

<sup>(1)</sup> First year of Special Tax levy.

<sup>(2)</sup> Five Skyview model units will be taxed under the parent APN for Fiscal Year 2021-22.

<sup>(3)</sup> As of September 1, 2021 based on information provided by the County of Riverside Tax Collector.

Source: DTA, Inc.

**OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 2**

*The information regarding the development and ownership of the Property contained under this caption, "OWNERSHIP AND DEVELOPMENT OF IMPROVEMENT AREA NO. 2," has been provided by representatives of the Developer, Richmond American, Tri Pointe Homes and Pulte, and has not been independently confirmed or verified by the Underwriter, the Water District, or the District. The Underwriter, the Water District, and the District make no representation as to the accuracy or adequacy of the information contained under this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Bonds nor the Special Taxes securing the Bonds are personal obligations of the Developer, Richmond American, Tri Pointe Homes or Pulte, or any affiliate thereof, or any other property owner and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner or any affiliate thereof. See "SPECIAL RISK FACTORS" herein."*

**Property Ownership in Improvement Area No. 2**

**Property Ownership.** Property in Improvement Area No. 2 consists of 495 single family lots owned as of August 1, 2021 as follows:

<i>Property Owner</i>	<i>No. of Units/Lots</i>
Individual Homeowners	161
Forestar	86
Richmond American	110
Tri Pointe Homes	75
Pulte	<u>63</u>
<b>TOTAL</b>	<b><u>495</u></b>

The 495 single family lots were or are expected to be created by the following maps:

<i>Map</i>	<i>Number of Lots</i>
36826-1	93
36826-2 and Parcels 1-3 of 37553	75
36826-5 and 6 <sup>(1)</sup>	162
36826-4	87
36826-3	<u>78</u>
<b>TOTAL</b>	<b><u>495</u></b>

<sup>(1)</sup> Tract Map No. 36826-6 includes 86 lots under contract to be sold to Richmond American. Such map has not been recorded and is expected to be recorded following conveyance of such parcel to Richmond American. No assurance can be given that the conveyance of the 86 lots will occur as expected.

## **The Project**

**General.** Improvement Area No. 2 is part of a residential community referred to as the “Terramor” development being developed by the Developer. The Terramor community is currently expected to contain approximately 1,443 single-family residential dwelling units (several of which will be age restricted), plus other uses located in a gated community. The Developer is responsible for constructing all in-tract infrastructure within Improvement Area No. 2 and for providing the merchant builders with lots in a finished condition. As of August 1, 2021, the Developer owned 86 lots within Improvement Area No. 2, all of which are under contract to be sold to Richmond American with a scheduled closing date in December 2021. No assurance can be given that the conveyance of the 86 lots will occur as expected. As of such date, the balance of the property within Improvement Area No. 2 was owned by merchant builders and individual homeowners.

The backbone infrastructure to serve Improvement Area No. 2 is in place with approximately \$600,000 remaining to expend on a park. The Developer expects the park will be complete by October 31, 2021. The Developer expects to pay the remaining costs of the park from funds on hand. The ability to obtain building permits for the 86 remaining lots which are under contract to be sold to Richmond American is conditioned upon the completion of such park.

Additionally, as part of Terramor, the Developer has completed construction of two resort style clubhouses, the Terrace Club (solely for the age-qualified units) and the Veranda Club (solely for the market rate units). The Terrace Club contains a gym and wellness studio with locker rooms and saunas, bocce ball courts, tennis courts, pickleball courts, multipurpose rooms, an outdoor cooking area, an outdoor resort style pool and hot tub, an indoor pool, a crafts room and an outdoor living room and fireplace, and was completed at a cost of approximately \$13,000,000. The Veranda Club contains two multipurpose rooms, a pool with sundecks, restrooms and changing areas, a toddler pool, a covered barbecue and game area, and a patio, and was completed at a cost of approximately \$4,300,000. Such amenities may be accessed by residents within Improvement Area No. 2.

**Forestar Toscana Development Company.** Forestar Toscana Development Company, a Delaware corporation (previously defined as the “Developer”) is the master developer of the property in the District, including Improvement Area No. 2. The sole shareholder of the Developer is Forestar Land Partners III, L.L.C., a Delaware limited liability company (“Forestar”). Forestar Land Holdings II, L.L.C. is the sole member of Forestar. The development within Improvement Area No. 2 is managed by Foremost Companies (“Foremost”) pursuant to an agreement with the Developer. Foremost is a land investment firm that acquires property to entitle and sell to homebuilders and commercial developers. Forestar Land Holdings II, L.L.C. is owned by certain affiliates of Starwood Capital Group Global, LLC (“Starwood”). Starwood is a national land investment firm with approximately \$60 billion in assets.

**Environmental Status.** According to the Developer, there are no environmental issues that would prevent the planned development of the property within Improvement Area No. 2, as such is described in this Official Statement.

**Utilities.** It is expected that utility service for the taxable property in Improvement Area No. 2 will be provided by the following entities:

<u>Utility</u>	<u>Provider</u>
Electricity	Southern California Edison Company
Natural Gas	The Gas Company
Sewer/Water	Temescal Valley Water District
Schools	Corona-Norco Unified School District

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Source: Appraisal Report.

**Infrastructure Development.** As of September 1, 2021, the Developer has expended over \$43 million on improvements for Improvement Area No. 2. These improvements include improvements to Temescal Canyon Road, grading, installation of backbone infrastructure and intract infrastructure, landscaping, and the construction of two bridges across the Temescal Creek, a storm drain culvert, a sewer lift station, and the Terrace Club, the Veranda Club and a neighborhood park. The Developer expects to finish constructing the last of the infrastructure improvements required to serve Improvement Area No. 2 (collectively, the “Improvements”), which consists of a park, by October 31, 2021. The Developer has used and will continue to use internal equity to finance the remaining Improvements.

*Notwithstanding the belief of the Developer 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 the Developer will be sufficient to complete such development as currently anticipated. While the Developer has made internal financing available in the past for similar activities, there can be no assurance whatsoever of its willingness or ability to do so in the future. Neither the Developer nor any of its affiliates has any legal obligation of any kind to make any such funds available or to obtain loans or lines of credit. If and to the extent that internal financing, loan proceeds, lines of credit, or bond proceeds are inadequate to pay the costs to complete the Developer’s planned development in Improvement Area No. 2, there could be a shortfall in the funds required to complete such proposed development and portions of such development might not be completed.*

## **The Merchant Builders**

**Richmond American.** As previously defined in this Official Statement, “Richmond American” is Richmond American Homes of Maryland, Inc., a Maryland corporation, which is a wholly-owned subsidiary of M.D.C. Holdings, Inc., a Delaware corporation (“MDC”). MDC is a publicly traded company whose common stock is listed on the New York Stock Exchange under the symbol “MDC.” Richmond American and its predecessor entity have been building homes in California since 1986. Richmond American’s Riverside division based in Corona, California, is responsible for the development of Richmond American’s projects in Improvement Area No. 2.

MDC has two primary operations, homebuilding and financial services. MDC’s homebuilding operations consist of wholly-owned subsidiary companies that build and sell homes under the name “Richmond American Homes.” MDC’s financial services operations include subsidiary companies that provide mortgage financing, place title insurance and homeowner insurance for Richmond American’s homebuyers, and provide general liability insurance for MDC subsidiaries and most of Richmond American’s subcontractors.

MDC is subject to the informational reporting requirements of the Exchange Act, and in accordance therewith is obligated to file reports, proxy statements, and other information, including financial statements, with the SEC. Such filings, including particularly MDC's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as filed with the SEC on February 2, 2021, and MDC's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, as filed with the SEC on July 29, 2021, set forth certain data relative to such consolidated results of operations and financial position of MDC and its subsidiaries as of such dates. The SEC maintains an internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including MDC. The address of such internet web site is [www.sec.gov](http://www.sec.gov). All documents subsequently filed by MDC 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 MDC's Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are also available from MDC on MDC's website at [www.richmondamerican.com](http://www.richmondamerican.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. Richmond American and MDC 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 contained on such websites may be incomplete or inaccurate and has not been reviewed by the Water District, the District or the Underwriter.*

**Richmond American Development Plan.** Richmond American plans to develop a total of 342 market-rate single-family homes in three neighborhoods in Improvement Area No. 2, as further described below. As of September 1, 2021, Richmond American had completed and conveyed 160 homes within Improvement Area No. 2 to individual homeowners. As of such date, Richmond American owned six model homes (one of which was in escrow), 12 completed production homes (all of which were in escrow), 25 homes under construction (22 of which were in escrow) and 53 finished lots. Richmond American has entered into a contract with the Developer to purchase 86 additional lots as part of Richmond American's Skyview project. Such sale is currently scheduled to close in December 2021. No assurance can be given that the conveyance of the additional 86 lots will occur as expected. Richmond American's three projects within Improvement Area No. 2 are described below.

Fieldcrest. Richmond American's Fieldcrest project is planned for 93 market-rate single family detached homes. As of September 1, 2021, within the Fieldcrest project, 87 completed homes had been conveyed to individual homeowners, and Richmond American owned six completed production homes (all of which were in escrow). Homes sold may not result in closed sales as sales contracts are subject to cancellation.

The table below summarizes, as of September 1, 2021, the proposed product mix and development status of Richmond American's Fieldcrest project within Improvement Area No. 2.

**TABLE 11  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)  
RICHMOND AMERICAN  
FIELDCRESS  
(As of September 1, 2021)**

<i>Plan</i>	<i>Total Units Planned</i>	<i>Estimated Home Square Footage</i>	<i>Closings as of September 1, 2021</i>	<i>Completed Homes/Homes Under Construction (owned by Richmond American)<sup>(1)</sup></i>	<i>Finished Lots</i>	<i>Homes in Escrow</i>	<i>Estimated Base Home Prices<sup>(2)</sup></i>
1	31	2,800	31	0	0	0	\$660,990
2	31	2,900	27	4	0	4	666,990
3	<u>31</u>	3,000	<u>29</u>	<u>2</u>	<u>0</u>	<u>2</u>	671,990
<b>Total</b>	<b>93</b>		<b>87</b>	<b>6</b>	<b>0</b>	<b>6</b>	

<sup>(1)</sup> Includes six production homes.

<sup>(2)</sup> Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are estimated as of September 1, 2021 and subject to change.

Source: Richmond American.

Skyview. Richmond American’s Skyview project is planned for 162 market-rate single family homes. The homes within the Skyview project are planned for single family detached and paired homes, which have two units with one shared wall. As of September 1, 2021, within the Skyview project, Richmond American owned five completed model homes, 18 homes under construction (15 of which were in escrow), and 139 finished lots (none of which were in escrow). Homes sold may not result in closed sales as sales contracts are subject to cancellation. Richmond American has entered into a contract with the Developer to purchase 86 additional lots, which Richmond American plans to develop as a continuation of its Skyview project. Such sale is currently scheduled to close in December 2021. No assurance can be given that the acquisition of the additional 86 lots will occur as expected.

The table below summarizes, as of September 1, 2021, the proposed product mix and development status of Richmond American’s Skyview project within Improvement Area No. 2.

**TABLE 12**  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)**  
**OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)**  
**RICHMOND AMERICAN**  
**SKYVIEW**  
**(As of September 1, 2021)**

<i>Plan</i>	<i>Total Units Planned</i>	<i>Estimated Home Square Footage</i>	<i>Closings as of September 1, 2021</i>	<i>Completed Homes/Homes Under Construction (owned by Richmond American)<sup>(1)</sup></i>	<i>Finished Lots<sup>(2)</sup></i>	<i>Homes in Escrow</i>	<i>Estimated Base Home Prices<sup>(3)</sup></i>
1	38	1,450	0	4	34	3	\$540,990
2	38	1,460	0	4	34	3	541,990
3	26	1,840	0	6	20	4	563,990
4	27	2,000	0	4	23	3	568,990
5	25	2,010	0	2	23	0	572,990
6	8	2,010	0	3	5	2	642,990
<b>Total</b>	<b>162</b>		<b>0</b>	<b>23</b>	<b>139</b>	<b>15</b>	

<sup>(1)</sup> Includes five completed model homes and 18 production homes under construction.

<sup>(2)</sup> Represents finished lots without any home construction. Includes 86 lots which are under contract to be purchased from the Developer. Such sale is currently scheduled to close in December 2021. No assurance can be given that the acquisition of the additional 86 lots will occur as expected.

<sup>(3)</sup> Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are estimated as of September 1, 2021 and subject to change.

Source: Richmond American.

Olivine. Richmond American’s Olivine project is planned for 87 market-rate single family detached homes. As of September 1, 2021, within the Olivine project, 73 completed homes had been conveyed to individual homeowners, and Richmond American owned one completed model home (which was in escrow), six completed production homes (all of which were in escrow), and seven homes under construction (all of which were in escrow). Homes sold may not result in closed sales as sales contracts are subject to cancellation.

The table below summarizes, as of September 1, 2021, the proposed product mix and development status of Richmond American’s Olivine project within Improvement Area No. 2.

**TABLE 13**  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)**  
**OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)**  
**RICHMOND AMERICAN**  
**OLIVINE**  
**(As of September 1, 2021)**

<i>Plan</i>	<i>Total Units Planned</i>	<i>Estimated Home Square Footage</i>	<i>Closings as of September 1, 2021</i>	<i>Completed Homes/Homes Under Construction (owned by Richmond American)<sup>(1)</sup></i>	<i>Finished Lots</i>	<i>Homes in Escrow</i>	<i>Estimated Base Home Prices<sup>(2)</sup></i>
1	25	2,180	25	4	0	4	\$633,990
2	23	2,370	23	6	0	6	637,990
3	25	2,640	25	4	0	4	654,990
<b>Total</b>	<b>87</b>		<b>73</b>	<b>14</b>	<b>0</b>	<b>14</b>	

<sup>(1)</sup> Includes one completed model home, six completed production homes and seven homes under construction.

<sup>(2)</sup> Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are estimated as of September 1, 2021 and subject to change.

Source: Richmond American.

*Although the information in this Official Statement reflects the current development expectations of Richmond American, no assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Richmond American reserves the right to change its development at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation. See “SPECIAL RISK FACTORS – Concentration of Ownership.”*

**Richmond American Financing Plan.** Through August 31, 2021, Richmond American had spent approximately \$102,113,198 on land acquisition, site development, permit and impact fees, direct and indirect construction costs, and marketing and sales costs (exclusive of internal financing repayment, corporate overhead and other carry costs) on its projects within Improvement Area No. 2. Richmond American expects to spend approximately \$63,723,000 in additional site development, permit and impact fees, direct and indirect construction costs, and marketing and sales costs (exclusive of internal financing repayment, corporate overhead and other carry costs) between September 1, 2021 and full build-out of the 342 homes proposed to be constructed within Improvement Area No. 2, which is expected to occur by August 2024. Assuming Richmond American acquires the additional 86 lots it is under contract to purchase but did not own as of September 1, 2021, Richmond American expects to spend approximately \$30,119,074 to acquire, develop and construct homes on such lots as a continuation of its Skyview project within Improvement Area No. 2. Such sale is currently scheduled to close in December 2021. No assurance can be given that Richmond American will acquire such 86 lots will occur as expected.

To date, Richmond American has financed its land acquisition costs and various site development and home construction costs related to its property within Improvement Area No. 2 through internal funding (which may include homes sales revenues from its projects in Improvement Area No. 2). Richmond American expects to use internal funding (which may include home sales revenues from its projects within Improvement Area No. 2) to complete its development activities within Improvement Area No. 2.

*Although Richmond American expects to have sufficient funds available to complete its development activities in Improvement Area No. 2, commensurate with the development timing described in this Official*

*Statement, there can be no assurance, however, that amounts necessary to finance the remaining land acquisition, site development and home construction costs will be available from Richmond American or any other source when needed. For example, home sales revenue, which is accumulated daily for use in operations by MDC, including to fund costs of other direct and indirect subsidiaries, to pay debt service on outstanding debt and for other corporate purposes, may be diverted to pay costs other than the costs of completing Richmond American's activities in Improvement Area No. 2 at the discretion of MDC management. Neither Richmond American, nor any of its related entities are under any legal obligation of any kind to expend funds for the development of 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 Richmond American or any affiliated entity to fund the costs of such development and home construction are entirely voluntary.*

*If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Richmond American within Improvement Area No. 2 and other financing by Richmond American is not put into place, there could be a shortfall in the funds required to complete the proposed development by Richmond American in Improvement Area No.2 and the remaining portions of the development may not be completed. See "SPECIAL RISK FACTORS — Failure to Develop" herein.*

**Tri Pointe Homes.** As previously defined in this Official Statement, "Tri Pointe Homes" is Tri Pointe Homes IE-SD, Inc. (formerly known as Pardee Homes), a California corporation, which is an indirect, wholly-owned subsidiary of Tri Pointe Homes, Inc., a Delaware corporation ("Tri Pointe"), a publicly traded company whose common stock is listed on the New York Stock Exchange under the ticker symbol "TPH". Tri Pointe 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. Effective January 15, 2021, Tri Pointe changed its corporate name from "TRI Pointe Group, Inc." to "Tri Pointe Homes, Inc." and consolidated its six regional homebuilding brands into one unified name—Tri Pointe Homes. Tri Pointe 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, particularly Tri Pointe's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as filed with the SEC on February 19, 2021, and Tri Pointe's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, as filed with the SEC on July 22, 2021, set forth, among other things, certain data relative to the consolidated results of operations and financial position of Tri Pointe and its consolidated subsidiaries, including Tri Pointe Homes, as of such dates.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Tri Pointe. The address of such Internet web site is [www.sec.gov](http://www.sec.gov). All documents filed by Tri Pointe 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's 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](http://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 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 contained on such websites may be incomplete or inaccurate and has not been reviewed by the Water District, the District or the Underwriter.*



**Tri Pointe Homes Development Plan.** Tri Pointe Homes plans to develop its property in Improvement Area No. 2 into 75 age-restricted single family detached homes being marketed as “Altis.”

As of September 1, 2021, Tri Pointe Homes had not conveyed any homes within the Altis project to individual homeowners. As of such date, within the Altis project, Tri Pointe Homes owned three completed model homes, 26 homes under construction (24 of which were in escrow), and 46 finished lots (none of which were in escrow). Homes sold may not result in closed sales as sales contracts are subject to cancellation. Initial home closings are anticipated in January 2022.

The table below summarizes, as of September 1, 2021, the proposed product mix and development status of Tri Pointe Homes’ Altis project within Improvement Area No. 2.

**TABLE 15  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)  
OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)  
TRI POINTE HOMES  
ALTIS  
(As of September 1, 2021)**

<i>Plan</i>	<i>Total Units Planned</i>	<i>Estimated Home Square Footage</i>	<i>Closings as of September 1, 2021</i>	<i>Completed Homes/Homes Under Construction (owned by Tri Pointe Homes)<sup>(1)</sup></i>	<i>Finished Lots<sup>(2)</sup></i>	<i>Homes in Escrow</i>	<i>Estimated Base Home Prices<sup>(3)</sup></i>
1	22	2,017	0	10	12	9	\$562,000
2	26	2,162	0	8	18	6	576,000
3	<u>27</u>	2,276 - 2368	<u>0</u>	<u>11</u>	<u>16</u>	<u>9</u>	584,000
<b>Total</b>	<b>75</b>		<b>0</b>	<b>29</b>	<b>46</b>	<b>24</b>	

<sup>(1)</sup> Includes three completed model homes and 26 homes under construction.

<sup>(2)</sup> Represents finished lots without any home construction.

<sup>(3)</sup> Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are estimated and subject to change.

Source: Tri Pointe Homes.

*Although the information in this Official Statement reflects the current development expectations of Tri Pointe Homes, no assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Tri Pointe Homes reserves the right to change its development at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation. See “SPECIAL RISK FACTORS – Concentration of Ownership.”*

**Tri Pointe Homes Financing Plan.** Through August 31, 2021, Tri Pointe Homes had spent approximately \$2,759,579.91 on site development, permit and impact fees, and direct and indirect construction costs (exclusive of land acquisition costs, marketing and sales costs, internal financing repayment, corporate overhead, and other carry costs) on its project within Improvement Area No. 2. Tri Pointe Homes expects to spend approximately \$23,631,063 in additional site development, permit and impact fees, and direct and indirect construction costs (exclusive of marketing and sales costs, internal financing repayment, corporate overhead, and other carry costs) between September 1, 2021 and full build-out of the 75 homes proposed to be constructed within Improvement Area No. 2, which is expected to occur by December 2023.

To date, Tri Pointe Homes has financed its land acquisition costs and various site development and home construction costs related to its property within Improvement Area No. 2 through internal funding (which may include homes sales revenues from its projects in Improvement Area No. 2). Tri Pointe Homes expects to use internal funding (which may include home sales revenues from its projects within Improvement Area No. 2) to complete its development activities within Improvement Area No. 2.

*Although Tri Pointe Homes expects it will have sufficient funds available to complete its development activities in Improvement Area No. 2, commensurate with the development timing described in this Official Statement, there can be no assurance, however, that amounts necessary to finance the remaining site development and home construction costs will be available from Tri Pointe Homes or any other source when needed. For example, home sales revenue, which is accumulated daily for use in operations by Tri Pointe, including to fund costs of other direct and indirect subsidiaries, to pay debt service on outstanding debt and for other corporate purposes, may be diverted to pay costs other than the costs of completing Tri Pointe Homes' activities in Improvement Area No. 2 at the discretion of Tri Pointe's management. Neither Tri Pointe Homes, nor any of its related entities, are under any legal obligation of any kind to expend funds for the development of 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 Homes or any affiliated entity to fund the costs of such development and home construction are entirely voluntary.*

*If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Tri Pointe Homes within Improvement Area No. 2 and other financing by Tri Pointe Homes is not put into place, there could be a shortfall in the funds required to complete the proposed development by Tri Pointe Homes in Improvement Area No. 2 and the remaining portions of the development may not be completed. See "SPECIAL RISK FACTORS — Failure to Develop" herein.*

**Pulte.** As previously defined in this Official Statement, "Pulte" is Pulte Home Company, LLC, a Michigan limited liability company, an indirect wholly-owned subsidiary of PulteGroup, Inc., a Michigan corporation (the "Parent Entity"). The Parent Entity is a publicly-held holding company based in Atlanta, Georgia, whose subsidiaries engage primarily in the homebuilding business. The Parent Entity also has mortgage banking operations, conducted principally through Pulte Mortgage LLC and title operations. The Parent Entity is a Michigan corporation organized in 1956 whose common stock trades on the New York Stock Exchange under the symbol "PHM." Pulte's Southern California division based in Mission Viejo, California, is responsible for the development of Pulte's project in Improvement Area No. 2.

Through its brands, which include Centex, Pulte Homes, Del Webb, DiVosta Homes, John Weiland Homes and Neighborhoods, and American West, the Parent Entity and its subsidiaries offer a wide variety of home designs, including single-family detached, townhouses, condominiums, and duplexes at different prices and with varying levels of options and amenities to the company's major customer groups: first-time, move-up, and active adult. Over its history, the Parent Entity and its subsidiaries have delivered nearly 750,000 homes. As of December 31, 2020, the Parent Entity, through its subsidiaries, operated out of approximately 874 active communities in 40 markets across 23 states.

The Parent Entity is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith is obligated to file reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission ("SEC"). Such filings, particularly the Parent Entity's annual report on Form 10-K for the fiscal year ended December 31, 2020, as filed with the SEC on February 2, 2021, and quarterly report on Form 10-Q for the quarter ended June 30, 2021, as filed with the SEC on July 27, 2021, set forth certain data relative to the consolidated results of operations and financial position of the Parent Entity and its subsidiaries, including Pulte, as of such dates.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including the Parent Entity. The address of such Internet web site is [www.sec.gov](http://www.sec.gov). All documents subsequently filed by the Parent Entity 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 the Parent Entity’s Annual Report and each of its other quarterly and current reports, including any amendments, are available from the Parent Entity’s website at [www.pultegroup.com](http://www.pultegroup.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. Pulte and the Parent Entity 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 contained on such websites may be incomplete or inaccurate and has not been reviewed by the Water District, the District or the Underwriter.*

**Pulte Development Plan.** Under its Del Webb brand, Pulte plans to develop 78 single family age-qualified homes in Improvement Area No. 2 in a neighborhood being marketed as “Irontree.” As of September 1, 2021, within the Irontree neighborhood, 30 completed homes had been conveyed to individual homeowners, and Pulte owned three completed model homes, nine completed production homes (all of which were in escrow), 14 homes under construction (12 of which were in escrow), and 22 finished lots. Homes sold may not result in closed sales as sales contracts are subject to cancellation. Pulte has obtained building permits for all of its 78 planned homes in the Irontree neighborhood.

The table below summarizes, as of September 1, 2021, the proposed product mix and development status of Pulte’s Irontree project within Improvement Area No. 2:

**TABLE 17**  
**COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)**  
**OF TEMESCAL VALLEY WATER DISTRICT (IMPROVEMENT AREA NO. 2)**  
**PULTE**  
**IRONTREE**  
**(As of September 1, 2021)**

<i>Plan</i>	<i>Total Units Planned<sup>(1)</sup></i>	<i>Estimated Home Square Footage</i>	<i>Closings as of September 1, 2021</i>	<i>Completed Homes/Homes Under Construction (owned by Pulte Homes)<sup>(1)</sup></i>	<i>Finished Lots<sup>(2)</sup></i>	<i>Homes in Escrow</i>	<i>Estimated Base Home Prices<sup>(3)</sup></i>
1	27	1,579	9	8	10	6	\$531,990
2	25	1,731	11	10	5	8	546,990
3	<u>26</u>	1,865	<u>10</u>	<u>8</u>	<u>7</u>	<u>7</u>	560,990
<b>Total</b>	<b>78</b>		<b>30</b>	<b>26</b>	<b>22</b>	<b>21</b>	

<sup>(1)</sup> Includes three completed model homes, nine completed production homes and 14 homes under construction.

<sup>(2)</sup> Represents finished lots without any home construction.

<sup>(3)</sup> Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are estimated as of September 1, 2021 and subject to change.

Source: Pulte.

*Although the information in this Official Statement reflects the current development expectations of Pulte, no assurance can be given that home construction and sales will be carried out on the schedule and according to the plans described herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Pulte reserves the right to change its development at any time without notice. Additionally, homes under contract to be sold may not result in closed escrows as sales contracts are subject to cancellation. See “SPECIAL RISK FACTORS – Concentration of Ownership.”*

**Pulte Financing Plan.** Through August 31, 2021, Pulte had spent approximately \$28.3 million on land acquisition, site development, permit and impact fees, direct and indirect construction costs, and marketing and sales costs (exclusive of internal financing repayment, corporate overhead and other carry costs) on its project within Improvement Area No. 2. Pulte expects to spend approximately \$7.3 million in additional site development, permit and impact fees, direct and indirect construction costs, and marketing and sales costs (exclusive of internal financing repayment, corporate overhead and other carry costs) between September 1, 2021 and full build-out of the homes proposed to be constructed within Improvement Area No. 2, which is expected to occur by April 2022.

To date, Pulte has financed its land acquisition costs and various site development and home construction costs related to its property within Improvement Area No. 2 through internal funding (which may include homes sales revenues from its projects in Improvement Area No. 2). Pulte expects to use internal funding (which may include home sales revenues from its projects within Improvement Area No. 2) to complete its development activities within Improvement Area No. 2.

*Although Pulte expects it will have sufficient funds available to complete its development activities in Improvement Area No. 2, commensurate with the development timing described in this Official Statement, there can be no assurance, however, that amounts necessary to finance the remaining site development and home construction costs will be available from Pulte or any other source when needed. For example, home sales revenue, which is accumulated daily for use in operations by Pulte, including to fund costs of other direct and indirect subsidiaries, to pay debt service on outstanding debt and for other corporate purposes, may be diverted to pay costs other than the costs of completing Pulte’s activities in Improvement Area No. 2 at the discretion of Pulte’s management. Neither Pulte nor any of its related entities are under any legal obligation of any kind to expend funds for the development of 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 Pulte or any affiliated entity to fund the costs of such development and home construction are entirely voluntary.*

*If and to the extent that internal funding, including but not limited to home sales revenues, are inadequate to pay the costs to complete the planned development by Pulte within Improvement Area No. 2 and other financing by Pulte is not put into place, there could be a shortfall in the funds required to complete the proposed development by Pulte in Improvement Area No. 2 and the remaining portions of the development may not be completed. See “SPECIAL RISK FACTORS — Failure to Develop” herein.*

### **COVID-19 Impacts on the Merchant Builders**

The development of the merchant builders’ projects in Improvement Area No. 2 is subject to disruption due to the COVID-19 pandemic and related public health and governmental authorities’ orders and actions. Public agencies serving the property and residents within Improvement Area No. 2 have undergone varying degrees of closing and reopening of certain non-essential functions in response to COVID-19 concerns. Such public agencies may take additional precautionary measures or institute additional restrictions intended to limit the spread of COVID-19. Such actions may limit the merchant builders’ ability to complete their planned developments in the time period, within the cost estimates and at the sales prices described in this Official Statement.

As of September 1, 2021, the merchant builders within Improvement Area No. 2 have experienced increases in certain construction costs, supply chain delays, labor shortages, and increased cycle time for home deliveries. However, the merchant builders within Improvement Area No. 2 have not experienced any significant development delays resulting from work stoppages, reduced attendance of workers, or the ability to obtain necessary inspections and approvals for homes, which may be attributed, directly or indirectly, to the COVID-19 pandemic. While the cost increases and delays may have been and may continue to be intermittently affected by COVID-19, the majority of cost increases and delays can be attributable to production backlogs due to prior shutdowns or shelter in place orders, the strength of the housing market and the result of vendors not anticipating the scale of the demand for housing materials.

Although the recent cost increases and construction delays are not currently having a significant impact on the overall development of the merchant builders' projects within Improvement Area No. 2, the impacts caused by the outbreak are evolving and no prediction can be made with respect to the ultimate effects of the COVID-19 outbreak and related public health and governmental authorities' orders and actions (including, without limitation, the scope of restrictions under any current or amended County or State of California orders), on such merchant builders' ability to continue to sell and close homes in Improvement Area No. 2.

See "SPECIAL RISK FACTORS — COVID-19 (Coronavirus) Pandemic" herein.

### **SPECIAL RISK FACTORS**

The purchase of the Bonds involves significant risks that are not appropriate investments for certain investors. The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Bonds. 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 herein could adversely affect the ability or willingness of property owners in Improvement Area No. 2 of the District to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the Bonds. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in Improvement Area No. 2 of the District. See "—Land Values" and "—Limited Secondary Market."

#### **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 the District, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, fires and floods), which may result in uninsured losses.

No assurance can be given that the Developer, the merchant builders or any future homeowners within Improvement Area No. 2 of the District will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See "—Bankruptcy and Foreclosure" below, for a discussion of certain limitations on the District's ability to pursue judicial proceedings with respect to delinquent parcels.

## **Concentration of Ownership**

Based on the ownership status of the property within Improvement Area No. 2 as of August 1, 2021, assuming no transfer of property and further development activity within Improvement Area No. 2, approximately 41.4% of the Special Taxes projected to be levied in Fiscal Year 2022-23 would be payable by the Developer and the merchant builders. Failure of the Developer, the merchant builders, entities affiliated with the Developer or the merchant builders or any successor(s), to pay the annual Special Taxes when due could result in a draw on the Reserve Account of the Special Tax Fund, and ultimately a default in payments of the principal of, and interest on, the Bonds, when due. No assurance can be given that the merchant builders or any successors, will complete the remaining intended construction and development in Improvement Area No. 2 of the District. See “—Failure to Develop Properties.” In addition, no assurance can be given that the Developer, the merchant builders, their successors, or their affiliated entities will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See “—Bankruptcy and Foreclosure” for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels.

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

The spread of the novel strains of coronavirus that cause a disease commonly referred to as COVID-19 (“COVID-19”) has had significant negative impacts throughout the world, including in the District. Since mid-March 2020, based on guidance and directives from the State and public health agencies, the County and other public agencies within the County have undergone varying degrees of closure and limited reopening of public buildings and businesses.

The COVID-19 pandemic is ongoing, and the ultimate duration and severity of the outbreak, and the additional actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain. While development activity and home sales within Improvement Area No. 2 has continued without material delays since the onset of the COVID-19 outbreak, the impact of the COVID-19 outbreak could adversely impact development within Improvement Area No. 2 in the future, including, but not limited to, one or more of the following ways: (i) potential supply chain slowdowns or shutdowns resulting from the unavailability of workers in locations producing construction materials; (ii) slowdowns or shutdowns by local governmental agencies in providing governmental permits, inspections, title and document recordation, and other services and activities associated with real estate development; (iii) delays in construction where one or more members of the workforce becomes infected with COVID-19; (iv) extreme fluctuations in financial markets and contraction in available liquidity; (v) extensive job losses and declines in business activity across important sectors of the economy; (vi) declines in business and consumer confidence that negatively impact economic conditions; (vii) the failure of government measures to counteract the economic impact of the pandemic; (viii) delays in sales or fewer sales due to lower traffic at model home complexes and real estate offices; and (ix) delays in sales, or cancellations, due to mortgage lending issues. Any adverse impact of COVID-19 on Improvement Area No. 2, and the operations, finances and ability of the Developer and the merchant builders to complete their developments within Improvement Area No. 2 as planned, homebuyers’ willingness and ability to pay Special Taxes when due, and the real estate market in general cannot be predicted.

## **Limited Obligations**

The Bonds and interest thereon are not payable from the general funds of the Water District. Except with respect to the Special Taxes, neither the faith and credit nor the taxing power of the District or the Water District is pledged for the payment of the Bonds or the interest thereon, and, except as provided in the Indenture, no owner of the Bonds may compel the exercise of any taxing power by the District or the Water District or force the forfeiture of any Water District or District property. The principal of, premium, if any, and interest on the Bonds are not a debt of the Water District or a legal or equitable pledge, charge, lien or encumbrance upon any of the Water District’s or the District’s property or upon any of the Water District’s or

the District's income, receipts or revenues, except the Net Taxes and other amounts pledged under the Indenture.

### **Insufficiency of Special Taxes**

Under the Rate and Method, the annual amount of Special Tax to be levied on each taxable parcel in Improvement Area No. 2 will generally be based on the land use class to which a parcel of Developed Property is assigned. 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.*"

In order to pay debt service on the Bonds, it is necessary that the Special Taxes be paid in a timely manner. The District will establish and fund upon the issuance of the Bonds a Reserve Account of the Special Tax Fund in an amount equal to the Reserve Requirement to pay debt service on the Bonds to the extent other funds are not available. See "SOURCES OF PAYMENT FOR THE BONDS—Reserve Account of the Special Tax Fund." The District will covenant to maintain in the Reserve Account of the Special Tax Fund an amount equal to the Reserve Requirement subject, however, to the limitation that the District may not levy the Special Tax in Improvement Area No. 2 of the District in any fiscal year at a rate in excess of the maximum amounts permitted under the Rate and Method and the Act. As a result, if a significant number of delinquencies occurs, the District could be unable to replenish the Reserve Account of the Special Tax Fund to the Reserve Requirement due to the limitations on the maximum Special Tax. If such defaults were to continue in successive years, the Reserve Account of the Special Tax Fund could be depleted and a default on the Bonds could occur. See "SOURCES OF PAYMENT FOR THE BONDS—Special Taxes—*Limitation on Special Tax Levy and Potential Impact on Coverage.*"

The District will covenant in the Indenture that, under certain conditions, it will institute foreclosure proceedings to sell any property with delinquent Special Taxes in order to obtain funds to pay debt service on the 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 District 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 Account of the Special Tax Fund has been depleted) pending such sales or the prosecution of such foreclosure proceedings and receipt by the District of the proceeds of sale. The District may adjust the future Special Tax levied on taxable parcels in Improvement Area No. 2 of the District, 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 Account of the Special Tax 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 of the District will be at all times sufficient to pay the amounts required to be paid by the Indenture, even if the Special Tax is levied at the maximum Special Tax rates. See "—Bankruptcy and Foreclosure" for a discussion of potential delays in foreclosure actions.

The Rate and Method governing the levy of the Special Tax provides that no Special Tax shall be levied on property that is not located in Improvement Area No. 2. No Special Tax shall be levied on Property Owner Association Property and Public Property (as such terms are defined in the Rate and Method) so long as the Acreage of Taxable Property is at least 20.08 Acres within Zone A and 36.31 Acres within Zone B. To the extent that the exemption of an Assessor's Parcel of Property Owner Association Property or Public Property would reduce the acreage of Taxable Property below 20.08 Acres in Zone A or 36.31 Acres in Zone B, such Assessor's Parcel shall be classified as Taxable Property Owner Association Property or Taxable Public Property and shall be subject to the Special Tax. See 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 or another public agency, 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. See “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 2 —Expected Tax Burden.”

The Rate and Method governing the levy of the Special Tax provides that, once a parcel is classified as Taxable Property, it will remain subject to a Special Tax levy even if it is subsequently acquired by a public agency. 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 of the District may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the Developer or the merchant builders or any 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 of the District is also subject to the availability of water. Finally, development of land is subject to economic considerations.

The Developer reports that major infrastructure (sewer, water, storm drains, utilities, and arterial roads) to be installed by the Developer within Improvement Area No. 2 of the District has been substantially completed. All lots without vertical construction having commenced are in a finished condition. However, no assurance can be given that the remaining proposed development will be partially or 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 Bondowners should it be necessary for the District to foreclose on the property due to the nonpayment of Special Taxes. The failure to complete development in Improvement Area No. 2 of the District as planned, or substantial delays in the completion of the development due to litigation or other causes may reduce the value of the property within Improvement Area No. 2 of the District 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 of the District to pay the Special Taxes when due.

There can be no assurance that land development operations within Improvement Area No. 2 of the District 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.

Bondowners should assume that any event that significantly impacts the ability to develop land in Improvement Area No. 2 of the District would cause the property values within Improvement Area No. 2 of the District 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 of the District to pay the Special Taxes when due.

Property without improvements is less valuable per unit of area than property with completed vertical construction, especially if there are no plans to develop such land or if there are severe restrictions on the development of such land. Property without improvements also provides less security to the Bondowners should it be necessary for the District 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 of the District as currently proposed will make the Bondowners dependent upon timely payment of the Special Taxes levied on property without improvements. A slowdown or stoppage in the continued development of the land within Improvement Area No. 2 of the District could reduce the willingness and ability of the Developer and the merchant builders to make Special Tax payments on property without improvements and could greatly reduce the value of such property in the event it has to be foreclosed upon. See “—Land Values.”

### **Natural Disasters**

The District, like all California communities, may be subject to unpredictable seismic activity, fires, floods, or other natural disasters. Southern California is a seismically active area. Seismic activity represents a potential risk for damage to buildings, roads, and property within Improvement Area No. 2 of the District. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. According to the Water District, the property within Improvement Area No. 2 is not located in an Alquist Priolo Earthquake Study Zone. The District is not located in a flood plain area.

In recent years, wildfires have caused extensive damage throughout the State. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events.

[Eastern Orange County and western Riverside County, in which Improvement Area No. 2 is located, have previously experienced large scale wildfires that resulted in the destruction of homes and businesses. In August 2018, the Holy Jim Canyon fire burned over 25,000 acres in an area located approximately 5 miles from Improvement Area No. 2. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. Additionally, wildfires increase the risk of mudslides in areas like the District that are surrounded by hillsides. Mudslides could result in significant damage to property. According to the California Department of Forestry and Fire Protection (Cal Fire) and the Safety Element of the County’s General Plan, all or most of Improvement Area No. 2 is located in a State Responsibility Area designated as a Very High Fire Hazard Severity Zone. By way of comparison, the Safety Element of the County’s General Plan shows that approximately fifty percent of the County is similarly located in very high or high Fire Hazard Severity Zones. More information regarding Fire Hazard Severity Zones, including the most recent Fire Hazard Severity Zone Maps, can be found at the Cal Fire website at <http://frap.fire.ca.gov/index>, though such website is not incorporated herein by reference. Homeowner’s insurance is available to property owners within Improvement Area No. 2, and the coverage provided by such insurance typically insures against fire damage, although there is no assurance that homeowners within Improvement Area No. 2 will purchase or maintain such insurance. In general, property damage due to

wildfire or mudslides could result in a significant decrease in the market value of property in Improvement Area No. 2 and in the ability or willingness of property owners to pay Special Taxes.]

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 of the District. 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. 2 of the District 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 the 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 such substance. 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 of the District, 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 Developer has represented to the District that it is not aware of any hazardous substance condition of the property within Improvement Area No. 2 of the District. The District has not independently verified, but is not aware, that any owner (or operator) of any of the parcels within Improvement Area No. 2 of the District has such a current liability with respect to any such parcel. However, it is possible that such liabilities do currently exist and that the District is not aware of them.

### **Payment of the Special Tax is not a Personal Obligation of the Property 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, the District has no recourse against the property owner.

### **Land Values**

The value of the property within Improvement Area No. 2 of the District 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 District's only remedy is to commence foreclosure proceedings against the delinquent parcel in an attempt to obtain funds to pay the Special Taxes. Reductions in property values due to a downturn in the economy, physical events such as earthquakes, fires or floods, stricter land use regulations, delays in development or other events will adversely impact the security underlying the Special Taxes. See "THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 2—Appraised Value-to-Lien Ratios."

The Appraiser has estimated, on the basis of certain definitions, assumptions and limiting conditions contained in the Appraisal Report that as of August 1, 2021, the market value of the Taxable Parcels within Improvement Area No. 2 of the District was not less than \$170,342,514. The Appraisal Report is based on a number of assumptions and limiting conditions as stated in APPENDIX B—"APPRAISAL REPORT." The Appraisal Report does not reflect any possible negative impact which could occur by reason of future slow or no growth voter initiatives, an economic downturn, any potential limitations on development occurring due to time delays, an inability of any landowner to obtain any needed development approval or permit, the presence of hazardous substances or other adverse soil conditions within Improvement Area No. 2 of the District, the listing of endangered species or the determination that habitat for endangered or threatened species exists within Improvement Area No. 2, or other similar situations.

Prospective purchasers of the Bonds should not assume that the land and improvements within Improvement Area No. 2 of the District could be sold for the amount stated in the Appraisal Report at a foreclosure sale for delinquent Special Taxes. In arriving at the estimate of market value, the Appraiser assumes that any sale will be sold in a competitive market after a reasonable exposure time, and assuming that neither the buyer or seller is under duress, which is not always present in a foreclosure sale. See APPENDIX B—"APPRAISAL REPORT" 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 land within Improvement Area No. 2 of the District from that estimated by the Appraiser.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, adjusted annually by an amount determined by the County Assessor, generally not to exceed an increase of more than 2% per fiscal year. No assurance can be given that a parcel could actually be sold for its assessed value.

No assurance can be given that 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 APPENDIX E—"SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY—Covenants—Commence Foreclosure Proceedings."

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

Property within Improvement Area No. 2 of the District is subject to taxes and assessments imposed by other public agencies also having jurisdiction over the land within Improvement Area No. 2 of the District. See "THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 2—Direct and Overlapping Indebtedness."

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special taxes and special assessments levied by 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 "—Bankruptcy and Foreclosure."

**Neither the District nor the Water District has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within Improvement Area No. 2. In addition, the landowners within Improvement Area No. 2 of the District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by special taxes and *ad valorem* taxes or assessments. Any such special 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 the property within Improvement Area No. 2 described herein. See “SOURCES OF PAYMENT FOR THE BONDS” and “THE COMMUNITY FACILITIES DISTRICT AND IMPROVEMENT AREA NO. 2—Direct and Overlapping Indebtedness” and “—Appraised Value to Lien Ratios.”**

### **Disclosures to Future Purchasers**

The willingness or ability of an owner of a parcel to pay the Special Tax even if the value 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 Water District has caused a notice of the Special Tax 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 of the District or lending of money thereon.

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

### **Special Tax Delinquencies**

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds are derived, will be billed to the properties within Improvement Area No. 2 of the District on the regular *ad valorem* property tax bills sent to owners of such properties by the County of Riverside Tax Collector. 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 APPENDIX E—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—COVENANTS AND WARRANTY—Covenants—Commence Foreclosure Proceedings” for a discussion of the provisions which apply, and procedures which the District is obligated to follow under the Indenture, in the event of delinquencies in the payment of Special Taxes. See “—Bankruptcy and Foreclosure” for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and assessment and limitations on the District’s ability to foreclose on the lien of the Special Taxes in certain circumstances.

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

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

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

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes within Improvement Area No. 2 of the District but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

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

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

The Policy Statement states that the FDIC generally will not pay non-*ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that

the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit has issued a ruling on August 28, 2001 in which it determined that the FDIC, as a federal agency, is exempt from special taxes under the Act.

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

### **Bankruptcy and Foreclosure**

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 District to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "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 Acquisition and Construction 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 exempts 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 court. *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 terms of the Bonds or the Indenture or in the event interest on the Bonds becomes included in gross income for federal income tax purposes. Pursuant to the Indenture, an owner is given the right for the equal benefit and protection of all owners of the Bonds similarly situated to pursue certain remedies described in APPENDIX E—“SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE—EVENTS OF DEFAULT; REMEDIES” and “—Limitations on Remedies.”

#### **Loss of Tax Exemption**

As discussed under the caption “TAX MATTERS” herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Indenture with respect to compliance with certain provisions of the Code. Should such an event of taxability occur, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

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

## Proposition 218

An initiative measure commonly referred to as the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State 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 as they may relate to community facilities district are subject to interpretation by the courts. The Initiative could potentially impact the Special Taxes available to the District to pay the principal of and interest on the Bonds as described below.

Among other things, Section 3 of Article XIII C 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 Board of Directors of the Water District, 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 District will covenant that it will not initiate proceedings under the Act to reduce the maximum Special Tax rates on parcels within Improvement Area No. 2 of the District. In connection with the foregoing covenant, the Board of Directors of the Water District has made a legislative finding and determination that any elimination or reduction of Special Taxes below the foregoing level would interfere with the timely retirement of the Bonds. The District will also covenant 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 “SPECIAL 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 tentative ruling in *Horizon Capital Investments, LLC v. City of Sacramento et al.* (Case No. 34-2017-80002661). That ruling subsequently became the court’s final order. 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 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 and Improvement Area No. 2, the Special Taxes, or the Bonds. The City of Sacramento did not appeal the superior court’s ruling.

### **No Ratings – Limited Secondary Market**

The District has not applied to have the Bonds rated by any nationally recognized bond rating company, and it does not expect to do so in the future. See “—Limited Secondary Market.”

## **Ballot Initiatives**

Articles 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 or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the Water District, or local districts to increase revenues or to increase appropriations or on the ability of the Developer and the merchant builders to complete the remaining proposed development within Improvement Area No. 2 of the District.

## **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 interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. The Bonds are not subject to acceleration. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners.

## **Potential Early Redemption of Bonds from Prepayments or Community Facilities District Bond Proceeds**

Property owners within Improvement Area No. 2, including the Developer, the merchant builders and any individual property owner, are permitted to prepay their Special Taxes at any time. Such prepayments could also be made from the proceeds of bonds issued by or on behalf of an overlapping community facilities district. Such prepayments will result in a redemption of the Bonds on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of the prepayment. The resulting redemption of Bonds that were purchased at a price greater than par could reduce the otherwise expected yield on such Bonds. See the caption "THE BONDS—Redemption—*Extraordinary Redemption from Special Tax Prepayments.*"

## **Cyber Security**

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

## **CONTINUING DISCLOSURE**

Pursuant to a Continuing Disclosure Certificate (the “District Continuing Disclosure Certificate”), the District will agree to provide, or cause to be provided, to the MSRB through its EMMA website, or other repository authorized under the Rule, certain annual financial information and operating data concerning the District. The District Reports are to be filed not later than February 1 of each year, beginning February 1, 2022, which initial District Report shall consist solely of the Official Statement and audited financial statements of the District, if any. Thereafter, the District Reports will include annual financial information and operating data concerning the District as set forth in Appendix F and the audited financial statements of the District, if any are prepared. The District does not currently prepare audited financial statements and does not anticipate doing so in the future. The full text of the District Continuing Disclosure Certificate is set forth in APPENDIX F—“FORM OF CONTINUING DISCLOSURE CERTIFICATE OF THE DISTRICT.”

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

During the previous five years, the District did not file its audited financial statements with respect to its Improvement Area No. 1 2018 Special Tax Bonds (the “2018 Bonds”). The District did not file a notice of its failure to provide the aforementioned audited financial statements on or before the date specified in its continuing disclosure undertaking with respect to the 2018 Bonds.

The Water District will assist the District in preparing the District Reports. In order to ensure ongoing compliance by the District with its continuing disclosure undertaking, (i) Water District staff will take steps to ensure that the filing due date is correctly documented in policies and procedures and a single Water District staff member has been assigned primary responsibility to monitor compliance; and (ii) the Water District has contracted with a consultant to assist in filing accurate, complete and timely disclosure reports on behalf of the District.

## **TAX MATTERS**

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

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

Bond Counsel’s opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District, the Water

District and others and is subject to the condition that the District, the Water District and others making such representations comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District and the Water District will covenant to comply with all such requirements.

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

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

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

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

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District and the Water District continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or

receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

Should interest on the Bonds (including any original issue discount) become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

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

### **LEGAL MATTERS**

The legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, approving the validity of the Bonds in substantially the form set forth as Appendix C hereto, will be made available to purchasers at the time of original delivery. Certain legal matters will be passed upon for the District and the Water District by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel and for the Underwriter by Best Best & Krieger LLP, Riverside, California, as counsel to the Underwriter. Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to do so.

### **LITIGATION**

No litigation is pending or threatened concerning the validity of the Bonds and a certificate of the District to that effect will be furnished to the Underwriter at the time of the original delivery of the Bonds. Neither the Water District nor the District is aware of any litigation pending or threatened which questions the existence of the District or the Water District or contests the authority of the District to levy and collect the Special Taxes or to issue and retire the Bonds.

### **NO RATING**

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

### **UNDERWRITING**

The Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Bonds at a price of \$\_\_\_\_\_ (being the \$\_\_\_\_\_ aggregate principal amount thereof, plus net original issue premium of \$\_\_\_\_\_, and less Underwriter's discount 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 the purchase contract, the approval of certain legal matters by counsel and certain other conditions.

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

### **FINANCIAL INTERESTS**

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel, Municipal Advisor to the Water District, the Trustee and Underwriter's Counsel are contingent upon the issuance and delivery of the Bonds. The fees being paid to the Appraiser and to the Special Tax Consultant are not contingent upon the

issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

**PENDING LEGISLATION**

The District is not aware of any significant pending legislation which would have material adverse consequences on the Bonds or the ability of the District 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. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The execution and delivery of this Official Statement by the General Manager of the Water District has been duly authorized by the Board of Directors of the Water District acting in its capacity as the legislative body of the District.

COMMUNITY FACILITIES DISTRICT NO. 4  
(TERRAMOR) OF TEMESCAL VALLEY WATER  
DISTRICT

By: \_\_\_\_\_  
General Manager

## APPENDIX A

### RATE AND METHOD OF APPORTIONMENT COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR) OF TEMESCAL VALLEY WATER DISTRICT

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 2 ("IA No. 2") of Temescal Valley Water District Community Facilities District No. 4 (Terramor) ("CFD No. 4") and collected each Fiscal Year commencing in Fiscal Year 2019-2020, in an amount determined by the Board, through the application of the Rate and Method of Apportionment as described below. All of the real property in IA No. 2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

#### A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

**"Acre" or "Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, 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.

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

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of IA No. 2: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the Water District or designee thereof or both); the costs of collecting the Special Taxes (whether by the Water District or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the Water District, CFD No. 4 or any designee thereof of complying with arbitrage rebate requirements; the costs to the Water District, CFD No. 4 or any designee thereof of complying with Water District, IA No. 2 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the Water District, CFD No. 4 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; the costs associated with the Special Tax reduction described in Section J; the costs associated with the issuance of Bonds; and the Water District's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the Water District or CFD No. 4 for any other administrative purposes of IA No. 2, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

**"Approved Property"** means, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property, for which a Final Map was recorded prior to January 1 of the previous Fiscal Year.

**"Assessor's Parcel"** means any real property to which an Assessor's parcel number is assigned as shown on an Assessor's Parcel Map.

**"Assessor's Parcel Map"** means an official map of the County Assessor of the County designating parcels by Assessor's Parcel number.

**“Assigned Special Tax”** means the Special Tax for each Land Use Class of Developed Property within IA No. 2, as determined in accordance with Section C below.

**“Backup Special Tax”** means the Special Tax applicable to each Assessor’s Parcel of Developed Property within IA No. 2, as determined in accordance with Section C below.

**“Board”** means the Board of Directors of the Water District, acting as the legislative body of CFD No. 4.

**“Bonds”** means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 4 for IA No. 2 under the Act.

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

**“CFD No. 4”** means the Temescal Valley Water District Community Facilities District No. 4 (Terramor).

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

**“Developed Property”** means, for each Fiscal Year, all Taxable Property, exclusive of Other Taxable Property, (i) for which a building permit was issued prior to March 1 of the prior Fiscal Year, and (ii) that is located within a Final Map.

**“Final Map”** means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots or parcels for which building permits may be issued without further subdivision, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 1352 creating such individual lots or parcels.

**“Fiscal Year”** means the period starting July 1 and ending on the following June 30.

**“Improvement Area No. 2”** or **“IA No. 2”** means Improvement Area No. 2 of CFD No. 4.

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

**“Land Use Class”** means any of the classes listed in Tables 1 and 2 below.

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

**“Non-Residential Property”** means Developed Property for which a building permit(s) was issued for a non-residential use.

**“Original IA No. 2 Property”** means the property located within IA No. 2 at the time of formation as identified on the original boundary map for IA No. 2 of CFD No. 4.

**“Outstanding Bonds”** means all Bonds which are deemed to be outstanding under the Indenture.



**“Other Taxable Property”** means Taxable Public Property and Taxable Property Owner Association Property.

**“Proportionately”** means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor’s Parcels of Developed Property, except to the extent that the Special Tax levy on Residential Property is limited as described in the first step in Section D below. For Approved Property or Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Approved Property or Undeveloped Property. For Other Taxable Property, “Proportionately” means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor’s Parcels of Other Taxable Property.

**“Property Owner Association Property”** means, for each Fiscal Year, any property within the boundaries of IA No. 2 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

**“Public Property”** means, for each Fiscal Year, any property within IA No. 2 that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the County, Water District, or any other public agency as of June 30 of the prior Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

**“Residential Floor Area”** means all of the square footage of living area within the perimeter of a residential dwelling unit, not including any carport, walkway, garage, overhang, patio, enclosed patio, or similar area. The CFD Administrator shall determine the Residential Floor Area based upon the building permit(s) issued for such residential dwelling unit.

**“Residential Property”** means Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

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

**“Special Tax Requirement”** means that amount required in any Fiscal Year to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for the acquisition or construction of facilities authorized to be financed by IA No. 2 to the extent that inclusion of such amount does not increase the Special Tax levy on Approved Property or Undeveloped Property; and (vi) pay for reasonably anticipated Special Tax delinquencies based on the historical delinquency rate for IA No. 2 as determined by the CFD Administrator; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

**“State”** means the State of California.

**“Taxable Property”** means all of the Assessor’s Parcels within the boundaries of IA No. 2 which are not exempt from the Special Tax pursuant to law or Section E below.

**“Taxable Property Owner Association Property”** means all Assessor’s Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

**“Taxable Public Property”** means all Assessor’s Parcels of Public Property that are not exempt pursuant to Section E below.

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

**“Undeveloped Property”** means, for each Fiscal Year, all Taxable Property not classified as Approved Property, Developed Property, or Other Taxable Property.

**“Water District”** means the Temescal Valley Water District.

**“Zone”** means Zone A and/or Zone B, as applicable.

**“Zone A”** means Zone A of IA No. 2, as identified on the boundary map for IA No. 2 of CFD No. 4 (including any annexation map).

**“Zone B”** means Zone B of IA No. 2, as identified on the boundary map for IA No. 2 of CFD No. 4, (including any annexation map).

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, all Taxable Property within Zone A and Zone B of IA No. 2 shall be classified as Developed Property, Approved Property, Other Taxable Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment as determined pursuant to Sections C and D below. Developed Property shall be further classified as Residential Property or Non-Residential Property.

**C. MAXIMUM SPECIAL TAX**

**1. Developed Property**

Residential Property in Zone A shall be assigned to Land Use Classes 1 through 8 of Table 1 below, and Non-Residential Property in Zone A shall be assigned to Land Use Class 9 of Table 1 below. Residential Property in Zone B shall be assigned to Land Use Class 1 through 8 of Table 2 below, and Non-Residential Property in Zone B shall be assigned to Land Use Class 9 of Table 2 below. The Assigned Special Tax for Residential Property shall be based on the Residential Floor Area of the dwelling unit(s) located on the Assessor’s Parcel. The Assigned Special Tax for Non-Residential Property shall be based on the Acreage of the Assessor’s Parcel.

**(a) Maximum Special Tax**

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

The Maximum Special Tax (including the Assigned Special Taxes and the Backup Special Tax set forth in Sections C.1.(b), C.1.(c) and C.1.(d) below) may be reduced in accordance with, and subject to the conditions set forth in, Section J below.

**(b) Assigned Special Tax – Zone A (Market Rate Units)**

The Assigned Special Tax for each Land Use Class within Zone A is shown below in Table 1.

**TABLE 1**  
**Assigned Special Tax for Developed Property in**  
**Zone A**  
**(Market Rate Units)**

Land Use Class	Description	Residential Floor Area	Assigned Special Tax
1	Residential Property	> 3,101 s.f.	\$3,478 per unit
2	Residential Property	2,901 – 3,101 s.f.	\$3,377 per unit
3	Residential Property	2,601 – 2,900 s.f.	\$3,278 per unit
4	Residential Property	2,301 – 2,600 s.f.	\$3,183 per unit
5	Residential Property	2,151 – 2,300 s.f.	\$3,094 per unit
6	Residential Property	2,001 – 2,150 s.f.	\$2,977 per unit
7	Residential Property	1,851 – 2,000 s.f.	\$2,888 per unit
8	Residential Property	< 1,851 s.f.	\$2,799 per unit
9	Non-Residential Property	NA	\$29,446 per Acre

**(c) Assigned Special Tax – Zone B (Age-Qualified Units)**

The Assigned Special Tax for each Land Use Class within Zone B is shown below in Table 2.

**TABLE 2**  
**Assigned Special Tax for Developed Property in**  
**Zone B**  
**(Age-Qualified Units)**

Land Use Class	Description	Residential Floor Area	Assigned Special Tax
1	Residential Property	> 2,599 s.f.	\$2,921 per unit
2	Residential Property	2,300 – 2,599 s.f.	\$2,703 per unit
3	Residential Property	1,900 – 2,299 s.f.	\$2,502 per unit
4	Residential Property	1,601 – 1,899 s.f.	\$2,115 per unit
5	Residential Property	1,301 – 1,600 s.f.	\$1,888 per unit
6	Residential Property	1,101 – 1,300 s.f.	\$1,875 per unit
7	Residential Property	< 1,101 s.f.	\$1,819 per unit
8	Non-Residential Property	NA	\$18,404 per Acre

**(d) Backup Special Tax**

The Backup Special Tax for an Assessor’s Parcel of Developed Property will equal the amount indicated in Table 3 below for the applicable Zone.

**TABLE 3**  
**Backup Special Tax for**  
**Zone A and Zone B**

Zone	Backup Special Tax
A	\$29,446 per Acre
B	\$18,404 per Acre

**2. Approved Property, Undeveloped Property and Other Taxable Property**

The Maximum Special Tax for Approved Property, Undeveloped Property, and Other Taxable Property will equal the amount indicated in Table 4 below for the applicable Zone.

**TABLE 4**  
**Approved Property, Undeveloped**  
**Property, and Other Taxable Property**  
**in**  
**Zone A and Zone B**

Zone	Maximum Special Tax
A	\$29,446 per Acre
B	\$18,404 per Acre

**3. Multiple Land Uses**

In some instances an Assessor’s Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor’s Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor’s Parcel. The Maximum Special Tax that can be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor’s Parcel. For an Assessor’s Parcel that contains multiple land uses, 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.

**D. APPORTIONMENT OF THE SPECIAL TAX**

For each Fiscal Year, commencing Fiscal Year 2019-2020, the Board shall determine the Special Tax Requirement and shall levy the Special Tax as follows:

First: The Special Tax shall be levied Proportionately on each Assessor’s Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Approved Property at up to 100% of the Maximum Special Tax for Approved Property;

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

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor’s Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to 100% of the Maximum Special Tax for each such Assessor’s Parcel.

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Other Taxable Property at up to 100% of the Maximum Special Tax for Other Taxable Property.

Notwithstanding the above, pursuant to Section 53321(d)(3) of the California Government Code, under no circumstances will the Special Tax levied in any Fiscal Year against any Assessor’s Parcel for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner or owners of any other Assessor’s Parcel(s) within CFD No. 4 by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. To the extent that the levy of the Special Tax on residential property is limited by the provision in the previous sentence, the levy of the Special Tax on each Assessor’s Parcel of non-residential property shall continue to increase in equal percentages at up to 100% of the Maximum Special Tax.

**E. EXEMPTIONS**

No Special Taxes shall be levied on Property Owner Association Property and Public Property, so long as the Acreage of Taxable Property in each Zone is at least equal to the “Minimum Taxable Acreage” as defined below.

Lots 2 and 3 of tract map 36825 are planned to be annexed into IA No. 2 at a future date. The Minimum Taxable Acreage for each Zone is equal to (i) the applicable amount shown in Column C of Table 5 below prior to any annexations into IA No. 2 or (ii) the applicable amount shown in Column E of Table 5 below following the annexation of Lot 2 and/or Lot 3 of tract map 36825 into IA No. 2.

**Table 5  
Minimum Taxable Acreage**

Column A	Column B	Column C	Column D	Column E
Lot(s)	Lot(s) Annexed into Zone	Minimum Taxable Acreage prior to Annexation	Amount of Increase to Minimum Taxable Acreage indicated in paragraph above	New Minimum Taxable Acreage following Annexation
2	A	20.08 Acres	10.24 Acres	30.32 Acres
2	B	17.26 Acres	10.24 Acres	27.50 Acres
3	A	20.08 Acres	8.81 Acres	28.89 Acres
3	B	17.26 Acres	8.81 Acres	26.07 Acres
2 & 3	A	20.08 Acres	19.05 Acres	39.13 Acres
2 & 3	B	17.26 Acres	19.05 Acres	36.31 Acres

Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Property Owner Association Property or Public Property. However, should an Assessor’s Parcel no longer be classified as Property Owner Association Property or Public Property, its tax-exempt status will be revoked.

To the extent that the exemption of an Assessor’s Parcel of Property Owner Association Property or Public Property would reduce the Acreage of Taxable Property below the Minimum Taxable Acreage in the applicable Zone, such Assessor’s Parcel shall be classified as Taxable Property Owner Association Property or Taxable Public Property, as applicable, and shall be subject to the levy of the

Special Tax and shall be taxed as part of the fifth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Other Taxable Property.

**F. APPEALS AND INTERPRETATIONS**

Any taxpayer may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the 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 eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Board by filing a written notice of appeal with the clerk of the Board, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

The CFD Administrator may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any property owner appeals. Any decision of the CFD Administrator shall be subject to appeal to the Board whose decision shall be final and binding as to all persons.

**G. MANNER OF COLLECTION**

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 4 may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

**H. PREPAYMENT OF SPECIAL TAX**

The following definitions apply to this Section H:

**"CFD Public Facilities"** means (i) for the Original IA No. 2 Property, an amount equal to \$13.0 million, (ii) after property is annexed into IA No. 2 and depending on which Zone(s) Lots and 2 and 3 of tract map 36825 are annexed into, the amount indicated in (i) above shall be increased by the amount(s) indicated in Table 6 below, or (iii) such lower number as (a) determined by the CFD Administrator as sufficient to provide the public facilities to be provided by CFD No. 4 on behalf of IA No. 2 under the authorized bonding program for IA No. 2, or (b) shall be determined by the Board concurrently with a covenant that it will not issue any more Bonds to be supported by Special Tax levied under this Rate and Method of Apportionment as described in Section D.

**Table 6  
Increase in CFD Public Facilities  
After Annexation of Property**

Lot(s)	Lot Annexed into Zone	Amount of Increase to CFD Public Facilities indicated in paragraph above
2	A	\$3.9 million
2	B	\$2.9 million
3	A	\$4.0 million
3	B	\$2.5 million
2 & 3	A	\$7.9 million
2 & 3	B	\$5.4 million

**“Construction Fund”** means an account specifically identified in the Indenture to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

**“Future Facilities Costs”** means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

**“Outstanding Bonds”** means all Previously Issued Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

**“Previously Issued Bonds”** means all Bonds that have been issued by CFD No. 4 for IA No. 2 prior to the date of prepayment.

**1. Prepayment in Full**

The obligation of an Assessor’s Parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only for Assessor’s Parcels of Developed Property and Approved Property and/or Undeveloped Property for which a building permit has been issued, and 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 Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor’s Parcel. The CFD Administrator may charge a reasonable fee for providing this service. Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture.

The Special Tax Prepayment Amount (as defined in paragraph 14 below) shall be calculated as summarized below (capitalized terms as defined below):



		Bond Redemption Amount
plus		Redemption Premium
plus		Future Facilities Amount
plus		Defeasance Amount
plus		Administrative Fees and Expenses
less		Reserve Fund Credit
Total:	equals	Prepayment Amount

As of the proposed date of prepayment, the Special Tax Prepayment Amount (as defined in paragraph 14 below) shall be calculated as follows:

**Paragraph No.:**

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax applicable for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Approved Property and/or Undeveloped Property (for which a building permit has been issued) to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit which has already been issued for that Assessor's Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Tax for the entire IA No. 2 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development at buildout of IA No. 2, excluding any Assessor's Parcels which have been prepaid, and  
  
(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the estimated total Backup Special Tax at buildout of IA No. 2, excluding any Assessor's Parcels which have been prepaid.
4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds to compute the amount of Outstanding Bonds to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute 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.
9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.

10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Special Tax Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 4 related to the IA No. 2 prepayment, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
13. The reserve fund credit ("Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Indenture), if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Indenture) in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amount computed pursuant to paragraph 13 (the "Prepayment Amount").
15. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, and 13 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Outstanding Bonds or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 4.

The Special Tax Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Assigned Special Tax that may be levied on Taxable Property (based on expected development at build out), both prior to and after the proposed prepayment, less expected Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year and such prepayment will not impair the security of all Outstanding Bonds, as reasonably determined by the CFD Administrator.

## 2. Prepayment in Part

The Special Tax on an Assessor's Parcel of Developed Property or an Assessor's Parcel of Approved Property and/or Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = [(P_E - AE) \times F] + AE$$

These terms have the following meaning:

AE	=	the Administrative Fees and Expenses
PP	=	the partial prepayment
P <sub>E</sub>	=	the Prepayment Amount calculated according to Section H.1
F	=	the percentage by which the owner of the Assessor's Parcel is partially prepaying the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Special Tax and the percentage by which the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the Water District shall (i) distribute the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 4 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax, shall continue to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Assigned Special Tax that may be levied on Taxable Property (based on expected development at build out), both prior to and after the proposed prepayment, less expected Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all Outstanding Bonds (excluding Bonds to be redeemed by such prepayment and all prior prepayments) in each future Fiscal Year and such partial prepayment will not impair the security of all Outstanding Bonds, as reasonably determined by the CFD Administrator.

### I. TERM OF SPECIAL TAX

The Special Tax shall be levied for the period necessary to fully satisfy items (i) through (iv) of the Special Tax Requirement, but in no event shall it be levied after Fiscal Year 2058-59.

### J. SPECIAL TAX REDUCTION

“**Contractual Encumbrances**” means (a) a voluntary contractual assessment established and levied on an individual Assessor's Parcel pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10 et seq.), as amended from time to time, (b) a special tax established and levied on an individual Assessor's Parcel pursuant to Section 53328.1 of the California Government Code and related provisions of the Act, as amended from time to time, and (c) any other fee, charge, tax or assessment established and levied on an individual Assessor's Parcel pursuant to a contractual agreement or other voluntary consent by the owner thereof.

**“Independent Price Point Consultant”** means any consultant or firm of such consultants selected by CFD No. 4 that (a) has substantial experience in performing Price Point Studies for residential units within community facilities districts or otherwise estimating or confirming pricing for residential units in 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 in fact independent and not under the control of CFD No. 4 or the Water District, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No. 4, (ii) the Water District, (iii) any owner of real property in CFD No. 4, or (iv) any real property in CFD No. 4, and (e) is not connected with CFD No. 4 or the Water District as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 4 or the Water District.

**“Plan Type”** means, for each Zone, a discrete residential plan type 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 dwelling units in each Plan Type, as of any date, the minimum base price of such residential dwelling units, estimated as of such date, including any incentives and concessions, but excluding potential appreciation or premiums, options or upgrades, based upon their actual or expected characteristics, such as living area and lot size.

**“Price Point Study”** means a price point study or a letter updating a previous price point study, which (a) has been prepared by an Independent 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 dwelling units for each Plan Type, (d) sets forth such Independent 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 60 days prior to the date the Price Point Study is delivered to the CFD Administrator pursuant to this Section J.

**“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, for the Fiscal Year in which the calculation is being performed, the quotient of (a) the sum of the Assigned Special Tax 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 any Contractual Encumbrances), levied or imposed on all residential dwelling units of such Plan Type in such Fiscal Year or that would have been levied or imposed on all such residential dwelling units had such residential dwelling units been completed, sold and subject to such levies and impositions, in such Fiscal Year divided by (b) the number of residential dwelling units in such Plan Type. The Total Tax and Assessment Obligation for each Plan Type shall be calculated based on the applicable Residential Floor Area, Price Point, and number of constructed and expected residential dwelling units for such Plan Type as identified in the Price Point Study.

Prior to the issuance of the first series of Bonds, the following steps shall be taken:

Step No.:

1. At least 30 days prior to the expected issuance date of the first series of Bonds, CFD No. 4 shall cause a Price Point Study to be delivered to the CFD Administrator.
2. As soon as practicable after receipt of the Price Point Study, the CFD Administrator shall calculate the Total Effective Tax Rate for each Plan Type.

3. Separately, for each Land Use Class, the CFD Administrator shall determine whether or not the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to 2.00% for property in Zone A and 1.75% for property in Zone B.
  - a. If the Total Effective Tax Rate for all Plan Types in a Land Use Class is less than or equal to 2.00% for property in Zone A and 1.75% for property in Zone B, then there shall be no change in the Assigned Special Tax for such Land Use Class.
  - b. If the Total Effective Tax Rate for any Plan Type in a Land Use Class is greater than 2.00% for property in Zone A or 1.75% for property in Zone B, then the CFD Administrator shall calculate a revised Assigned Special Tax for such Land Use Class, which revised Assigned Special Tax 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 Class to exceed 2.00% for property in Zone A and 1.75% for property in Zone B.
4. If the Assigned Special Tax for any Land Use Class in a Zone is revised pursuant to step 3.b. above, the CFD Administrator shall calculate a revised Backup Special Tax for all property within such Zone. The revised Backup Special Tax for such Zone shall be an amount (rounded to the nearest whole dollar) equal to the Backup Special Tax for such Zone as set forth in Section C.1.(d), reduced by a percentage equal to the weighted average percentage reduction in the Assigned Special Taxes for all Land Use Classes of Residential Property in such Zone 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 Class multiplied by the percentage change for each Land Use Class (or 0 for Land Use Classes that are not changing). This amount is then divided by the total number of units constructed or expected to be constructed within the Zone and converted to a percentage.
5. If the Assigned Special Tax for any Land Use Class is revised pursuant to step 3.b. above, the CFD Administrator shall prepare and execute a Certificate of Reduction in Special Taxes substantially in the form of Exhibit A hereto and shall deliver such Certificate of Reduction in Special Taxes to CFD No. 4. The Certificate of Reduction in Special Taxes shall be completed for all Land Use Classes and shall set forth, as applicable, either (i) the reduced Assigned Special Tax for a Land Use Class as calculated pursuant to step 3.b., or (ii) the Assigned Special Tax as identified in Table 1 or Table 2 in Section C.1.(b) and C.1.(c) for a Land Use Class that was not revised as determined pursuant to step 3.a.; as well as either (i) the revised Backup Special Tax for a Zone as calculated pursuant to step 4, or (ii) the Backup Special Tax as identified in Table 3 in Section C.1.(d) for a Zone that was not revised as determined pursuant to step 4.
6. If the first series of Bonds is issued within 90 days of the date of receipt of the Price Point Study by the CFD Administrator, CFD No. 4 shall execute the acknowledgement on such Certificate of Reduction in Special Taxes, dated as of the date of such issuance, and, upon the issuance of such first series of Bonds, the Assigned Special Tax for each Land Use Class and the Backup Special Tax shall, *ipso facto*, be, for all purposes, as set forth in such Certificate of Reduction in Special Taxes. If the first series of Bonds is not issued within 90 days of the date of receipt of the Price Point Study by the CFD Administrator, such Certificate of Reduction in Special Taxes shall not be acknowledged by CFD No. 4 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 issuance date 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. 4 of the acknowledgement on the Certificate of Reduction in Special Taxes, CFD No. 4 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 Taxes and the Backup Special Tax for each Zone set forth in such Certificate of Reduction in Special Taxes.
8. If the Assigned Special Tax is not required to be changed for any Land Use Class based on the calculations performed under step 3 above, there shall be no reduction in the Maximum Special Tax, and no Certificate of Reduction in Special Taxes shall be required. However the CFD Administrator shall prepare and deliver to CFD No. 4 a Certificate of No Reduction in Special Taxes substantially in the form of Exhibit B hereto dated as of the date of the issuance of the first series of Bonds that states that the calculations required pursuant to this Section J have been made and that no changes to the Assigned Special Tax or Backup Special Tax are necessary.
9. CFD No. 4 and the CFD Administrator shall take no further actions under this Section J upon the earlier to occur of the following: (i) the execution of the acknowledgement by CFD No. 4 on a Certificate of Reduction in Special Taxes pursuant to step 6; or (ii) the delivery by the CFD Administrator of a Certificate of No Reduction in Special Taxes pursuant to step 8.

**EXHIBIT A**

**CERTIFICATE OF REDUCTION IN SPECIAL TAXES**

**Temescal Valley Water District**

**IA No. 2 of CFD No. 4**

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

**TABLE 1A**  
**Assigned Special Tax for Developed Property in**  
**Zone A**  
**(Market Rate Units)**

Land Use Class	Description	Residential Floor Area	Assigned Special Tax
1	Residential Property	> 3,101 s.f.	\$ ____ per unit
2	Residential Property	2,901 – 3,101 s.f.	\$ ____ per unit
3	Residential Property	2,601 – 2,900 s.f.	\$ ____ per unit
4	Residential Property	2,301 – 2,600 s.f.	\$ ____ per unit
5	Residential Property	2,151 – 2,300 s.f.	\$ ____ per unit
6	Residential Property	2,001 – 2,150 s.f.	\$ ____ per unit
7	Residential Property	1,851 – 2,000 s.f.	\$ ____ per unit
8	Residential Property	< 1,851 s.f.	\$ ____ per unit
9	Non-Residential Property	NA	\$ ____ per Acre

**TABLE 2A**  
**Assigned Special Tax for Developed Property in**  
**Zone B**  
**(Age-Qualified Units)**

Land Use Class	Description	Residential Floor Area	Assigned Special Tax
1	Residential Property	> 2,599 s.f.	\$_____ per unit
2	Residential Property	2,300 – 2,599 s.f.	\$_____ per unit
3	Residential Property	1,900 – 2,299 s.f.	\$_____ per unit
4	Residential Property	1,601 – 1,899 s.f.	\$_____ per unit
5	Residential Property	1,301 – 1,600 s.f.	\$_____ per unit
6	Residential Property	1,101 – 1,300 s.f.	\$_____ per unit
7	Residential Property	< 1,101 s.f.	\$_____ per unit
8	Non-Residential Property	NA	\$_____ per Acre

4. The Backup Special Tax for each Assessor’s Parcel of Developed Property shall equal \$\_\_\_\_\_ per Acre in Zone A and \$\_\_\_\_\_ per Acre in Zone B after such reduction.
5. Upon execution of this certificate by CFD No. 4, CFD No. 4 shall cause an amended notice of Special Tax lien for IA No. 2 to be recorded reflecting the Assigned Special Tax and Backup Special Tax set forth herein.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_ Date: \_\_\_\_\_

By execution hereof, the undersigned acknowledges, on behalf of CFD No. 4, receipt of this certificate and modification of the Rate and Method of Apportionment as set forth in this certificate.

TEMESCAL VALLEY WATER DISTRICT CFD NO. 4

By: \_\_\_\_\_ Date as of: [date of issuance of Bonds]



**EXHIBIT B**

**CERTIFICATE OF NO REDUCTION IN SPECIAL TAXES**

**Temescal Valley Water District**

**IA No. 2 of CFD No. 4**

1. All calculations required pursuant to Section J 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 Classes is less than or equal to 2.00% for property in Zone A and 1.75% for property in Zone B.
3. The Maximum Special Tax for Developed Property within IA No. 2, including the Assigned Special Taxes set forth in Sections C.1.(b) and C.1.(c) and the Backup Special Tax set forth in Section C.1.(d) of the Rate and Method of Apportionment, shall remain in effect and not be reduced.

Submitted

CFD ADMINISTRATOR

By: \_\_\_\_\_ Date as of: [date of issuance of Bonds]

**APPENDIX B**  
**APPRAISAL REPORT**

**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**

Bond Counsel will deliver an opinion for the Bonds substantially in the form set forth below:

[Closing Date]

Temescal Valley Water District  
Community Facilities District No. 4 (Terramor)  
Temescal Valley, California

*Re:     \$ \_\_\_\_\_ Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (Improvement Area No. 2) 2021 Special Tax Bonds*

Ladies and Gentlemen:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the Temescal Valley Water District (the “Water District”) taken in connection with the authorization and issuance by the Community Facilities District No. 4 (Terramor) of Temescal Valley Water District (the “District”) of its (Improvement Area No. 2) 2021 Special Tax Bonds in the aggregate principal amount of \$ \_\_\_\_\_ (the “Bonds”) and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the Water District, the District, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued pursuant to the Mello Roos Community Facilities Act of 1982, as amended (comprising Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California), a resolution adopted by the Board of Directors of the Water District, acting in its capacity as the legislative body of the District (the “Board”), on September 28, 2021, and the Bond Indenture dated as of October 1, 2021 (the “Indenture”), by and between the District and Wilmington Trust, National Association, as trustee. All capitalized terms not defined herein shall have the meaning set forth in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized by the District and are legal, valid and binding limited obligations of the District, enforceable in accordance with their terms and the terms of the Indenture. The Bonds are limited obligations of the District but are not a debt of the Water District, the County of Riverside, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, except for the Special Taxes, neither the faith and credit nor the taxing power of the Water District, the County of Riverside, the State of California, or any of its political subdivisions is pledged for the payment thereof.

(2) The execution and delivery of the Indenture has been duly authorized by the District, and the Indenture is valid and binding upon the District and is enforceable in accordance with its terms; provided, however, we express no opinion as to the enforceability of the covenant of the District contained in the Indenture to levy Special Taxes for the payment of Administrative Expenses and we express no opinion as to any provisions with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver provisions contained therein.

(3) Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

(4) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

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

(6) The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinion expressed in paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the Water District and the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Water District and the District has covenanted to comply with all such requirements. Except as set forth in paragraphs (3), (4), (5) and (6) above, we express no opinion as to any tax consequences related to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations of the District under the Indenture and the Bonds are subject to and may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction and express no opinion as to the enforceability of the choice of law provisions contained in the Indenture.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Certain requirements and procedures contained or referred to in the Indenture and Tax Certificate may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in the Indenture and Tax Certificate relating to the Bonds, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

Respectfully submitted,

**APPENDIX D**

**DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF RIVERSIDE  
AND THE TEMESCAL VALLEY**

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

**Population**

The following table offers population figures for the County and the State for 2017 through 2021.

<i>Area</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
County of Riverside	2,374,555	2,397,662	2,419,057	2,440,719	2,454,453
State of California	39,352,398	39,519,535	39,605,361	39,648,938	39,466,855

Source: California State Department of Finance, Demographic Research Unit. March 2010 Benchmark.

**Building Activity**

The following table provides a summary of the building permit valuations and the number of new dwelling units authorized in the County from 2016 through 2020.

**BUILDING PERMIT VALUATIONS  
County of Riverside  
2016-2020**

	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Valuation (\$000):					
Residential	\$1,759,535	\$1,903,417	\$2,200,020	\$1,834,822	\$2,315,365
Non-residential	<u>1,346,019</u>	<u>1,433,691</u>	<u>232,707</u>	<u>282,465</u>	<u>93,149</u>
Total*	\$3,105,554	\$3,337,108	\$2,432,727	\$2,117,287	\$2,408,514
Residential Units:					
Single family	5,662	6,265	7,540	6,563	8,443
Multiple family	<u>1,039</u>	<u>1,070</u>	<u>1,628</u>	<u>1,798</u>	<u>723</u>
Total	6,701	7,335	9,168	8,361	9,166

\* Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

## Employment

The following table shows the largest employers located in the County as of fiscal year 2020.

### LARGEST EMPLOYERS County of Riverside (as of June 30, 2020)

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

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

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## Employment and Industry

Employment data by industry is compiled for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the “MSA”), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the MSA has large and growing commercial and service sector employment, as reflected in the table below.

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

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

	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Total Farm	14,600	14,500	14,500	15,400	13,900
Total Nonfarm	1,401,400	1,452,800	1,506,000	1,552,100	1,487,800
Total Private	1,159,100	1,201,800	1,248,800	1,290,900	1,238,700
Goods Producing	190,400	196,400	206,100	208,900	200,500
Mining and Logging	900	1,000	1,200	1,200	1,300
Construction	92,000	97,400	105,200	107,200	105,000
Manufacturing	97,500	98,000	99,800	100,600	94,300
Service Providing	1,211,000	1,256,400	1,299,900	1,343,200	1,287,400
Trade, Transportation and Utilities	346,300	363,400	378,800	394,400	403,800
Wholesale Trade	61,600	62,600	65,500	67,100	64,600
Retail Trade	178,300	180,900	181,200	180,700	168,800
Transportation, Warehousing and Utilities	106,400	119,900	132,100	146,600	170,500
Information	11,800	11,600	11,400	11,500	9,400
Financial Activities	44,900	44,700	44,600	45,000	43,700
Professional and Business Services	145,100	147,300	152,000	158,700	154,000
Educational and Health Services	215,700	226,700	239,500	250,300	248,700
Leisure and Hospitality	160,200	166,300	170,600	175,900	139,200
Other Services	44,600	45,400	45,800	46,200	39,600
Government	242,300	251,000	257,200	261,200	249,100
Total, All Industries	<u>1,416,600</u>	<u>1,467,300</u>	<u>1,520,500</u>	<u>1,567,500</u>	<u>1,501,800</u>

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

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



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

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

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment<sup>(1)</sup></i>	<i>Unemployment<sup>(2)</sup></i>	<i>Unemployment Rate (%)<sup>(3)</sup></i>
<b>2016</b>				
County of Riverside	1,052,600	988,200	64,500	6.1%
State of California	19,093,700	18,048,800	1,044,800	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
<b>2017</b>				
County of Riverside	1,072,500	1,016,200	56,300	5.2%
State of California	19,312,000	18,393,100	918,900	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
<b>2018</b>				
County of Riverside	1,090,100	1,041,500	48,600	4.5%
State of California	19,263,900	18,442,400	821,500	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
<b>2019</b>				
County of Riverside	1,105,700	1,057,700	47,000	4.2%
State of California	19,353,700	18,550,500	803,200	4.2
United States	163,539,000	157,538,000	6,001,000	3.7
<b>2020</b>				
County of Riverside	1,107,700	997,700	110,000	9.9%
State of California	18,821,200	16,913,100	1,908,100	10.1
United States	160,742,000	147,795,000	12,947,000	8.1

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

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

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

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

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

### **Personal Income**

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

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

Total personal income in Riverside County increased by 57% between 2008 and 2019. The following tables summarize personal income for Riverside County for 2008 through 2019.

**PERSONAL INCOME**  
**Riverside County**  
**2008-2019**  
**(Dollars in Thousands)**

<i>Year</i>	<i>Riverside County</i>	<i>Annual Percent Change</i>
2008	\$ 66,718,107	1.8
2009	65,363,159	(2.0)
2010	67,585,240	3.4
2011	71,936,625	6.4
2012	74,050,799	2.9
2013	76,519,738	3.3
2014	80,776,153	5.6
2015	86,196,663	6.7
2016	90,713,807	5.2
2017	94,542,096	4.2
2018	99,266,122	5.0
2019	104,794,676	5.6

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

The following table summarizes per capita personal income for Riverside County, California and the United States for 2008-2019. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

**PER CAPITA PERSONAL INCOME**  
**Riverside County, State of California and the United States**  
**2008-2019**

<i>Year</i>	<i>Riverside County</i>	<i>California</i>	<i>United States</i>
2008	\$31,624	\$43,890	\$40,904
2009	30,448	42,044	39,284
2010	30,699	43,636	40,547
2011	32,200	46,175	42,739
2012	32,748	48,813	44,605
2013	33,462	49,303	44,860
2014	34,875	52,363	47,071
2015	36,745	55,833	49,019
2016	38,114	58,048	50,015
2017	39,148	60,549	52,118
2018	40,587	63,720	54,606
2019	42,418	66,619	56,490

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

## Taxable Sales

The table below presents taxable sales for the years 2015 through first quarter of 2021 for the County.

**TAXABLE SALES**  
**County of Riverside**  
**2011-2021<sup>(1)(2)</sup>**  
**(Dollars in Thousands)**

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2015 <sup>(1)</sup>	56,846	32,910,909
2016	57,742	34,231,143
2017	57,803	29,135,918
2018	61,433	38,919,498
2019	64,063	40,626,998
2020	69,284	42,313,474
2021 <sup>(2)</sup>	65,864	11,882,991

<sup>(1)</sup> Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.

<sup>(2)</sup> Through first quarter of 2021.

Source: "Taxable Sales in California (Sales & Use Tax)" - California State Board of Equalization.

## **APPENDIX E**

### **SUMMARY OF CERTAIN PROVISIONS OF THE BOND INDENTURE**

*The following is a summary of certain definitions and provisions of the Indenture which is not described elsewhere in the Official Statement. This Summary does not purport to be comprehensive and reference should be made to the Indenture for a full and complete statement of its provisions.*

**[TO COME]**

**APPENDIX F**

**FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE**

## APPENDIX G

### BOOK-ENTRY ONLY SYSTEM

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the District which the District believes to be reliable, but the District 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual

Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

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

THE PAYING 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.

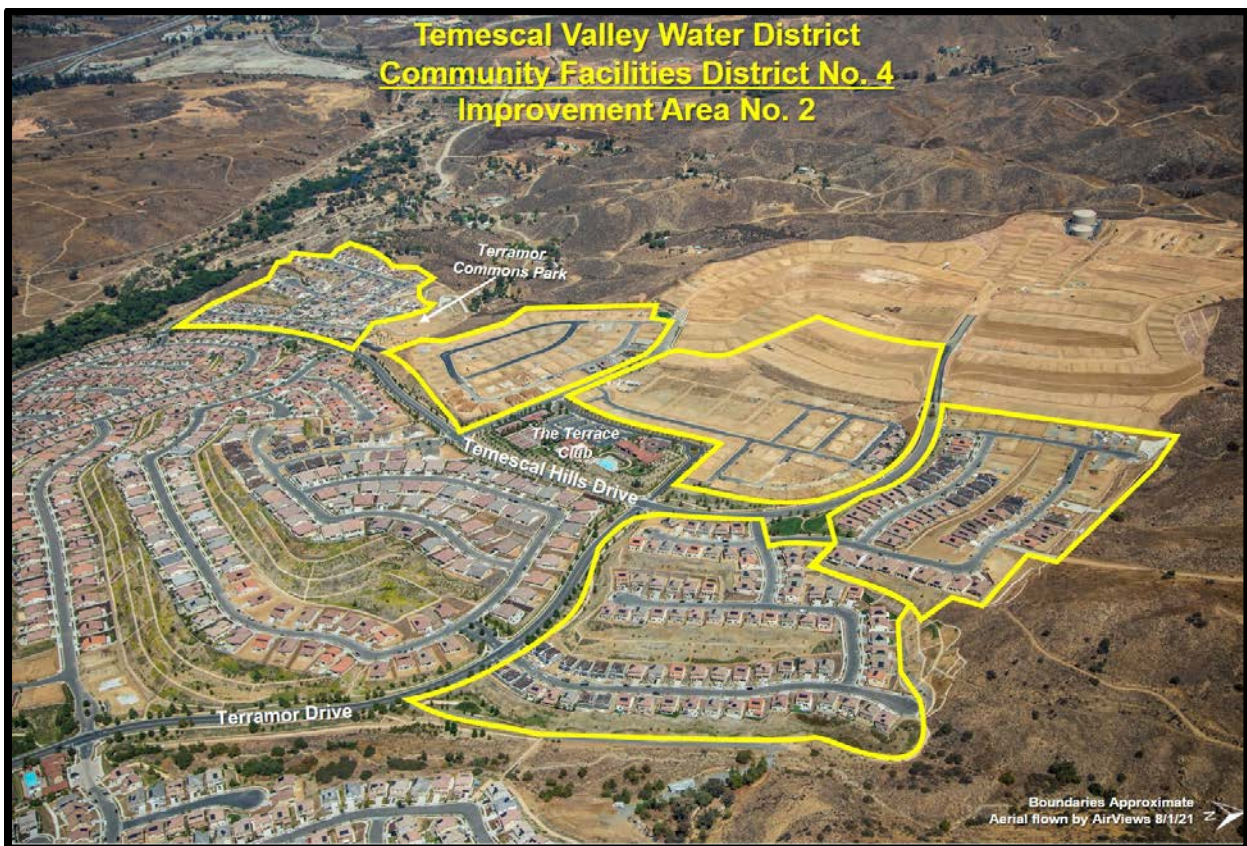
**APPENDIX H**  
**MARKET ABSORPTION STUDY**



# APPRAISAL REPORT

## COMMUNITY FACILITIES DISTRICT NO. 4 IMPROVEMENT AREA NO. 2 OF THE TEMESCAL VALLEY WATER DISTRICT PLANNING AREAS 6-10 OF TERRAMOR

City of Corona, Riverside County, California  
(Appraisers' File No. 2021-1241)



### **Prepared For**

Temescal Valley Water District  
22646 Temescal Canyon Road  
Temescal Valley, CA 92883

### **Prepared By**

Kitty Siino & Associates, Inc.  
115 East Second Street, Suite 100  
Tustin, California 92780

**KITTY SIINO & ASSOCIATES, INC.**  
REAL ESTATE APPRAISERS & CONSULTANTS

September 14, 2021

Mr. Jeff Pape  
**Temescal Valley Water District**  
22646 Temescal Canyon Road  
Temescal Valley, CA 92883

Reference: Appraisal Report  
Community Facilities District No. 4 - Improvement Area No. 2  
Of the Temescal Valley Water District (Terramor)  
N/S I-15 at Temescal Canyon Road, Temescal Valley, CA

Dear Mr. Pape:

At the request and authorization of the Temescal Valley Water District, we have completed an Appraisal Report for Improvement Area No. 2 of Community Facilities District No. 4 of the Temescal Valley Water District ("CFD No. 4 IA 2") which consists of Phase 2 of Terramor, a master planned community located in the Temescal Valley in Riverside County. The master developer of Terramor is Forestar Toscana Development Company ("Forestar"), a related entity to Foremost Companies. The entire Terramor community (formerly known as Toscana or Specific Plan No. 327) is currently planned for 1,443 proposed homes; however, the subject of this appraisal is Phase Two, which consists of 495 proposed homes within Planning Areas 6 through 10. A previous appraisal and subsequent bond sale were completed on Phase One in 2018 which is not included in this appraisal report.

The subject property is being built out into five planning areas by three home-builders including Richmond American Homes, TriPointe Homes and Pulte Group. Richmond American Homes owns Planning Areas 6, 8 and 9 and is currently selling their non-age restricted neighborhoods of Olivine, Fieldcress and Skyview. Olivine and Fieldcress are conventional single family detached homes with 146 of their total 180 proposed homes closed to individuals with the additional 34 sold, however not yet closed. Skyview opened for sale at the end of May, 2021 and mainly consists of "duo" homes with an attached wall with 162 proposed homes and 21 sold and not yet closed. TriPointe Homes owns Planning Area 7 and is currently selling their age qualified Altis product which also opened at the end of May with no homes yet closed however 15 are sold and due to close upon completion. Pulte Group owns Planning Area 10 and is currently selling their age qualified Irontree neighborhood under their Del Webb brand, with 15 out of 78 closed to individuals and an additional 32 sold but not yet closed.

Mr. Jeff Pape  
Temescal Valley Water District  
September 14, 2021  
Page Two

The valuation method used in this report is the Sales Comparison Approach and a Discounted Cash Flow Analysis along with a mass appraisal technique for the existing homes as defined within this report. The fee simple estate of the subject property has been valued subject to the CFD No. 4 IA 2 special tax lien. This report is written with the hypothetical condition that the subject property is enhanced by the improvements and/or fee credits to be funded by the Special Tax Bonds of CFD No. 4 IA 2.

As a result of our investigation, the concluded minimum market value for the subject property is:

**Planning Area 6**

Richmond American – Fieldcrest		
Richmond American (8 Houses)	\$ 4,137,589	
Richmond American (5 Lots)	\$ 1,175,000	
Individual Owners (80 Houses)..	<u>\$ 52,003,000</u>	
Subtotal Planning Area 6		\$ 57,315,589

**Planning Area 7**

TriPointe Homes – Altis		
TriPointe Homes (3 Houses)	\$ 1,433,672	
TriPointe Homes (72 Lots)	<u>\$ 12,507,815</u>	
Subtotal Planning Area 7		\$ 13,941,487

**Planning Area 8**

Richmond American – Skyview		
Richmond American (5 Houses)	\$ 2,292,400	
Richmond American (71 Lots)	\$ 10,225,490	
Forestar Owners (86 Lots)..	<u>\$ 11,385,805</u>	
Subtotal Planning Area 8		\$ 23,903,695

**Planning Area 9**

Richmond American – Olivine		
Richmond American (10 Houses)	\$ 5,324,604	
Richmond American (11 Lots)	\$ 2,640,000	
Individual Owners (66 Houses)..	<u>\$ 41,142,700</u>	
Subtotal Planning Area 9		\$ 49,107,304

**Planning Area 10**

Pulte Homes – Irontree		
Pulte (20 Houses)	\$ 8,945,937	
Pulte (43 Lots)	\$ 8,505,512	
Individual Owners (15 Houses)	<u>\$ 8,622,990</u>	
Subtotal Planning Area 10		\$ 26,074,439

**Aggregate Total for CFD No. 4 Improvement Area 2** **\$170,342,514**

The values are stated subject to the Assumptions and Limiting Conditions of this report, the Appraiser's Certification and as of August 1, 2021.

Mr. Jeff Pape  
Temescal Valley Water District  
September 14, 2021  
Page Three

Some supporting documentation concerning the data, reasoning and analyses may be retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. This Appraisal Report is intended to comply with both the Uniform Standards of Professional Appraisal Practice ("USPAP" January 2020) and with the Appraisal Standards of the California Debt and Investment Advisory Commission ("CDIAC"). The appraiser is not responsible for unauthorized use of this report.

This letter of transmittal is part of the attached report, which sets forth the data and analyses upon which our opinion of value is, in part, predicated.

Respectfully submitted,

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**KITTY SIINO & ASSOCIATES, INC.**



Kitty S. Siino, MAI  
California State Certified General  
Real Estate Appraiser (AG004793)

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### **ADDENDA**

CFD No. 4 IA 2 Boundary Map  
Tract Map Nos. 36826-1, 36826-2, 36826-3, 36826-4, 36826-5 and 36826-6  
Terramor Land Use Site Map  
Discounted Cash Flow Analyses  
Finished Lot Land Sales Map and Summary Chart  
Improved Residential Sales Map and Summary Chart  
Appraiser's Qualifications

## **ASSUMPTIONS AND LIMITING CONDITIONS**

1. This report might not include full discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Some supporting documentation concerning the data, reasoning and analyses may be retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. It is assumed that the subject property is subject to the special tax lien of CFD No. 4 IA 2.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable; however, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material used in this report are included only to assist the reader in visualizing the property and may not be to scale.
7. It is assumed that there are no hidden or unapparent conditions of either property, subsoil or structures that would render them more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch or photograph included in this report may show approximate dimensions and is included only to assist the reader in visualizing the properties. Maps, photographs and exhibits found in this report are provided for reader reference

purposes only. No guarantee regarding accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements (if any) are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert relating to asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials that may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Proposed improvements, if any, are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
15. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings, if any, must not be used in conjunction with any other appraisal and are invalid if so used.
16. The Americans with Disabilities Act ("ADA") became effective on January 26, 1992 and have been updated several times since then. The appraiser has made no specific compliance survey and analysis of the property to determine whether they conform to the various detailed requirements of the ADA, nor is the appraiser a qualified expert regarding the requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, a possible noncompliance with requirements of the ADA in estimating the value has not been considered.
17. It is assumed there are no environmental concerns that would slow or thwart development of the subject properties and that the soils are adequate to support the highest and best use conclusions.

18. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper qualification and only in its entirety. Permission is given for this appraisal to be published as a part of the Official Statement or similar document for the CFD No. 4 IA 2 Special Tax Bonds.

#### **EXTRAORDINARY ASSUMPTION**

1. It is assumed that the cost information provided by both Forestar and each of the homebuilders are true and accurate. We have reviewed and analyzed the costs and they appear reasonable; however, we do not have expertise in cost estimating. If the costs differ, it will affect the value of the property.

#### **HYPOTHETICAL CONDITION**

1. It is assumed that all improvements and benefits to the subject properties, which are to be funded by the CFD No. 4 IA 2 Special Tax Bond proceeds, are completed and in place.

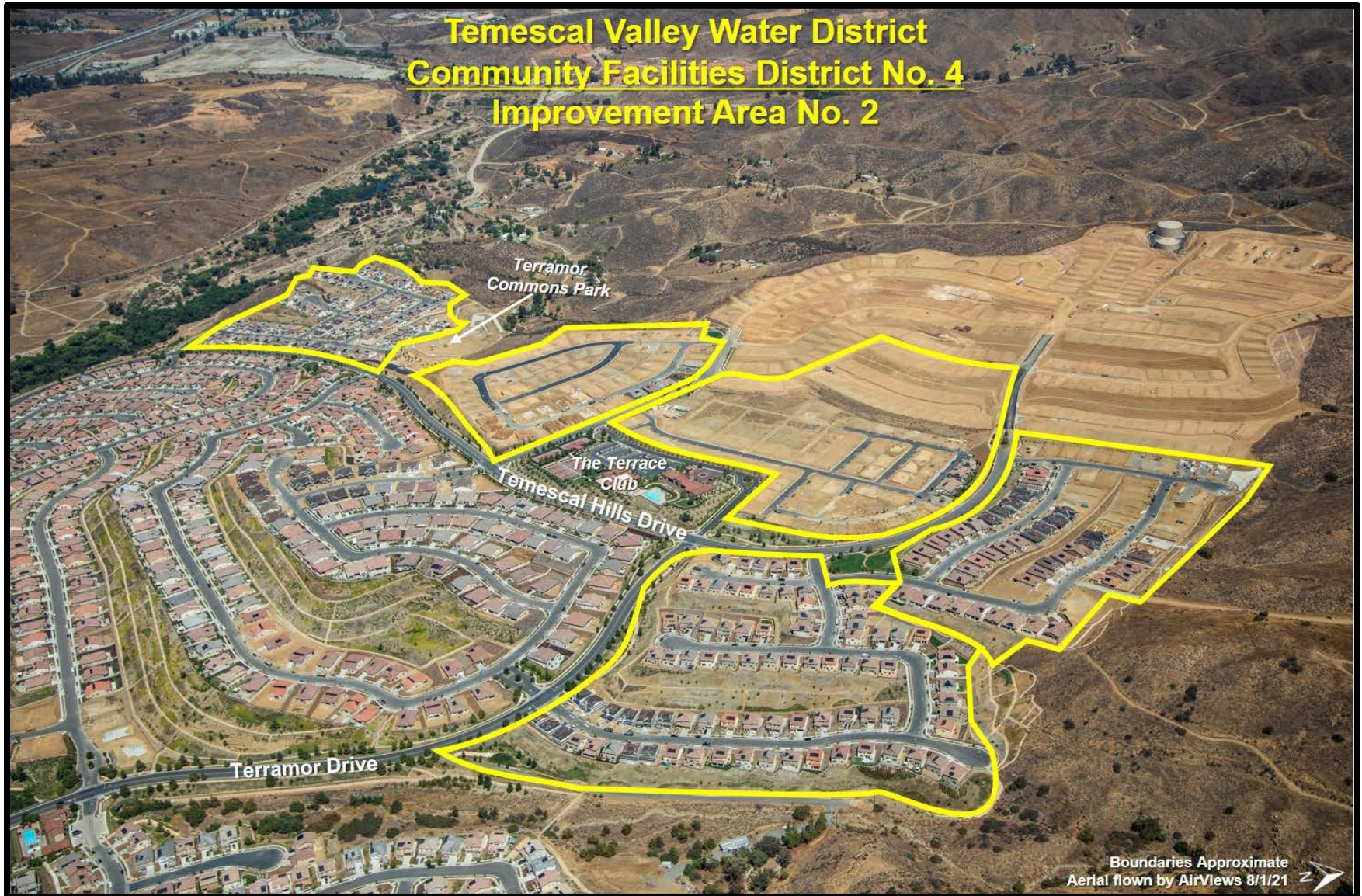


# Temescal Valley Water District Community Facilities District No. 4 Improvement Areas No. 1, 2 & 3



Boundaries Approximate  
Aerial flown by AirViews 8/1/21

**Temescal Valley Water District  
Community Facilities District No. 4  
Improvement Area No. 2**



## PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to estimate the value of the fee simple interest of the subject property, subject to the special tax lien of the CFD No. 4 IA 2 Special Tax Bonds.

## THE SUBJECT PROPERTY

The subject property is encompassed by CFD No. 4 IA 2 and is proposed for 495 single-family residences within the Temescal Valley located northeast of Interstate-15 at Temescal Canyon Road and Terramor Drive in unincorporated Riverside County. The subject property is Phase Two of the master planned community of Terramor, formerly known as Toscana. The entire community is planned for 1,443 homes. The subject property includes 495 of the proposed homes and is known as Phase Two of Terramor and includes Planning Areas ("PA") 6 through 10. Phase Two is being developed into five neighborhoods as detailed below.

Description	No. Lots	Ownership	Condition/Status
<b>PA 6 – Richmond American – Fieldcress - Tract 36826-1</b>			
Lots 1-12, 14-19, 21-25, 31-57, 60, 62-64 and 68-93	80	Individuals	Completed Houses / Closed
Lots 20, 26-30, 58-59	8	Richmond Am	Homes over 95% complete (all in escrow)
Lots 13, 61, and 65-67	<u>5</u>	Richmond Am	Homes U/C (all in escrow)
<b>Subtotal Fieldcress</b>	<b><u>93</u></b>		
<b>PA 7 – TriPointe Homes – Altis - Tract 36826-2 and Parcels 1, 2 &amp; 3 of Parcel Map 37553</b>			
Lots 30-32	3	TriPointe	Model Homes
Lots 21-27 and 44-46	10	TriPointe	Homes U/C (all in escrow)
Lots 1-20, 28-29, 33-43, 47-72 of Tract 36826-2 and Parcels 1, 2 and 3 of PM 37553	<u>62</u>	TriPointe	Finished Lots (5 in escrow)
<b>Subtotal Altis</b>	<b><u>75</u></b>		
<b>PA 8 – Richmond American – Skyview - Tract 36826-5 and -6</b>			
Units 54-58 being a portion of Lot 1 of Tract 36826-5	5	Richmond Am	Model Homes
Units 33-35; 40-41 and 44-53 being a portion of Lot 1 of Tract 36826-5	15	Richmond Am	Homes U/C (all in escrow)
Units 17-32, 36-39, 42-43, 59-74, 76-87 and 92-97 being a portion of Tract 36826-5	56	Richmond Am	Finished Lots (6 in escrow)
Units 1-16, 75, 88-91 and 98-162 being Tract 36826-6	86	Forestar	Finished Lots
<b>Subtotal Skyview</b>	<b><u>162</u></b>		

<b>PA 9 – Richmond American – Olivine – Tract 36826-4</b>			
Lots 5, 6, 9-38, 48-81	66	Individuals	Completed Houses / Closed
Lot 5	1	Richmond Am	Model Home (in escrow)
Lots 39-47	9	Richmond Am	Homes over 95% complete (all in escrow)
Lots 1-3, 7-8 and 82-87	11	Richmond Am	Homes U/C (all in escrow)
<b>Subtotal Olivine</b>	<b>87</b>		
<b>PA 10 – Pulte – Irontree – Tract 36826-3</b>			
Lots 11-18, 20 and 45-50	15	Individuals	Completed Houses / Closed
Lots 1-3	3	Pulte	Model Homes
Lots 9-10, 19, 39-44 and 51-58	17	Pulte	Homes over 95% complete (all In escrow)
Lots 5-8, 21-24, 35-38 and 59-61	15	Pulte	Homes U/C (all In escrow)
Lots 4, 25-34 and 62-78	28	Pulte	Finished Lots (0 In escrow)
<b>Subtotal Irontree</b>	<b>78</b>		
<b>Total Lots</b>	<b>495</b>		

## INTENDED USE OF THE REPORT

It is the appraiser's understanding that the client, the Temescal Valley Water District, will utilize this report in disclosure documents related to the sale of the Special Tax Bonds of CFD No. 4 IA 2. This report may be included in the Official Statement or similar document to be distributed in connection with the marketing and offering of the bonds. It is the appraiser's understanding that there are no other intended uses of this report.

## DEFINITIONS

### **Market Value**

The term "Market Value" as used in this report is defined as:

*"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

1. *buyer and seller are typically motivated;*
2. *both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;*
3. *a reasonable time is allowed for exposure in the open market;*

4. *payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
5. *the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”<sup>1</sup>*

Inherent in the Market Value definition is exposure time or the time the subject property would have been exposed on the open market prior to the appraisal in order to sell at the concluded values. In the case at hand and considering current market conditions, the exposure time for each single home or each builder’s ownership in a bulk sale is less than one year.

### **Aggregate Retail Proceeds**

As used in the Discounted Cash Flow Analysis, Aggregate Retail Proceeds is defined:

*“The sum of the appraised values of the individual units over 95 percent and builder-owned, at date of value. The sum includes an allowance for lot premiums, when applicable. This is not the market value of the project in bulk.”*

### **Bulk Value**

Bulk Value is defined as:

*The value of a group of lots, parcels, or homes to a single purchaser, on a specified date, under the terms and conditions of the definition of market value.*

### **Discounted Cash Flow (DCF) Analysis**

A Discounted Cash Flow Analysis is:

*The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analysis specifies the quantity, variability, timing, and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate.*

### **Finished Lot**

The term “Finished Lot” is defined as:

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<sup>1</sup> The Appraisal of Real Estate, 13<sup>th</sup> Edition

*“A parcel which has legal entitlements created by a recorded subdivision map, whose physical characteristics are a fine graded level pad per lot with infrastructure contiguous to each individual lot, asphalt paved roads and the necessary utilities. This term assumes the payment of all applicable development fees with the exception of building permit and plan check fees.”*

### **Hypothetical Condition**

The Term “Hypothetical Condition” is defined by USPAP as:

*“That which is contrary to what exists but is supposed for the purpose of the analysis”*

The Hypothetical Condition within this report is that subject property is enhanced by the improvements and/or fee credits to be funded by bonds issued by CFD No. 4 IA 2.

### **Extraordinary Assumption**

The term “extraordinary assumption” is defined by USPAP as:

*“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusion”*

There is one Extraordinary Assumption used in this report. It is that the reported remaining land development costs as received from the master developer and the builders are true and accurate. We have reviewed the costs and they appear reasonable, however, in some instances, detailed were not received, just a summarized amount. We are not experts in the field of cost estimating and it should be noted that these costs were relied upon in the valuation of the subject property and if the costs change, the values will change.

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**PROPERTY RIGHTS APPRAISED**

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The property rights being appraised are of a fee simple estate interest, subject to easements of record and subject to the CFD No. 4 IA 2 special tax lien. The definition of “fee simple estate” is defined as:

*“absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”<sup>2</sup>*

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**EFFECTIVE DATE OF VALUE**

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The subject properties are valued as of August 1, 2021.

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**DATE OF REPORT**

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The date of this report is September 14, 2021.

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**SCOPE OF APPRAISAL**

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As previously stated, the purpose of this appraisal is to report the appraiser’s best estimate of the market value for the subject property, CFD No. 4 IA 2, which encompasses Phase Two of Terramor, a master planned community in the Temescal Valley in unincorporated Riverside County. Phase Two of Terramor includes Planning Areas 6 through 10 which total of 495 proposed homes being developed into five neighborhoods currently being built out by three builders. This valuation is for the property in its current condition assuming the improvements to be funded by the first series of bonds of CFD No. 4 IA 2 are in place or have accrued to the property. Currently all five neighborhoods are selling homes with 161 closed to individuals at this time and an additional 102 in escrow and due to close upon completion. This appraisal will be presented in the following format:

- County of Riverside Description
- Temescal Valley Description
- Immediate Surroundings Description
- Brief Description of CFD No. 4

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<sup>2</sup> The Appraisal of Real Estate, 13<sup>th</sup> Edition

- Subject Property Descriptions
- Riverside County Residential Market Analysis
- Highest and Best Use Analysis
- Valuation Procedure, Analyses and Conclusions
- Appraisal Report Summary

In valuing the subject property, the value estimates will be based upon the highest and best use conclusion using the Sales Comparison Approach. The Sales Comparison Approach to value is defined as:

*“...a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sales prices of the comparables based on the elements of comparison. The Sales Comparison Approach may be used to value improved properties, vacant land or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparables is available.”<sup>3</sup>*

In the Sales Comparison Approach, market value is estimated by comparing properties similar to the subject that have recently been sold, are listed for sale or are under contract. Neither a cost or income approach was utilized as they were not considered necessary to arrive at credible results.

The due diligence of this appraisal report included the following:

1. Compiled demographic information and related that data to the subject properties to perform a feasibility/demand analysis.
2. Gathered and analyzed information on the subject marketplace, reviewed several real estate brokerage publications on historical and projected growth in the subject market and researched the micro and macro-economic outlook within Riverside County and the Temescal Valley area.
3. Toured and inspected the subject property between July 10 and August 15, 2021.
4. Had the site flown by an aerial photographer on August 1, 2021.

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<sup>3</sup> Dictionary of Real Estate Appraisal, Fourth Edition, 2002



5. Interviewed representatives from each builder along with the master developer in order to obtain project information.
6. Reviewed the Toscana Specific Plan No. 327 (former name of Terramor).
7. Reviewed land development cost information on both the master developer's costs and the builder's in-tract costs in order to ascertain the remaining costs to complete the development of the lands to true finished lots.
8. Reviewed mapping on the subject properties.
9. Reviewed title reports on the subject properties.
10. Reviewed geotechnical reports for the subject properties.
11. Reviewed environmental reports for the subject properties.
12. Reviewed sales brochures on each of the subject neighborhoods.
13. Reviewed actual sales information from each builder on all closed homes and current escrows.
14. Searched the area for relevant comparable new home residential projects, including sales prices and concessions and interviewed representatives from each comparable neighborhood.
15. Searched the area for relevant comparable residential land sales and interviewed representatives regarding the transactions when available.
16. Reviewed Multiple Listing Service ("MLS") information on re-sales and current listings of existing homes within CFD No. 4 IA 2.
17. Inspected the subject properties for any for-sale or property listing signs that may not be listed on the MLS yet.
18. Inspected the subject property for views from each lot to ascertain view premium potential.



## COUNTY OF RIVERSIDE AREA DESCRIPTION

### **Location**

The subject property is located in the northwestern portion of Riverside County (the "County") in the area known as the Temescal Valley, between the Cities of Corona and Lake Elsinore. More specifically, Terramor is located along the northeast side of Interstate 15 ("I-15") between the Indian Truck Trail and Temescal Canyon Road exits.

The County encompasses approximately 7,300 square miles, and includes large expanses of undeveloped deserts, valleys, canyons and mountains. The County is a major beneficiary of outward urban pressure from Orange and Los Angeles Counties as well as growth from San Diego County to the south. Although located at the periphery of most urban activity in Southern California, Riverside County, particularly the western area, has been a major growth area and is perceived by most observers as an area expected to continue to grow. Riverside and San Bernardino Counties are considered distinct from Los Angeles and Orange Counties and belong to the same Metropolitan Statistical Area ("MSA"). This area, consisting of San Bernardino and Riverside Counties, is commonly referred to as the Inland Empire.

### **Transportation**

The subject property is situated along the northeast sides of I-15 and approximately ten miles south of State Route 91 (SR-91). I-15 travels in a northerly/southerly direction and provides access to Barstow and Nevada to the north and San Diego to the south. The 91 Freeway travels in a northeasterly/westerly direction, providing access to Orange and Los Angeles Counties to the west and connecting with the 60 Freeway and I-215 to the north in Riverside County. State Route 60 provides access to the west (Los Angeles) and to the east where it merges with Interstate 10 ("I-10") providing access to Arizona.

The County is served by Amtrak and Metrolink as well as several rail-freight lines. The Ontario International Airport provides regional air service and is located approximately 16 miles north of the subject property. The Corona Airport is located about seven miles northwest of the subject property. A general aviation airport that is home to 350-400

aircraft, the Corona Airport is a recreational airport with no commercial flights, however extremely active with approximately 50,000 annual operations. In addition, the County has extensive trucking corridors along the previously referred to interstates, highways and state freeways.

### **Population**

The County has experienced population growth for several decades and is anticipated to continue to do so in the foreseeable future. Per the California Department of Finance, the January 1, 2021 County population (latest available information) was 2.454 million. This represents a one-year increase of 0.6 percent. This compares to an average annual growth rate over the past ten years of about 1.0 percent and an average annual growth rate of approximately 2.5 percent for the previous eighteen-year period. Current State projections for Riverside County suggest the population is anticipated to reach approximately 2.821 million by 2030, indicating an average annual increase of approximately 1.45 percent over the next ten years. The current growth of 0.6 percent is lower than the previous ten-year annual average of about 1.0 percent likely due to COVID, and significantly lower than the previous 18-year average (2.5 percent) likely due to the Great Recession. The future growth is predicted assuming a more stable market than was seen prior to the Great Recession.

### **Economy**

Beginning February 20, 2020, the U.S. began experiencing an unprecedented economic disruption due to the COVID-19 pandemic. Original predictions were for deaths due to the virus overwhelming hospitals and staff. While the U.S. has lost over 600,000 lives due to COVID-19, except for a few exceptions, hospitals have, thus far, had the capacity to treat the patients. January 2021 was the deadliest month in the U.S.; however, cases then declined rapidly as vaccination rates rose. This summer has brought a new variant of the disease which is increasing rates once again; however thus far not to the extent of last winter with hospitalizations of vaccinated people way down. The Federal, State, County and City Governments (“Governments”) originally shut down non-essential businesses and areas where social gatherings occur in March 2020 in order to slow the

spread of the virus. This created a strain on small and large businesses alike. Restaurants and hotels were hit hard and travel reduced drastically as citizens were urged to stay home. Layoffs occurred with reports of 40 million people filing for unemployment the first few months of the pandemic. This disruption originally caused extreme volatility in the stock market with an overall drop of 37 percent in March 2020 (based on the Dow Jones Industrial Average); however, as of the mid-July 2021, it is showing an increase of 16 percent over the previous high in December 2019. The Federal Government attempted to curtail the job losses and hardships with the approval of the Coronavirus Aid, Relief and Economic Security (CARES) Act which was signed into law on March 27, 2020. The CARES Act appropriated over two-trillion dollars to people and businesses who were financially stunted by the COVID-19 pandemic. On April 9, 2020 the Federal Reserve took additional action to provide up to \$2.3 trillion in loans to support the economy and on April 23, 2020, Congress passed an additional \$484 billion in relief for small businesses and hospitals. Over the summer of 2020 some business openings occurred. However, in the fall and winter the pandemic surged and businesses shut down once again. In December 2020, the government passed an additional \$900 billion in stimulus that included jobless benefits and additional dollars for vaccine distribution. In March 2021 the new National Administration approved the America Rescue Plan which appropriated an additional \$1.9 trillion in help to our nation for vaccine distribution and more economic relief for the pandemic. It appears these stimuli totaling \$5.6 trillion to date have helped shore up the economy; however, due to the significant amount of new money, inflation is occurring. The Chairman of the Federal Reserve Board believes inflation is occurring due to the shock going through the system of the reopening of the economy and they believe the inflation is a temporary issue.

While some jobs have come back, job losses were huge with the Nation's unemployment rate going from 3.5 percent in February 2020 to 14.4 percent in April 2020 with the June 2021 National unemployment rate at 6.1 percent (Bureau of Labor Statistics). At the beginning of 2021, California was a hot spot with COVID cases surging and Southern California was put under another stay-at-home order. However, since then the vaccine roll-out has been quicker than anticipated and cases had declined substantially.

California began to reopen with the administration stating June 15, 2021 as the official re-open date. Sadly, the Delta Variant of COVID 19 is now on the rise with Los Angeles County announcing in early August that masks once again will be worn inside. Most economists believe the economy will have good growth once COVID ends, however the timetable for ending the virus has not yet been totally discovered. While the news in the past few months in the majority of the U.S. had been positive with the vaccination roll-out, the new variant is proving difficult with some European nations having to close down once again. On July 1, 2021 the Congressional Budget Office doubled their forecast for fiscal 2021 from 3.7 percent projected in February to 7.4 percent economic growth after the International Monetary Fund raised its projection for the GDP to grow 7 percent, up from their previous estimate of 6.4 percent. The new forecast by the CBO includes GDP growth projection of 3.1 percent in 2022 and 1.1 percent in 2023.

Prior to the COVID-19 pandemic, the nation was experiencing a strong economy. As with the rest of the nation, the Inland Empire experienced a strong multi-year recession, now referred to as the Great Recession, between 2006 and 2012. The MSA, which had strong employment over the ten previous years saw unemployment rates increase significantly between December 2006 and early 2010, at which time a leveling off occurred followed by continued employment growth (generally since July 2011) until the pandemic hit.

The unemployment rate for the MSA was estimated at 7.9 percent (as of June 2021 per the Employment Development Department, most recent data available). This reflects a decrease from the peak during the Great Recession of 15.1 percent in 2010 and a decrease from the peak during COVID of 14.9 percent; however, a significant increase from February 2020's 4.0 percent, prior to the pandemic outbreak. As of June 2021, Riverside County had a 7.9 percent unemployment rate while San Bernardino County had an 8.0 percent unemployment rate. The current unemployment rate for the MSA of 7.9 percent is slightly below the California rate of 8.0 percent, and significantly higher than the June 2021 National rate of 6.1 percent. Below is a table comparing Riverside

County's unemployment rate to the unemployment rates of the surrounding counties as of June 2021.

Jurisdiction	As of	Unemployment Rate*
Los Angeles County	6/21	10.6%
Riverside County	6/21	7.9%
San Bernardino County	6/21	8.0%
Orange County	6/21	6.4%
San Diego County	6/21	7.0%

Source: State of California E.D.D.; \*Not Seasonally Adjusted

Over the past 25 years, the Riverside County economy has had significant cycles with home prices almost doubling from 1995 to 2005, then falling by over 50 percent during the Great Recession, taking prices back to 2002 levels. Home values appeared to hit bottom in 2009 then remained essentially flat for two to three years with the majority of the Riverside County housing market seeing an improvement beginning in mid-2012. While coastal Southern California housing enjoyed significant increases between 2012 and 2015, the Inland Empire bounced back slower with overall Riverside County finally passing the previous median home price peak in early 2020 (prior to the pandemic). Contrary to homebuilder's original thoughts on the pandemic, new home buyers stepped up in the spring of 2020 and new home sales were significantly higher during the second half of 2020 versus the previous year. In addition, 2020 ended up with a significant increase in residential builder land purchases in the Inland Empire. While land purchases essentially stopped in February, March and April, beginning in May 2020 builders began looking for land and entering escrow on land purchases with residential land currently moving at a brisk pace. The exceptional activity in new home sales is thought to be due to several factors including a tight re-sale supply of homes; historically low interest rates; millennials finally buying homes; and, the work from home factor during the pandemic which is allowing residents to live in more suburban areas without long commutes.

During the Great Recession, the Federal Government attempted to correct the struggling economy by implementing several economic stimulus packages. The Federal Reserve Board ("Board") kept interest rates below historical averages, dropping rates to near zero

in December 2008 until December 2015, when they began raising interest rates until December 2018 when the ninth increase appeared to affect the economy with home sales slowing and stock market volatility. Since then, interest rates dropped three times until the Pandemic when the Board dropped the rate 50 basis points due to the stock market reaction to the COVID-19 pandemic and then again on March 16, 2020 when they dropped the rate another 100 basis points to the historical level of 0 - 0.25 percent. Since the March decreases, the Board has left rates unchanged. The Board had previously mentioned that rates could stay low until 2023, however most economists are estimating interest rates will begin to increase in late 2021. The Federal Interest Rate in the US averaged 5.69 percent from 1971 to 2019 reaching an all-time high of 20 percent in March 1980 and the previous low of .25 percent in December 2008. The current historically low rates have spurred home sales with the Inland Empire named as one of the tightest housing markets in the nation in October 2020. At the last meeting of the Federal Reserve Board on June 16<sup>th</sup> they elected to keep the rate at the 0-0.25 percent level.

The latest UCLA Anderson Forecast ("Forecast") was issued June 2, 2021 and is generally optimistic however acknowledges the historical reality that economic recoveries are never smooth. The June Forecast states the belief that both the U.S. and California will have robust recoveries. The National Forecast states that their June forecast is based on several assumptions including continuing to vaccinate the public, the number of COVID cases continuing to decline and a that a nearly full economic reopening will occur by early July. While infection rates dropped astronomically as the vaccine rolled out, they are currently increasing and due to these increases some indoor mask mandates are being put back in place. Based on the June Forecast for the Nation, they are forecasting a 7.1 percent growth in 2021 followed by a 5.0 percent growth in 2022 and a 2.1 percent growth in 2023. These rates are higher than the 2.3 percent average annual rate during the recovery from the Great Recession between 2010 and 2019. They expect the GDP to surpass its 2019 peak by the end of the second quarter 2021 and to surpass the trend it was on prior to the pandemic in fourth quarter 2021.



The Forecast for California still is under the shadow of the COVID-19 pandemic. Several items are affecting the State including uncertainties over the national immigration policy, the potential for domestic out-migration, the future of remote work and the impact of California's comparatively stringent pandemic mitigation measures. As of the Forecast, California had the lowest infection rate in the nation but its 8.3 percent unemployment rate compares with the national 6.1 percent raises the "at what cost" question. Job losses in California were concentrated in sectors where a high degree of human contact is important to the services provided such as leisure and hospitality, education, retail trade, health care and social services. These sectors accounted for 75 percent of all job losses in the state in 2020. They still expect that as the pandemic recedes, many of these jobs will return. They believe the recovery will also be faster in residential construction, as California's shortage of housing relative to demand drives new construction. Per the California Forecast, California's unemployment rate for the second quarter of this year is expected to average 7.7 percent (currently 8.0 percent), with the anticipated average for 2021, 2022 and 2023 being 7.1 percent, 5.2 percent and 4.3 percent, respectively. In spite of the pandemic, the continued demand for a limited housing stock, coupled with low interest rates has led to a relatively rapid return of home building. They are forecasting 127,000 new housing units in California in 2021 growing to 134,000 new units in 2023.

According to John Husing's most recent Inland Empire Economic Report dated May 2021, the nation is currently in a state of rebuilding and regaining after the enormous difficulty inflicted on the economy by COVID-19. The pandemic downturn was severe and second only to the Great Depression; however, Husing states that the combination of Federal and state legislation efforts combined with the impact of vaccinations has created the opportunity for most of what was lost to be regained. Within the Inland Empire at the end of 2020, Husing notes that the economy was down an average of 65,600 jobs, but his 2021 forecast sees the Inland Empire recovering 62,400 of these jobs. This is a vast improvement of Husing's previous October estimate in which he predicted over 102,000 Inland Empire jobs to be lost in 2020. Assuming the 2021 gain will come in at

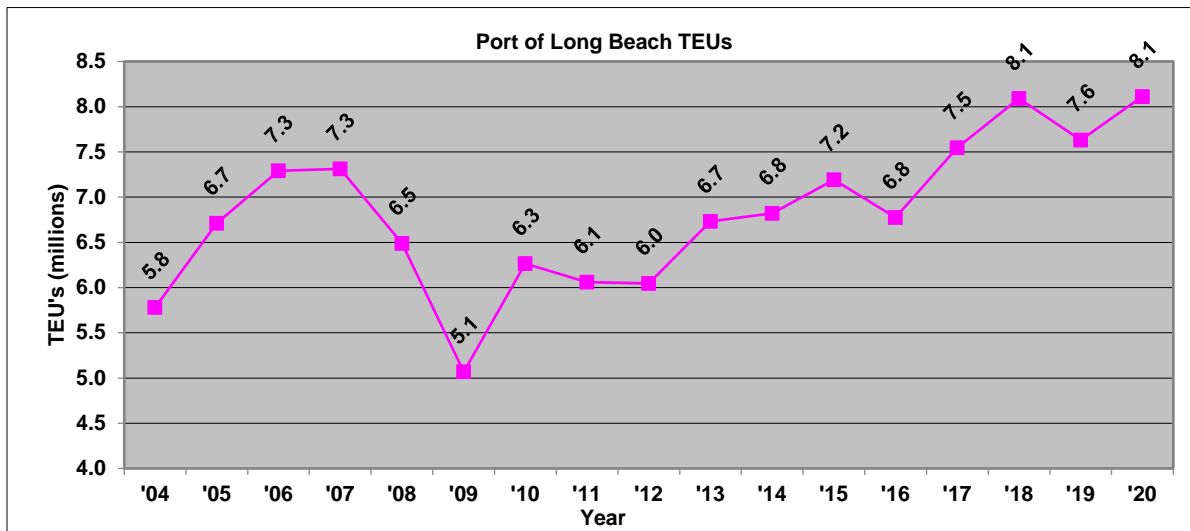
his anticipated 62,300 job growth, the Inland Empire economy will land just 0.2% below its 2019 levels.

The major losing sectors in the Inland Empire have lost 55,200 jobs which include bars and restaurants, retail, hospitality, entertainment and consumer services. These sectors mainly represent the lower paying jobs, and represent 60.8% of all jobs lost in the Inland Empire in 2020 (John Husing Economic Report May 2021). Husing forecasts that the sectors to gain back the most jobs in 2021 are eating and drinking, retail trade and consumer services, logistics, travel and entertainment, social assistance, health care, construction, and education.

As mentioned in the UCLA California Forecast, one bright spot in the COVID economy has been sales of new homes. While existing homeowners were reluctant to put their houses on the market during COVID, new home sales in the Inland Empire soared. The lowest interest rates in history appear to have brought the millennial generation to the new home market. In addition, the new work-from-home factor has made non-homeowners realize they can afford a house further outside of the economic areas and that it makes sense if they don't have to drive to the office each day. The need for home offices combined with the overall stress on social distancing, has pushed city dwellers out of denser urban areas into more suburban neighborhoods with more space. The minimal existing home inventory, coupled with these factors has put pressure on pricing with new homes prices in the Inland Empire increasing well over 10 percent year-over-year. This will be discussed further in the Inland Empire Housing Market section later within this report.

As a final indicator of overall economic activity for the region we have reviewed the rise or fall of TEUs (Twenty-foot Equivalent Units – i.e., containers) being processed in the local ports. This is especially important for the inland communities as it represents much of the growth in development of West Coast distribution centers and warehouses linked to supply-chain nodes in the Pacific Rim. The chart below shows TEU activity at the Port of Long Beach. Generally, there has been increases since 2009 with the exception of a

slight dip in 2016 and again in 2019 which ended with a 5.6 percent downturn. The 2019 downturn was believed to be due to the volatility of the government tariff situation and was anticipated to be corrected in 2020, however the COVID-19 pandemic weakened China exports and created additional volatility. It appears that a correction finally came about in December with a 6.6 percent increase year over year. As of the second quarter 2021, TEU's were running over 38 percent above the previous year; however, it should be noted that March 2020 was when the COVID pandemic hit.



### **Government**

A Board of Supervisors oversees the County as the governing body of the County, certain County special districts and the County Housing Authority. The Board enacts ordinances and resolutions, adopts the annual budget, approves contracts and appropriates funds, determines land use zoning for unincorporated areas and appoints certain County officers and members of various boards and commissions. The Board of Supervisors is elected from five different districts within the County.

### **Education**

The subject area is served by the Corona-Norco Unified School District (“CNUSD”). The district began in a single classroom above a store in what is now Corona in 1888 and has evolved into a district with 49 schools which houses over 53,000 students. CNUSD

operates eight high schools, eight middle schools, 29 elementary schools and three academies which combine elementary and intermediate schools along with one adult education school. Community Colleges are available near the subject at Norco College (eight miles north), Riverside City College (17 miles northeast) and Santiago Canyon College (22 miles west). Higher education is available, within an hour's drive, at the University of California campuses at Riverside and Irvine, or California State University campuses in San Bernardino, San Marcos, Fullerton and Pomona. In addition, the area offers many excellent private colleges.

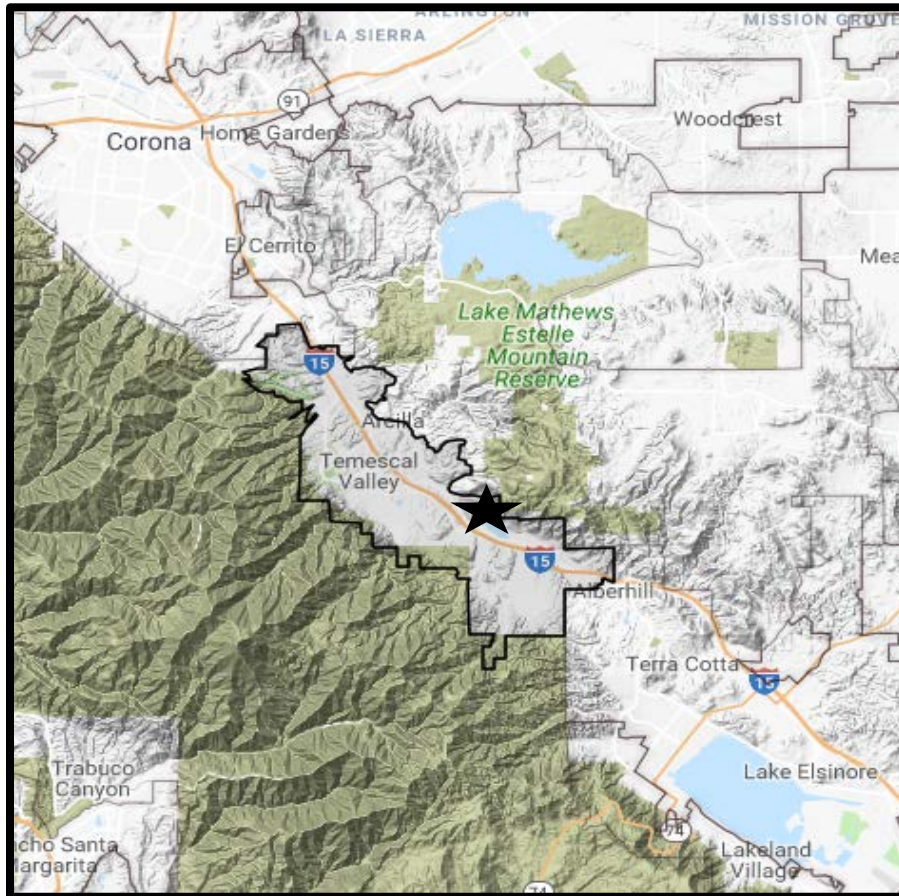
### **Conclusion**

Population in the County has increased over the past 30 years with predictions for continued population growth. The nation's economy stalled during the Great Recession due to the housing downturn, unemployment and the credit crisis. The housing market saw a resurgence beginning the second half of 2012 with sales and prices rising since then. While the economy was slowing slightly in late 2019, the COVID-19 pandemic brought the economy to a halt in March 2020. The one bright spot over the past 18 months has been the new home market, which has been extremely strong in the Inland Empire. The region's affordability coupled with the rising prices in the coastal market and the need for new housing set up for a potential boom in the Inland Empire. This appears to be occurring in part to residents leaving urban areas due to COVID-19 factors coupled with low interest rates. Current worries include the duration of COVID-19. In conclusion, the County is expected to continue to grow in population due to its Southern California location, the availability of land and the relatively lower land and housing prices in comparison to adjacent Orange, Los Angeles and San Diego Counties.

## TEMESCAL VALLEY DESCRIPTION

### General Area

The subject property is located south of the City of Corona (“City”) and north of the City of Lake Elsinore in unincorporated western Riverside County. The black star on the below map shows the approximate location of CFD No. 4 IA 2 in relation to the Temescal Valley and surrounding cities.



### History

The Temescal Valley (“Valley”) was established in the early 1800s via the land grant of a portion of the Mission San Luis Rey, given by Governor Jose Maria de Echeandia to Leandro Serrano. The grant extended south of the present-day City of Corona and north of the City of Lake Elsinore. The Serrano Family held title to the lands until the mid-1800s. In 1857 the Temescal Station of the Butterfield Overland Mail Stage line was built, 10 miles north of the Rancho La Laguna Station and 20 miles south of the Chino Rancho Station. During the 1870s orchards and bee hives began to replace cattle and

sheep ranching with bees being a large part of the Valley's economy for a while. According to the United States Census Bureau, the Valley covers an area of 19.3 square miles.

### **Population**

Due to the Temescal Valley being in an unincorporated area, annual information is unavailable. Per the 2010 Census, the Temescal Valley population was 22,535 people while in 2021 the population was estimated at 27,630 suggesting an average annual increase of 1.87 percent, above the County of Riverside's 1.0 percent annual growth rate the previous 10 years. The median age in the Temescal Valley is estimated at 38.6 years. The median household income in the Valley in 2020 was estimated at \$108,934, considerably higher than the current Riverside median household income of \$67,005. The adjoining City of Corona is known as the "Gateway to the Inland Empire" and is a major bedroom community for Orange County and Los Angeles County as high real estate prices in the coastal markets have pushed people farther inland. As Corona became essentially built-out, the adjoining Temescal Valley began to develop to more urban uses. As of June 9, 2021 Riverside County reported that the Temescal Valley has had 62 cases of COVID-19 and zero deaths.

### **Housing**

The Temescal Valley consisted of rural housing, farms and ranches until the construction of I-15 in the early 1970s. I-15 bisected the Temescal Valley and made it possible for employees in the surrounding Counties to commute to a more rural way of life. The abundant land available began developing in the early 1980s within the master planned communities of Butterfield Estates and California Meadows, Horsethief Canyon (1980s), Wild Rose ((1980s) Eagle Glen (early 1990s), Trilogy (late 1990s), Sycamore Creek (1990s – 2000s), The Retreat (early 2000s), Dos Lagos (2000s) and Bedford (2018). Dos Lagos, Eagle Glen and Bedford are within the Corona city limits near the southern border of the city. The latest three master planned communities in the Valley include Terramor (subject property) which is proposed for 1,443 residential units, Bedford (at southern edge of City of Corona city limits) which is proposed for 1,346 residential units

and Lakeside, proposed for 410 residential units surrounding Lee Lake (still in the planning stage). The average house sales price in the Valley was \$645,000 in May 2021 which reflects an increase of 27.1 percent year over year. This average home sales price is higher than the May 2021 average price in overall Riverside County of \$551,000 which reflects an increase of 25.1 percent year over year.

### **Economy**

The most common industries within the Temescal Valley by number of employees are Manufacturing, Healthcare/Social Services and Retail Trade. There are several industrial areas along I-15 in the Valley including across from Horsethief Canyon, Wildrose Industrial Park and smaller industrial areas and mining operations in the area. The El Sobrante Land Fill is located along the northeast side of I-15 at Dawson Canyon Road, about 1.5 miles north of the subject lands. Existing retail includes Tom's Farms at Temescal Canyon Road and I-15 and the neighborhood shopping center at Sycamore Creek which is anchored by a Vons Supermarket. At the south-end of Corona is a neighborhood center along the southwest side of I-15 at Eagle Glen Parkway and Crossings at Corona and Dos Lagos along the northeast side of I-15 at Cajalco Road. There is a 140,000 square foot industrial building and the Riverside Medical Clinic, both completed in the past couple years, south of Weirick Road and west of I-15. Smaller commercial projects over the past few years include a 61,000 square foot center (fast food, office, retail and gas station) at Temescal Canyon and Indian Truck Trail, a 7-acre self-storage along Temescal Canyon Road and Leroy Plaza, two commercial buildings (totaling about 30,000 square feet) along Temescal Canyon Road.

### **Government**

The Temescal Valley is in an unincorporated area of the County of Riverside thus is governed the same as the County. The subject area is under the jurisdiction of the Temescal Valley Water District ("TVWD"). TVWD provides both potable and reclaimed water for residents along with providing wastewater collection, treatment and disposal for the Temescal Valley residents. TVWD was originally formed as the Lee Lake Water District in 1965 to supply water to the area citrus crops; however, now the Temescal

Valley is home to numerous residential communities, businesses and industrial parks who are served by TVWD.

### **Summary**

Over the past 35 years the Temescal Valley has transitioned from a rural ranching and farming area to providing housing for commuters to downtown Riverside, Orange, Los Angeles and San Diego counties. Once the City of Corona essentially built-out, the Temescal Valley was in the direct line of development with good access via I-15. The Valley had minimal commercial areas besides industrial and mining operations until the past 10 years with one neighborhood shopping center open and several additional commercial projects either under construction or in the planning stages. The master planned community of Terramor will provide over 1,400 new homes, increasing the population of the Temescal Valley by around 15 percent. The Valley does not appear to be a hotspot for CIVID-19.



## TOSCANA SPECIFIC PLAN / SURROUNDING AREA

The Toscana Specific Plan (“Specific Plan”), now known as Terramor, includes approximately 961 gross acres proposed for 1,443 residential units. It is located about half way between the cities of Corona and Lake Elsinore and is near the Orange County border on the west. While the subject property includes Phase Two only and totals about 150 gross acres proposed for 495 residential units, this description includes the entire community of Terramor unless otherwise noted. The vicinity map for Terramor from the Specific Plan is shown below.



Terramor is generally bounded to the north and east by undeveloped land within the Lake Mathews/Estelle Mountain Reserve (includes a few rural residences) and the El Sobrante Landfill; to the west vacant lands and rural housing beyond which is I-15 and the Painted Hills, California Meadows and Butterfield Estates existing housing

developments; to the southwest (across I-15) by Sycamore Creek master planned community and to the southeast by vacant lands and Lee Lake. I-15 runs in a northwest-southeast direction about one-quarter mile west of Terramor. Access is considered good via I-15 to the Temescal Canyon Road exit approximately 1.5 miles north or the Indian Truck Trail exit about three-quarters of a mile south. Neighborhood shopping is available within one mile at Indian Truck Trail and I-15 while regional shopping is available at Dos Lagos about five miles north or in Lake Elsinore about ten miles south.

The Specific Plan was originally proposed in 1990 as a 960-acre specific plan submitted to the City of Lake Elsinore as it was intended it would be annexed into the city. In conjunction with the original plan, a number of technical studies were performed, however no draft EIR was ever submitted. In 2001 applications for General Plan Amendment No. 603, Specific Plan No. 327 (Toscana) and Change of Zone No. 6651 were submitted to the County of Riverside. At that time the General Plan in use was the Riverside County Comprehensive General Plan of 1984 as amended. Subsequently, the County Board of Supervisors adopted a new General Plan in 2003 which wholly revised and updated the previous plan, including land use designation and policies affecting the Specific Plan site. On December 18, 2006 the County of Riverside Board of Supervisors approved General Plan Amendment No. 603, Specific Plan No. 327 (Toscana) and Change of Zone No. 6651 and certified Environmental Impact Report No. 439. On December 9, 2014 Specific Plan Amendment 1 ("SPA 1") was approved which reduced the development footprint, adjusted residential lot sizes and product types to reflect current market conditions, removed the commercial uses and adjusted acreage to adequately reflect the current boundary surveys.

SPA 1 includes the entire proposed community of Terramor and approves 961.2 acres for 1,443 residential units resulting in an overall density of 1.5 dwelling units per acre. Total residential acreage is 300.5 acres with 21.4 acres of recreational areas including a recreation center, neighborhood parks and pocket parks, 95 acres of manufactured slopes, public facilities, open space-water and on-site roadways and 544.3 acres of open space/conservation habitat areas. The land use summary for all of Terramor is shown

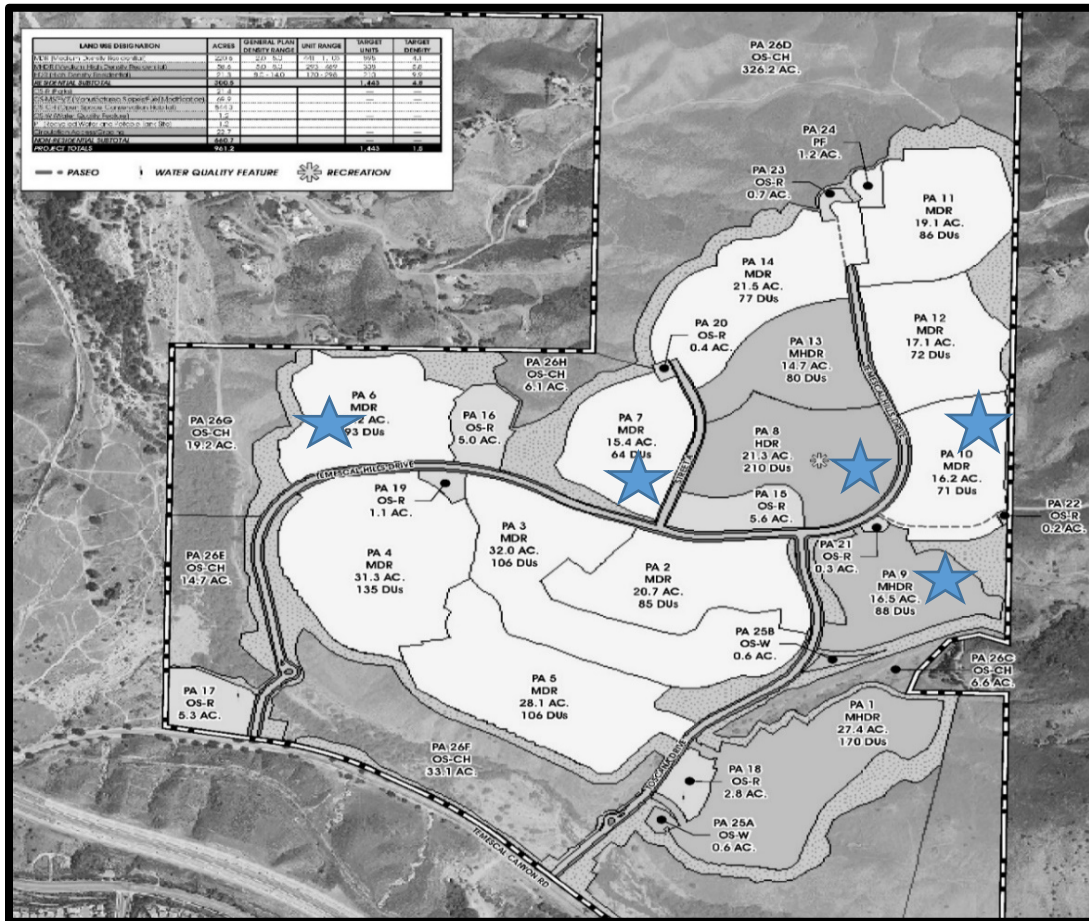
in the table below with the subject property (TVWD CFD No. 4 IA 2) highlighted in grey. Per the Specific Plan there were 526 residential lots allowed within the subject Planning Areas; however, the current approved mapping is for 495 residential lots.

P.A.	Land Use	Acreage	Units
1	Medium-High Residential (5-8 du/ac)	27.4	170
2	Medium Density Residential (2-5 du/ac)	20.7	85
3	Medium Density Residential (2-5 du/ac)	32.0	106
4	Medium Density Residential (2-5 du/ac)	31.3	135
5	Medium Density Residential (2-5 du/ac)	28.1	106
6	Medium Density Residential (2-5 du/ac)	19.2	93
7	Medium Density Residential (2-5 du/ac)	15.4	64
8	High Density Residential (8-14 du/ac)	21.3	210
9	Medium-High Residential (5-8 du/ac)	16.5	88
10	Medium Density Residential (2-5 du/ac)	16.2	71
11	Medium Density Residential (2-5 du/ac)	19.1	86
12	Medium Density Residential (2-5 du/ac)	17.1	72
13	Medium-High Residential (5-8 du/ac)	14.7	80
14	Medium Density Residential (2-5 du/ac)	21.5	<u>77</u>
15	Recreational Center	5.6	
16	Neighborhood Park	5.0	
17	Public Park	5.3	
18	Neighborhood Park	2.8	
19	Pocket Park	1.1	
20	Pocket Park	0.4	
21	Pocket Park	0.3	
22	Pocket Park	0.2	
23	Pocket Park	0.7	
24	Public Facilities	1.2	
25	Open Space – Water Feature	1.2	
26	Open Space – Conservation Habitat	544.3	
27	Manufactured Slope, Roadways	<u>92.6</u>	1,443
	Total	961.2	

The subject property includes Planning Areas 6 through 10 which are being built out into five neighborhoods by three builders. Richmond American is building out Planning Areas 6, 8 and 9 into Fieldcress, Skyview and Olivine respectively, TriPointe Homes is building out Planning Area 7 as Altis and Pulte is building out Planning Area 10 as Irontree by DelWebb. The open space and recreation areas, along with the manufactured slopes

and on-site roadway areas are exempt from taxation, thus will not be included in this appraisal report which includes the 495 proposed homes.

Below is the planning area map from the SPA 1 showing the various planning areas with the subject planning areas identified by a blue star.



Terramor is a gated community offering a wide selection of new homes, including options exclusively for the 55+ age crowd. The community will offer four developed parks, 540 acres of open space with trails and two resort-like club houses, both which include pools. At build-out Terramor will include 22 acres of developed parks. Just outside of the northern entrance is the new Temescal Valley Community Park which will be shared by Terramor with the nearby locals with ball fields, walking paths and seating areas. Veranda Park is completed near Planning Area 1 adjacent to the Veranda and includes an event lawn, a tot lot and walking paths. The Community Garden is ready for development and will include raised planters, a tool shed, a potting station and fruit trees.

Terramor Commons is the largest of the parks and is under construction for ball fields, an event lawn, a small and large dog park and a basketball court. The natural bowl shape of the park will create an area for events including movies in the park. Terramor Commons is anticipated to be complete in the next few months.

The 540 acres of Open Space will surround Terramore with a riparian area along the west and major open space lands adjacent to the southeast. The Vista Trail begins near the riparian area and works it way up to the hills with informative signs on the local wildlife and views of the Santa Ana Mountains. The Butterfield Trail stretches along the base of Terramor connecting residents with the various parks and trails. The Community Paseos wind through the community to provide access to the neighborhoods, parks and amenities.

The two formalized gathering places within Terramor include The Veranda and The Terrace Club. Both are located in Phase 1 and are open. The Veranda is located in Planning Area 1 and is open to all residents within Terramor. It includes a pool with sundeck, a toddler pool with a beach entrance, an outdoor fire pit, a patio and breezeway with an outdoor partial kitchen along with a conference/event interior space that includes a kitchen. The Veranda is open and includes a fitness center. The Terrace Club is for 55+ residents and includes a gym and wellness studio, bocce ball courts, tennis courts, pickleball courts, multipurpose rooms, outdoor cooking area, a large outdoor pool, a hot tub, an indoor pool, a crafts room, an outdoor living room, outdoor fire place, shaded seating areas, a pavilion with a bar and barbecue and steam rooms in the locker room areas. The Terrace Club has the feel of a resort, similar to The Veranda. Both are of Spanish Mission architectural style with executive design features and appear to be of quality workmanship. There are fitness and art/craft classes to be held at the Terrace Club for the over 55 community.

**TEMESCAL VALLEY WATER DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 4 (TERRAMOR)**

A Resolution of Intention of the Board of Directors of the Temescal Valley Water District to establish Community Facilities District No. 4 (Terramor) to levy a special tax to pay the tax of acquiring or constructing certain improvements and expenses and to pay debt service on bonded indebtedness directed a CFD Report to be completed. The CFD Report states CFD No. 4 is located in an unincorporated area of Riverside County with the current boundaries to include CFD No. 4 Improvement Area 1 with a future annexation area to be designated. In April 2019 the CFD Report for Improvement Area No. 2 was completed which includes portions of the “future annexation area” to be annexed into CFD No. 4. There are still additional future annexation areas which are anticipated to be annexed into CFD No. 4 at a later date as the final Improvement Area No. 3 (or future improvement areas). Improvement Area No. 2 (subject of this appraisal) encompasses approximately 150 gross acres (86 developable acres) to be developed into residential land use subject to a special tax levy and identified by two different zones, Zone A and Zone B. At time of the CFD Report, at buildout, Zone A of IA No. 2 was anticipated to consist of 330 market rate units and Zone B was anticipated to consist of 163 age-qualified units. Current approvals are for 342 market rate units and 153 age-qualified units for a total of 495 proposed residential units within IA No. 2.

Per the CFD Report, CFD No. 4 IA 2 is authorized to finance the construction, purchase, modification, expansion, improvement or rehabilitation of (1) water and sewer facilities including the acquisition of capacity in the sewer system and/or water system of Temescal Valley Water District (“TVWD”) (2) certain roadways and roadway improvements and related infrastructure and improvements of the County of Riverside, and (3) storm and sewer drains and related infrastructure and improvements of the Riverside County Flood Control and Water Conservation District, both onsite and offsite and all appurtenances and appurtenant work in connection with the foregoing including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such improvements and any other expense incidental to the construction, acquisition, modification, expansion or

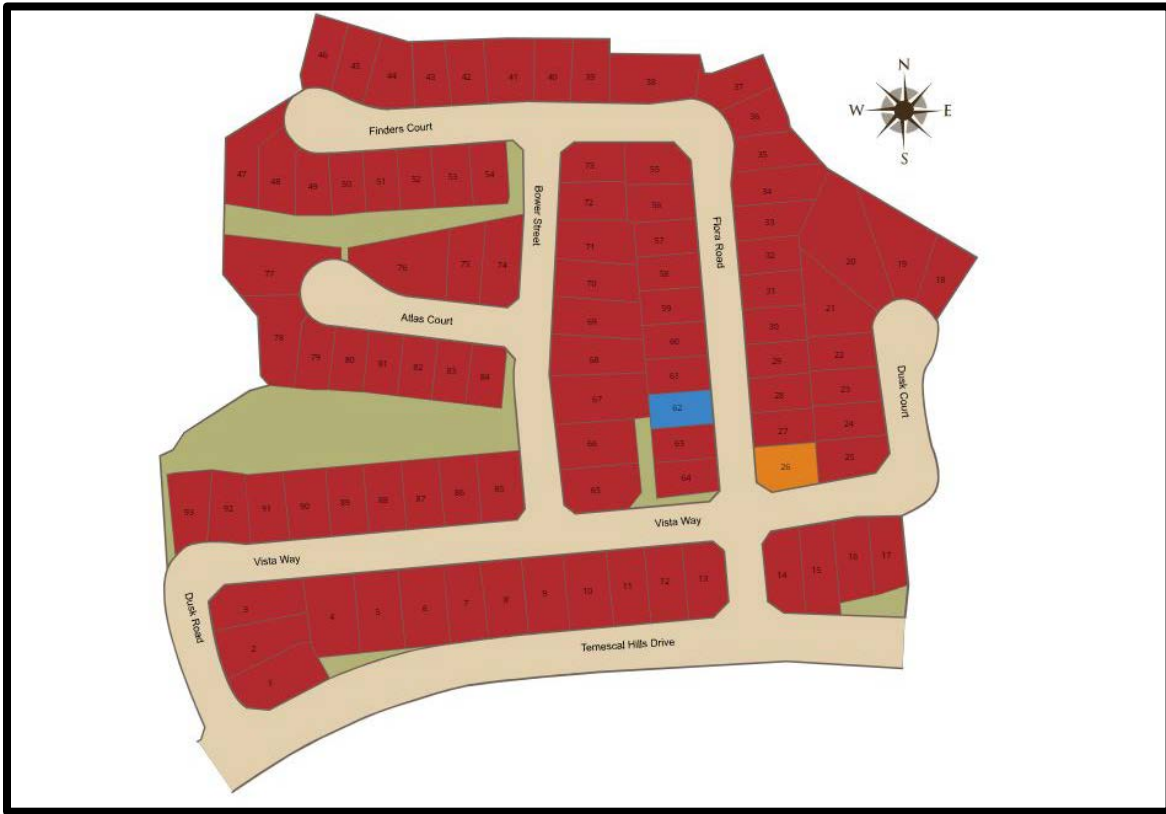
rehabilitation of such improvements. In addition, bond issuance expenses and incidental expenses associated with CFD No. 4 IA 2 will be included. The maximum authorized bonded indebtedness for IA No. 2 shall not exceed \$58,000,000. According to the CFD Report, the assigned special tax for Zone A (market rate units) per taxable unit ranges from \$2,799 to \$3,478 annually per unit based on square footage and the assigned special tax for Zone B (age qualified units) per taxable unit ranges from \$1,819 to \$2,921 per unit, again based on square footage.

Per the latest sources and uses (dated September 10, 2021), the project fund deposit is anticipated to be \$18,982,380 with \$1,129,662 in Debt Service Reserve Fund, \$44,700 in capitalized interest and \$482,000 in costs of issuance and underwriters discount (all amounts subject to change). The boundary map showing CFD No. 4 IA 2 is shown in the Addenda.

## SUBJECT PROPERTY DESCRIPTION

The subject property consists of Phase Two of the master-planned community known as Terramor which includes Planning Areas 6 through 10 proposed for 495 residential units, a portion of which are age qualified. The master developer of the project is Forestar Toscana Development Company, who entitled and developed the land and is selling lots to homebuilders. Some builders purchase their entire planning area while others have structured lot take-down transactions and are purchasing the lands in two take-downs as they build the homes. The three builders within Terramor Phase 2 include Richmond American (Planning Areas 6, 8 and 9), TriPointe (Planning Area 7) and Pulte Group (Planning Area 10 under the entity of Del Webb). Richmond American is building the market rate products while the other two builders are constructing age qualified homes. Each of the Planning Areas is described below.

### **Planning Area 6 – Richmond American’s Fieldcress**



Location: North side of Temescal Hills Drive at Flora Road, Terramor, Temescal Valley, unincorporated Riverside County.



**Legal Property**

**Description:** Planning Area 6 is known as Lots 1-93 of Tract 36826-1, County of Riverside.

**Property Owner:** Richmond American Homes of Maryland, Inc as to Lots 13, 20, 26-30, 58-59, 61 and 65-67 of Tract 36826-1; Individual Homeowners as to Lots 1-12, 14-19, 21-25, 31-57, 60, 62-64 and 68-93 of Tract 36826-1

**Assessors**

**Parcel Nos.:** 290-960-001 through 093.

**Three-Year**

**Sales History:** Per the seller Richmond American purchased the property in two take-downs, the first consisting of 46 lots in May 2019 and the second consisting of 47 lots in December 2019. The sales price has been retained in our files for confidentiality purposes. Eighty completed homes have closed escrow to individual homebuyers.

**Size and Shape:** The subject property is irregular in shape. Per Riverside County Tract Map No. 36826-1, the site contains 19.63 acres.

**Zoning:** The subject property is covered by County of Riverside Specific Plan No. 327 Amendment No. 1. Per SP 327 the property is shown as Planning Area 6 which is designated for MDR (Medium Density Residential) which allows for 2-5 dwelling units per acre.

**Entitlements:** The subject property is entitled by virtue of the previously summarized County of Riverside Specific Plan 327. In addition, Tract Map 36826-1 recorded December 19, 2018, encompasses 19.63 acres and subdivides them into 93 single family detached lots with a 5,400 minimum lot size. This equates to 4.74 dwelling units per gross acre which is within the allowed density.

**Home Owner's**

**Association:** The HOA Fees within Fieldcrest are currently estimated to be \$280 per month which includes the gated community entrance, The Veranda (social center with pools, outdoor barbeque and entertaining areas), five miles of trails and paseos and other parks within Terramor including ball fields, the community garden and large and small dog parks.

**Topography:** The subject property was originally hilly undeveloped land which has been graded into 93 single family detached lots. The overall Terramor project ranged from 1,100 to 1,543 feet above mean sea level with the regional topography sloping down to the west. The hilly nature of the site has provided for good to excellent views from a portion of the lots. The lots are generally level with drainage into an engineered street storm drain system.

**Soils Condition:** We have reviewed a Preliminary Geotechnical Investigation, Terramor Project, Phase Two for Tentative Tract Map No. 36826, Temescal Valley Area, County of Riverside, California” prepared by Advanced Geotechnical Solutions (“AGS”), Inc. of Murrieta, California and dated February 18, 2016. The report presents a summary of results for the geotechnical investigations. The report was prepared in a manner consistent with County of Riverside geotechnical report guidelines and current standard of practice. The geotechnical conclusions and recommendations are presented in the report. Items addressed include soil removals, cut, fill and slope stability, grading recommendations, buttress/stabilization fill requirements, cut/fill pad over excavation criteria, remedial grading recommendations, handling and disposal of oversize rock and preliminary foundation design recommendations, based upon anticipated as-graded soil conditions. Reference is made to the report for detailed information. The report concludes that development of the subject property, as proposed, is considered feasible from a geotechnical standpoint provided that the conclusions and recommendations presented within the report are incorporated into the design and construction of the project.

It is an assumption of this appraisal that the soils are adequate to support the highest and best use conclusion and that all recommendations made within any reports were or will be adhered to during construction.

**Seismic Information:** Within the above AGS report, seismic hazards are discussed with the concluding opinion that sympathetic movement along three conjectured faults pertinent to the site are not active and that movement along these faults is highly unlikely and planning avoidance or structural setbacks are not recommended.

**Environmental Concerns:** We have reviewed a Phase I Environmental Site Assessment on the entire Terramor lands dated March 26, 2013, prepared by McAlister GeoScience of Long Beach, California. The report states, at time of the report there was one unoccupied ranch house, a storage building, barn and three mobile homes on the 960-acre site. The report concludes that McAlister GeoScience found no Recognized Environmental Conditions in connection with the property. The following Potential Recognized Environmental Conditions were found:

- Potential improper disposal to the septic systems
- Poor housekeeping of paints, oils, solvents and fuels
- Unused groundwater wells presenting a conduit to groundwater

- Potential hazardous building materials in the ranch house barn and associated buildings.

The Report gave the following recommendations:

- Sampling of septic system leach field areas
- Improved Housekeeping of possible hazardous substances
- Removal of all unused and unmaintained above ground storage tanks
- Removal of all unmaintained farming implements
- Property abandonment of unused groundwater wells and cistern
- A SWPPP for the property should be prepared and implemented
- Pre-demolition sampling for hazardous building materials is recommended
- Dust suppression may be necessary during construction activities.

In addition, we have reviewed Addendum No. 4 to the EIR No. 439 for Tentative Tract Map No. 36826 dated June 1, 2017. According to the EIR the County of Riverside determined that an Addendum to EIR 439 should be prepared as the project does not require major revisions to the previously certified EIR; no new information of substantial importance has become available since EIR 439 was prepared; no substantial changes in circumstances have occurred; several technical reports were reviewed; and, mitigation measures identified in EIR 439 and Addenda Nos. 1, 2 and 3 remain appropriate and feasible for the proposed project.

It is an assumption of this appraisal that the subject property is free and clear of any environmental issues which would slow or thwart development of the site and that all recommendations contained in any such reports were adhered to.

**Flood Information:** According to the AGS Report, the Tarramor project is not located within a Federal Emergency Management Agency (FEMA) designated flood zone. A branch of the Temescal Wash is known as the Riparian Open Space Area and forms the western border of the overall Terramor project.

**Easements and Encumbrances:** We have reviewed an amended Preliminary Title Report on Planning Area 6, prepared by Chicago Title Company and dated January 11, 2018. The exceptions are as follows:

Items A, B and C pertain to property taxes or special assessments along with any supplemental or escaped taxes or assessments.

Item Nos. 1-8, 10-11, 13-14, 16-18, 20, 22-29, 31-32, 32B-35, 37-38, 39-42, 43-45, 47 and 48 were intentionally deleted. Item Nos. 9, 9A, 12, 15, 15A, 15B, 19, 21, 32A, 36, 38A, 42A, 45A, 45B, 47A, 47B, 49, 50, and 54 refer to easements for access and/or utilities. Item No. 30 refers to water rights. Item No. 46 pertains to a Memorandum of Obligations under a Real Property Purchase Agreement. Item No. 51 refers to a deed of trust on the property while Item No. 52 is in regards to an assignment of moneys due in accordance to the above deed of trust. Item No. 53 pertains to a financing statement for Toscana Development Company.

It is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than CFD No. 4 IA 2, and the easements noted above which are assumed not to hinder development of the site. This is suggested by the approval by the County for development of the 93 lots.

Utilities: All normal utilities will serve the subject property by the following companies:

Electrical:	Southern California Edison Company
Natural Gas:	The Gas Company
Sewer/Water:	Temescal Valley Water District
Schools:	Corona-Norco Unified School District

Streets/Access: Access to the subject project is via I-15 to either Temescal Canyon Road exit south 1.5 miles or Indian Truck Trail exit east to Temescal Canyon Road (0.1 mile) and north about 0.75 mile. From Temescal Canyon Road there are two entrances into the community of Terramor, the southerly entrance at Terramor Drive and the northerly entrance at Temescal Hills Drive. Access into Planning Area 6 is off Temescal Hills Drive via Flora Road

I-15 is a major north/south freeway providing access to international borders both north and south.

Temescal Canyon Road was the main access through the Valley prior to I-15 being constructed in the 1970s. Temescal Canyon winds through the valley crossing I-15 two times. To the north Temescal Canyon becomes Ontario Avenue, a main thoroughfare in South Corona. To the south Temescal Canyon terminates into Lake Street in the City of Lake Elsinore.

Terramor Drive is a wide two-lane, tree lined access road through the southerly portion of Terramor Improvement Area 1 and provides access into the Phase Two of Terramor and will provide access into

Phase Three. There is a trail along Terramor Drive providing walking access through the neighborhoods of Terramor.

Temescal Hills Drive is a wide two-lane, tree lined access road into the northern portion of the gated community of Terramor. Temescal Hills Drive is horseshoe shaped and begins at Temescal Canyon Road and winds around and terminates at Terramor Drive. There is a trail along Temescal Hills Drive providing walking access through the neighborhoods of Terramor.

Internal Streets within the project include Flora Road, Vista Way, Bower Street, Atlas Court Drive, Finders Court and Dusk Court.

**Current Condition:** Planning Area 6 has been developed into 93 single family detached lots, 88 of which have houses that are over 95 percent complete. There are five homes under construction (under 95 percent complete), all five in escrow and due to close over the next two months.

**Costs to Complete:** Per Richmond American representatives all lots are in a physically finished condition with no remaining costs or fees to be expended on land development.

**Views:** We have inspected Planning Area 6 for view potential from each lot. While some lots have peek-a-boo or limited views, we are limiting our analysis for good to excellent views that will command a significant view premium in the price of the lot. Within Planning Area 6 there are 17 lots with excellent views. They are Lot Nos. 46-54, 77-84 and 93 of Tract 36826-1. View premiums can increase the price of the home up to \$180,000 per Foremost representatives.

**Improvement Description:** Planning Area 6 is proposed for 93 single family detached homes being built out as Fieldcress at Terramor by Richmond American Homes. All of the home exteriors include dual-glazed vinyl windows, concrete tile roofs, rear yard fencing, full front yard landscaping, 2 to 3-car garages with interior access, roll-up garage doors with automatic opener and concrete walks and driveway. Interiors include LED downlights, air conditioning, smoke detectors, fire sprinklers, interior laundry rooms, paneled interior doors and carpet, ceramic tile and vinyl flooring throughout. Kitchens include pantry, kitchen island, slab countertops, double compartment stainless steel sink, and stainless-steel appliances. All homes appear to be in excellent condition with no visible depreciation.

We have reviewed sales information from the builder which included the homes closing from December 2019 through July 2021. Actual sales prices ranged from \$527,264 to \$780,352. Per public record,

there have been no re-sales and per our inspection there were no homes listed for re-sale. Base asking prices currently range from \$650,990 to 661,990. On top of base pricing there are lot premiums (due to view and size). The houses which are over 95 percent completed are detailed below.

Residence	Room Count	Floors/ Parking	Sq. Ft.	Ind. Own	Bldr. Own
1 - Andrea	4 / 2.5	2 / 2	2,800	29	2
2 - Yorktown	5 / 2.5	2 / 3	2,900	26	3
3 - Seth	5 / 2.5	2 / 3	3,000	25	3
Totals				80	8

In addition to the above detailed houses there are five additional houses under construction (all in escrow).

### Planning Area 7 – TriPointe Home’s Altis



Location: Northwest corner of Temescal Hills Drive and Phoebe Drive, Terramor, Temescal Valley, unincorporated Riverside County.

Legal Property Description: Planning Area 7 is known as Lots 1-72 of Tract 36826-2 and Parcels 1, 2 and 3 of Parcel Map 37533, County of Riverside.

Property Owner: TriPointe Homes IE-SD, Inc. as to all of the lots and parcels.

Assessors Parcel Nos.: 283-460-001 thru 072 and 290-930-065 thru 067.

Three-Year Sales History: Per the seller Pardee purchased all 75 lots on March 17, 2020. The sales price has been retained in our files for confidentiality purposes. No completed homes have closed escrow to individual homebuyers, however 15 are in escrow and due to close upon completion

Size and Shape: The subject property is irregular in shape. Per Tract Map No. 36826-2, 72 of the subject lots total 15.43 acres and per Parcel Map 37533, Parcels 1, 2 and 3 total 0.39 acres. Additionally, Parcel 4 of Parcel Map 37533 is an open space parcel and contains 2.11 acres. The total acreage of Tract Map 36826-2 and Parcel Map 37533 is 17.93 acres.

Zoning: The subject property is covered by County of Riverside Specific Plan No. 327 Amendment No. 1. Per SP 327 the property is shown as Planning Area 1 which is designated for MDR (Medium Density Residential) which allows for 2-5 dwelling units per acre.

Entitlements: The subject property is entitled by virtue of the previously summarized County of Riverside Specific Plan 327. In addition, Tract Map 36826-2 recorded August 27, 2020 and subdivides the majority of the site into 72 single-family detached lots with a minimum lot size of 5,400 square feet. Parcel Map No. 37553 recorded December 30, 2020 and subdivides 2.5 acres into four parcels includes three residential lots (approximately 5,600 square feet each) and an open space lot. The 75 lots on the 17.93 gross acres equates to an overall density of 4.18 dwellings per acre which is within the allowed density.

Home Owner's Association: The HOA Fees within Altis is estimated to be \$280 per month overall plus \$65 per month for the age qualified amenities for a total of \$345 per month. This includes the gated community entrance, The Veranda (non-age restricted club). The Terrace Club (age restricted club), five miles of trails and paseos and other parks within Terramor

including ball fields, the community garden and both large and small dog parks.

**Topography:** The subject property was originally hilly undeveloped land which has been graded into 75 single family detached lots. The overall Terramor project ranged from 1,100 to 1,543 feet above mean sea level with the regional topography sloping down to the west. The hilly nature of the site has provided for good to excellent views from a portion of the lots. The lots are generally level with drainage into an engineered street storm drain system.

**Soils Condition:** Please refer to the Planning Area 6 description above as it covers all of Phase Two of Terramor.

It is an assumption of this appraisal that the soils are adequate to support the highest and best use conclusion and that all recommendations made within any reports were or will be adhered to during construction.

**Seismic Information:** Please refer to the Planning Area 6 description.

**Environmental Concerns:** Please refer to the Planning Area 6 description.

It is an assumption of this appraisal that the subject property is free and clear of any environmental issues which would slow or thwart development of the site and that all recommendations contained in any such reports were adhered to.

**Flood Information:** Please refer to the Planning Area 6 description

**Easements and Encumbrances:** We have reviewed two Preliminary Title Reports, both prepared by Chicago Title Company which encompass Planning Area 7 (Altis). The exceptions are as follows:

Report No. 15120B32-987-IE2-JAB dated August 16, 2019 covering Lot 2 of Tract 36825 (now known as Tract 36826-2)

Items AA, A, A1 and L refer to property taxes. Items B, C, D, E, F, G, H, I and J were intentionally deleted. Item Nos. 1-11, 13, 14, 16-18, 20, 22-29, 31-32, 32B – 35, 37-42 and 43-45, 47, 49 and 51-53 were intentionally deleted, Item Nos. 12, 15, 15A 15B, 19, 21, 32A, 36, 42A, 45A, 45B, 47A, 47B, 48, 50, 53A, 53B, 54 and 55 all pertain to easements. Item No. 30 refers to water rights. Item Nos. 35A and 46 pertain to the property purchase agreement between Sunny Sage LLC and Forestar Toscana Development Company.



Report No. 15120B32-987-IE2-JAB as Amended December 5, 2019  
for Portions of Lots 2, 21, 22 and 23 of Tract 36825 (now known as  
Parcel Map 37533)

Items A and L refer to property taxes. Items AA, B, C, D, E, F, G, H, I and J were intentionally deleted. Item Nos. 1-11, 13, 14, 16-18, 20, 22-29, 31-32, 32B – 35, 37-42, 43-45, 47, 49 and 51-53 were intentionally deleted, Item Nos. 12, 15, 15A 15B, 19, 21, 32A, 36, 42A, 45A, 45B, 47A, 47B, 48, 50, 53A, 53B, 54 and 55 all pertain to easements. Item No. 30 refers to water rights. Item Nos. 35A and 46 pertain to the property purchase agreement between Sunny Sage LLC and Forestar Toscana Development Company.

It is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than CFD No. 4 IA 2, and the easements noted above which are assumed not to hinder development of the lands. This is suggested by the approvals by the County for the 75 lots.

Utilities: All normal utilities will serve the subject property by the following companies:

Electrical:	Southern California Edison Company
Natural Gas:	The Gas Company
Sewer/Water:	Temescal Valley Water District
Schools:	Corona-Norco Unified School District

Streets/Access: Please refer to the Property Description for Planning Area 6. Internal Streets within Altis include Phoebe Drive (off Temescal Hills Drive), Arch Hill Drive, Dovecoat Way, Brison Drive, Rimstone Drive and Venture Way.

Current Condition: Planning Area 7 is being developed into 75 single family detached lots with a minimum lot size of 5,400 square feet. The property is being marketed as Altis and is being developed by TriPointe Homes (formerly Pardee Homes). The lots are generally finished with streets paved and utilities stubbed to each lot. There are three completed model homes which opened for sale July 17, 2021 and ten homes under construction.

Costs to Complete: Per TriPointe Homes representatives, there are \$1,426,557 in remaining land development costs and \$3,042,690 in remaining land development fees to bring the site to true finished lots. The remaining land development costs are associated with all of the builder-owned lands, thus there are \$19,020.76 (\$1,426,557 divided by 75) in remaining hard costs per lot. The remaining fees are associated with the remaining lots only. These remaining costs will be taken into consideration in the valuation section for Planning

Area 7 later within this report. Please note that it is an Extraordinary Assumption of this report that the costs as reported above are true and accurate. While the amounts appear reasonable, we do not have expertise in cost estimating. These costs have been utilized in this appraisal report and, if they change, the value conclusions will change.

**Views:**

We have inspected Planning Area 7 for view potential from each lot. While some lots have peek-a-boo or limited views, we are limiting our analysis for good to excellent views that will command a substantial view premium in the price of the lot. Within Planning Area 7 there are 26 lots with excellent views. They are Lot Nos. 1-23 of Tract 36826-2 and Parcels 1-3 of Parcel Map 37553.

**Improvement Description:**

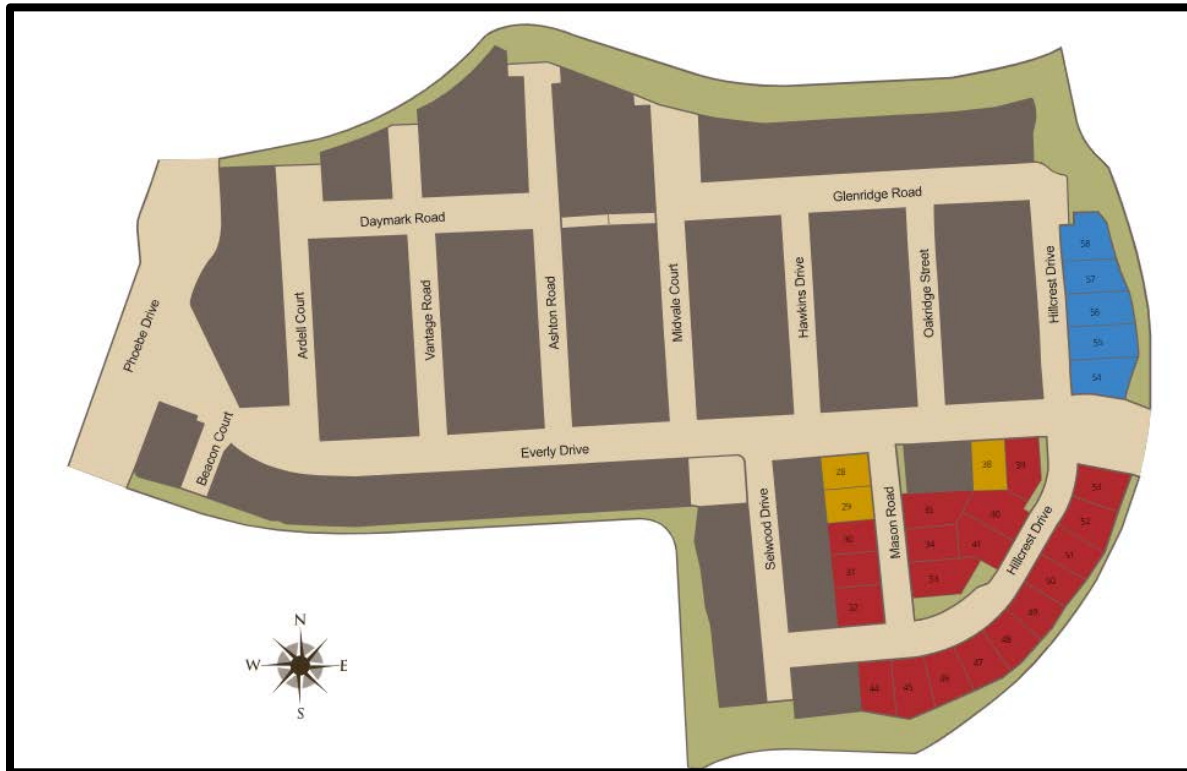
Planning Area 7 is proposed for 75 single family detached homes being built out as an age qualified community known as Altis at Terramor by TriPointe Homes. The homes are of Spanish, Santa Barbara and Craftsman architecture. All of the home exteriors include dual-glazed vinyl windows, full front yard landscaping, 2-car garages with interior access, roll-up garage doors with automatic opener and concrete walks and driveway. Interiors include 3.5” baseboards, raised panel doors, tile or carpet throughout, fire sprinklers, tankless water heaters and interior laundry rooms. Kitchens include pantry, granite countertops, double compartment stainless steel sink, Whirlpool stainless steel appliances and a recycling center. HomeSmart features include a voice-controlled device, mesh WiFi systems and smart switches, thermostats, garage door openers, doorbells and locks. All homes appear to be in excellent condition with no visible depreciation.

We have reviewed escrow information from the builder which included the homes sold from May 25, 2021 through August 1, 2021. Actual escrow prices range from \$585,126 to \$665,756. Base asking prices currently range from \$555,000 to \$579,000. On top of base pricing there are lot premiums. The houses which are over 95 percent completed are detailed below.

<b>Residence</b>	<b>Room Count</b>	<b>Floors/ Parking</b>	<b>Sq. Ft.</b>	<b>Ind. Own</b>	<b>Bldr. Own</b>
1	2 / 2	1 / 2	2,017	0	1*
2	3 / 2	1 / 2	2,162	0	1*
3	3 / 2	1 / 2	2,276	0	1*
Totals					3

\*Each builder-owned plan is a model home. In addition to the above detailed houses there are 10 houses under construction and 62 finished lots.

**Planning Area 8 – Skyview by Richmond American / Forestar Toscana Development Co.**



**Location:** West side of Terramor Drive at Everly Drive, Terramor, Temescal Valley, unincorporated Riverside County.

**Legal Property Description:** Planning Area 8 is known as Tract Map Nos. 36926-5 and 36826-6, County of Riverside.

**Property Owner:** Richmond American Homes, Inc., a Maryland corporation, owns Tract Map 36826-5 which is proposed for 76 condominium units within Planning Area 8 (Units 17-74, 76-87 and 92-97). Forestar Toscana Development Company, a Delaware corporation owns Tract Map 36826-6 which is proposed for 86 condominium units within Planning Area 8 (Units 1-16, 75, 88-91 and 98-162).

**Assessors Parcel Nos.:** 290-930-28, 29 and 64. It appears the assessor's maps dividing the property into the proposed units are not available at this time.

**Three-Year Sales History:** Per the seller Richmond American purchased Tract Map 36826-5 on September 11, 2020. Tract Map 36826-6 is in escrow to Richmond American and anticipated to close in December 2021. The sales prices have been retained in our files for confidentiality purposes.

**Size and Shape:** Planning Area 8 is irregular in shape. Per Riverside County, Tract Map No. 36826-5 contains 10.79 acres and Tract Map 36826-6 contains 7.36 acres for a total of 18.15 acres.

**Zoning:** The subject property is covered by County of Riverside Specific Plan No. 327 Amendment No. 1. Per SP 327 the property is shown as Planning Area 8 which is designated for HDR (High Density Residential) which allows for 8-14 dwelling units per acre.

**Entitlements:** The subject property is entitled by virtue of the previously summarized County of Riverside Specific Plan 327. In addition, Tract Map Nos. 36826-5 (recorded 12/23/20) and 32826-6 (anticipated to be recorded in December 2021) encompass the site. Tract Map 36826-5 is a single lot. The Final Site Plan of Development for Planning Area 8 which has been approved by the County shows 76 units within 36826-5 (Unit Nos. 17-74, 76-87 and 92-97) and 86 units within 36826-6 (Unit Nos. 1-16, 75, 88-91 and 98-162). The units are either freestanding or duo units with one attached wall.

**Home Owner's Association:** The HOA Fees within Skyview are estimated at \$275 per month at build-out for the master plan and an additional \$20 per month at build-out for the Skyview community. The master plan HOA includes the gated community entrance, The Veranda, the Terrace Club (AQ club), five miles of trails and paseos and other parks within Terramor including ball fields, the community garden and both large and small dog parks. The Skyview HOA will include front yard landscaping and irrigation.

**Topography:** The subject property was originally hilly undeveloped land which has been graded into 162 single family lots with some lots being "duo" lots (one attached wall). The overall Terramor project ranged from 1,100 to 1,543 feet above mean sea level with the regional topography sloping down to the west. The hilly nature and grading of the site has provided for good to excellent views from a good portion of the lots. The lots are generally level with drainage into an engineered street storm drain system.

**Soils Condition:** Please refer to the Planning Area 6 description above as it covers all of Phase Two of Terramor.

It is an assumption of this appraisal that the soils are adequate to support the highest and best use conclusion and that all recommendations made within any reports were or will be adhered to during construction.

**Seismic Information:** Please refer to Planning Area 6 description.

Environmental  
Concerns:

Please refer to the Planning Area 6 description.

It is an assumption of this appraisal that the subject property is free and clear of any environmental issues which would slow or thwart development of the site and that all recommendations contained in any such reports were adhered to.

Flood Information: Please refer to Planning Area 6 description.

Easements and  
Encumbrances:

We have reviewed a Preliminary Title Report prepared by Chicago Title Company (Order 15120B81-987-IE2-JAB) dated October 11, 2018 that covers Phase 1 of Planning Area 8 which appears to be Tract 36826-5. We have not received a title report on the Phase 2 of Planning Area 8. The exceptions are as follows:

Items A and C refer to property taxes. Item B and Nos. 1-11, 13-14, 16-18, 20, 22-29, 31-32, 32B, 34-35, 37-42, 43-45 and 47 were intentionally deleted. Item Nos. 12, 15, 15A, 15B, 19, 21, 32A, 36, 42A, 45A, 45B, 47A, 47B, 48, 50, 53A, 53B, 53C, 54, 55, 56 and 57 refer to easements, including easements not yet recorded by Forestar Toscana Development Company (master developer). Item No. 30 pertains to water rights. Item Nos. 35A and 46 relate to the purchase agreement between Forestar and Sunny Sage, the previous owner. Item No. 49 is in regards to the effect of the recital shown on Tract 36825 (an earlier map recorded on the majority of Terramor), Item Nos. 51, 52 and 53 pertain to a deed of trust, assignment of moneys due and a financing statement between Toscana Development Company (master developer) and Farmers and Merchants Bank of Long Beach.

It is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than CFD No. 4 IA 2, and the easements noted above for Phase 1 which are assumed not to hinder development of the site. This is suggested by the approvals by the County for the 162 units. It is assumed that Phase 2 does not have any liens and/or encumbrances which would hinder development.

Utilities:

All normal utilities will serve the subject property by the following companies:

Electrical:	Southern California Edison Company
Natural Gas:	The Gas Company
Sewer/Water:	Temescal Valley Water District
Schools:	Corona-Norco Unified School District

**Streets/Access:** Please refer to Property Description for Planning Area 6 above. Access to the subject project is off Terramor Drive into Everly Place or Temescal Hills Drive to Phoebe Drive to Everly Drive. Internal streets include Everly Place, Hillcrest Drive, Oakridge Street, Glenridge Road, Hawkins Drive, Midvale Court, Ashton Road, Vantage Road, Daymark Road, Adell Court, Beacon Court, Selwood Drive and Mason Road.

**Current Condition:** Planning Area 8 is being developed into 162 residences. Richmond American is currently selling Skyview with five plans modeled and 15 homes under construction. Tract Map 36826-5 is generally in a finished lot condition with internal streets paved and utilities stubbed to each unit site. Tract Map 36826-6 is graded with some streets paved. The finishing of the lots is underway at this time. No homes have closed to individuals at this time however there are 15 homes under reservation along with six lots which have been released for sale.

**Costs to Complete:** Per Richmond American representatives the lots are in a partially physically finished condition with some costs remaining. Below is a listing of the remaining costs as reported by Richmond American representatives.

Description	Remaining
Sewer	\$163,380
Storm Drain	\$158,191
Domestic Water	\$318,042
Dry Utilities	\$695,588
Curb/Gutter/Streets/Sidewalks	\$888,456
Total	\$2,223,657

The above costs are spread between the remaining builder owned 162 lots which equates to a per lot remaining cost of \$13,726.28.

In addition, there are remaining fees associated with the remaining lots of \$3,159,887 for the remaining lots. There are five models and 15 houses under construction leaving 142 remaining lots. The remaining land development fees equate to \$22,252.73 per lot (\$3,159,887 / 142).

The above costs will be taken into consideration in the valuation section later within this report.

In addition to their portion of the above costs for PA 8, the master developer is responsible for the completion of the Planning Area 16 Park (Terramor Commons Park) within Phase Two of Terramor. This cost is to the master developer and does not fall to the

homebuilders, thus it will be addressed under the master developer owned land valuation. Terramor Commons Park is well underway in the construction phase. The remaining development costs for the Planning Area 16 Park per Foremost representatives are estimated at under \$1,000,000. These costs will be taken into consideration under the valuation section, for the Forestar owned lands within Planning Area 8, later within this report.

Please note that it is an Extraordinary Assumption of this report that the costs as reported above are true and correct. While the amounts appear reasonable in conjunction with the master developer costs, we do not have expertise in cost estimating. These costs have been utilized in this appraisal report and, if they change, the value conclusions will change.

Views:

We have inspected Planning Area 8 for view potential from each unit. While some lots have peek-a-boo or limited views, we are limiting this analysis for good to excellent views that will command a substantial view premium in the price of the lot. Within Planning Area 8A (-5 and owned by Richmond American) there are 12 lots with excellent views (Unit Nos. 17-22 and 42-47). Within Planning Area 8B (-6 and owned by Forestar) there are 16 lots with excellent views (Unit Nos. 1-16).

Improvement  
Description:

A portion of Planning Area 8 (Tract 36826-5) is currently being built out as Skyview by Richmond American Homes. Skyview includes five plans that are "duo" (one wall attached) with one of the plans also being sold as a single detached unit. The plans are both one and two story. The homes appear to be of Spanish, Santa Barbara and California Cottage inspired architecture. All of the home exteriors include dual-glazed vinyl windows, concrete tile roofs, finished drywall garages with rollup garage doors, rain gutters and drought-tolerant front-yard landscaping with irrigation on automatic timers. Interiors include vinyl and carpet flooring, recessed lighting, interior laundry rooms with shelf, central air conditioning and a whole house fan. Kitchens include stainless steel appliances, granite or quartz countertops, Thermofoil cabinetry and an island. Master suites include cabinetry to match the home, dual sinks and oversized showers. All homes appear to be in excellent condition with no visible depreciation.

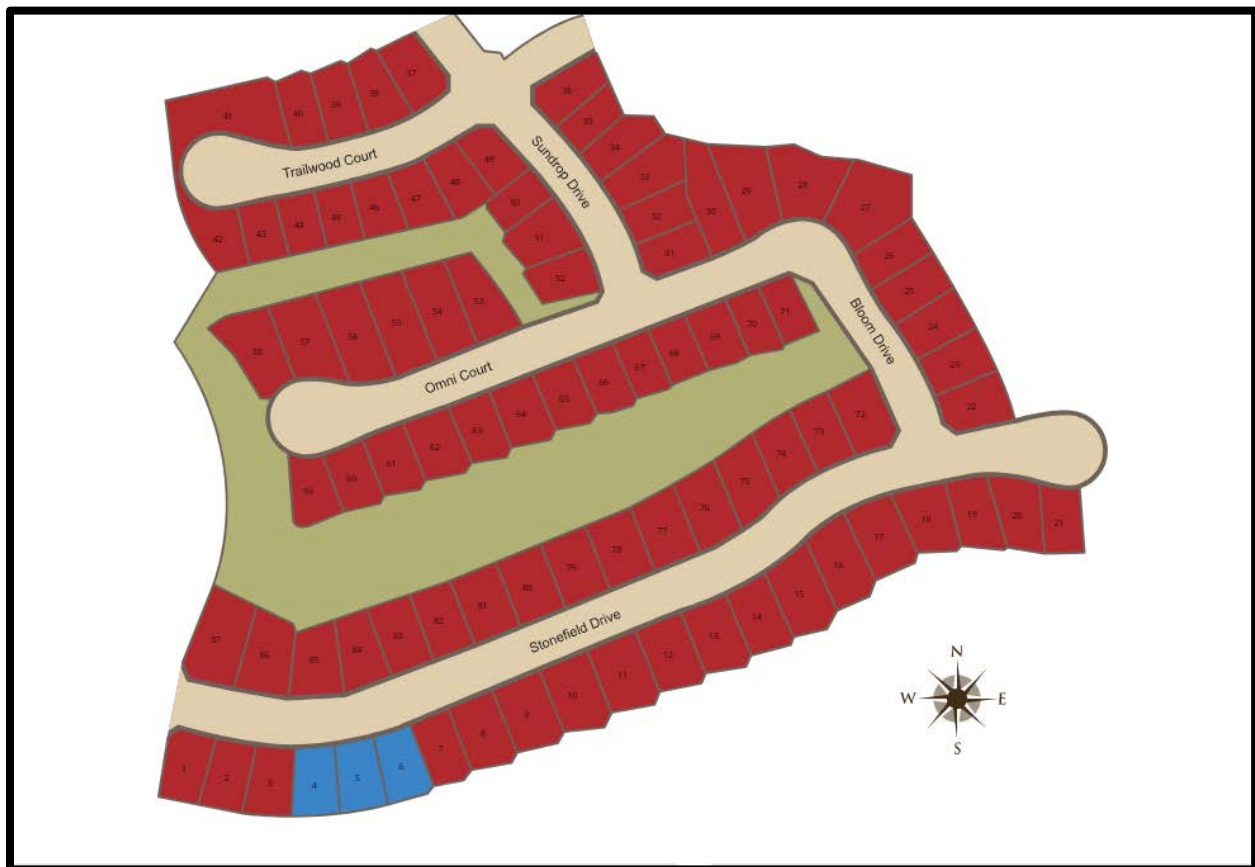
We have reviewed sales information from the builder which includes 21 homes that are currently in escrow. The sales occurred May 29 and July 25, 2021 with the current escrow prices from \$552,062 to \$674,199 and anticipated closings beginning in November 2021. Base asking prices currently range from \$533,990 to \$563,990 for the duo homes and \$663,990 for the free-standing home. The

houses which are over 95 percent completed are detailed below with Plan 5 being offered as both a duo and a freestanding unit.

Residence	Room Count	Floors/ Parking	Sq. Ft.	Ind. Own	Bldr. Own
1 – Jonquil Duo	3 / 2	1 / 2	1,450	0	1*
2-Amethyst Duo	3 / 2	1 / 2	1,460	0	1*
3-Coral Duo	4 / 2.5	2 / 2	1,840	0	1*
4-Walnut Duo	4 / 2.5	2 / 2	2,000	0	1*
5-Citrine Duo	4 / 2.5	2 / 2	2,010	0	0*
6-Citrine Detach	4 / 2.5	2 / 2	2,010	0	1*
Totals				0	5

\*Each of the builder-owned plans is a model home. In addition to the above detailed houses there are 15 houses under construction and 56 lots owned by Richmond American and 86 lots owned by Forestar.

**Planning Area 9 – Richmond American’s Olivine**



Location: Southeast corner of Temescal Hills Drive and Terramor Drive, Terramor, Temescal Valley, unincorporated Riverside County.

Legal Property Description: Planning Area 9 is known as Lots 1-87 of Tract 36826-4, County of Riverside.



**Property Owner:** Richmond American Homes of Maryland, Inc as to Lots 1-3, 5, 7-8, 39-47 and 82-87 of Tract 36826-4; Individual Homeowners as to Lots 4, 6, 9-38 and 48-81 of Tract 36826-4

**Assessors**

**Parcel Nos.:** 290-970-001 thru 087Three-Year

**Sales History:** Per the seller Richmond American purchased the property on August 21, 2019 in a single take-down. The sales price has been retained in our files for confidentiality purposes. Sixty-six completed homes have closed escrow to individual homebuyers.

**Size and Shape:** The subject property is irregular in shape. Per Riverside County Tract Map No. 36826-4, the site contains 16.71 acres.

**Zoning:** The subject property is covered by County of Riverside Specific Plan No. 327 Amendment No. 1. Per SP 327 the property is shown as Planning Area 9 which is designated for MHDR (Medium High Density Residential) which allows for 5-8 dwelling units per acre.

**Entitlements:** The subject property is entitled by virtue of the previously summarized County of Riverside Specific Plan 327. In addition, Tract Map 36826-4 recorded March 13, 2020, encompasses 16.71 acres and subdivides them into 87 single family detached lots with a 4,500 minimum lot size. This equates to 5.20 dwelling units per gross acre which is within the allowed density.

**Home Owner's Association:**

The HOA Fees within Olivine are currently estimated to be \$280 per month which includes the gated community entrance, The Veranda (social center with pools, outdoor barbeque and entertaining areas), five miles of trails and paseos and other parks within Terramor including ball fields, the community garden and large and small dog parks.

**Topography:**

The subject property was originally hilly undeveloped land which has been graded into 87 single family detached lots. The overall Terramor project ranged from 1,100 to 1,543 feet above mean sea level with the regional topography sloping down to the west. The hilly nature of the site has provided for good to excellent views from a portion of the lots. The lots are generally level with drainage into an engineered street storm drain system.

**Soils Condition:**

Please refer to the Property Description for Planning Area 6 above. It is an assumption of this appraisal that the soils are adequate to support the highest and best use conclusion and that all recommendations made within any reports were or will be adhered to during construction.

Seismic Information: Please refer to the Property Description for Planning Area 6 above.

Environmental Concerns: Please refer to the Property Description for Planning Area 6 above. It is an assumption of this appraisal that the subject property is free and clear of any environmental issues which would slow or thwart development of the site and that all recommendations contained in any such reports were adhered to.

Flood Information: Please refer to the Property Description for Planning Area 6 above.

Easements and Encumbrances: We have reviewed an amended Preliminary Title Report on Planning Area 9 (Parcel 1 of LLA 180041), prepared by Chicago Title Company and dated April 19, 2019. The exceptions are as follows:

Items A, A1 and C pertain to property taxes or special assessments along with any supplemental or escaped taxes or assessments. Item B was intentionally deleted. 1-11, 13-14, 16-18, 20, 22-32, 32B, 34-35, 37-42, 43-45 and 47 were intentionally deleted. Item Nos. 12, 15, 15A, 15B, 19, 21, 32A, 36, 42A, 45A, 45B, 47A, 47B, 48, 50, 53A, 53B, 53C, 53D, 54 and 55 refer to easements for access and/or utilities. Item No. 33 refers to the rights, interests or claims, which may exist or arise by reason of the various dirt roads that traverse the site. Item No. 35A and 46 refer to the purchase and sales agreement between Sunny Sage (previous owner) and Forestar Toscana Development Company. Item No. 49 refers to the effect of the recitals shown on Tract Map No. 36825. Item No. 51 refers to a deed of trust. Item Nos. 52 and 53 are in regards to the deed of trust.

It is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than CFD No. 4 IA 2, and the easements noted above which are assumed not to hinder development of the site. This is suggested by the approval by the County for development of the 87 lots.

Utilities: All normal utilities will serve the subject property by the following companies:

Electrical:	Southern California Edison Company
Natural Gas:	The Gas Company
Sewer/Water:	Temescal Valley Water District
Schools:	Corona-Norco Unified School District

**Streets/Access:** Please refer to the Property Description for Planning Area 6.

Internal Streets within the project include Bloom Drive, Stonefield Drive Omni Court, Sundrop Drive and Trailwood Court.

**Current Condition:** Planning Area 9 has been developed into 87 single family detached lots, 73 of which have houses that are over 95 percent complete. There is one remaining model home and nine production homes over 95 percent complete and an additional 11 homes under construction. All remaining homes are in escrow and due to close over the next three months.

**Costs to Complete:** Per Richmond American representatives all lots are in a physically finished condition with no remaining costs to be expended on land development.

**Views:** We have inspected Planning Area 9 for view potential from each lot. While some lots have peek-a-boo or limited views, we are limiting our analysis for good to excellent views that will command a significant view premium in the price of the lot. Within Planning Area 9 there are 49 lots with excellent views. They are Lot Nos. 1-21, 37-48, 50-52 and 59-71 of Tract 36826-4.

**Improvement Description:**

Planning Area 9 is proposed for 87 single-family detached homes being built out as Olivine at Terramor by Richmond American Homes. All of the home exteriors include dual-glazed vinyl windows, concrete tile roofs, rear yard walls or fences, full front yard landscaping, 2-car garages with interior access, roll-up garage doors with automatic opener and concrete walks and driveway. Interiors include LED downlights, air conditioning, smoke detectors, fire sprinklers, interior laundry rooms, solar system with lease, 6-panel interior doors and carpet, ceramic tile and vinyl flooring throughout. Kitchens include pantry, kitchen island, granite slab countertops, double compartment stainless steel sink, stainless steel appliances and maple cabinets with choice of white Thermofoil or espresso finish. Energy-saving features include a Wi-Fi Thermostat, radiant roof barrier, USB charging receptacle in kitchen, insulated exterior walls and ceilings, weather stripping, water saving plumbing fixtures and tankless water heaters. All homes appear to be in excellent condition with no visible depreciation.

We have reviewed sales information from the builder and which included the homes closing from mid-August 2020, through July 29, 2021. Sales prices ranged from \$480,501 to \$683,720. Per public record, there have been no re-sales and per our inspection there were no homes listed for re-sale. Base asking prices currently

range from \$633,990 to \$654,990. On top of base pricing there are lot premiums (due to view and size). The houses which are over 95 percent completed are detailed below.

Residence	Room Count	Floors/ Parking	Sq. Ft.	Ind. Own	Bldr. Own
1 – Lapis	5 / 2.5	2 / 2	2,180	23	3
2 – Pearl	5 / 2.5	2 / 2	2,370	20	4*
3 - Moonstone	6 / 2.5	2 / 2	2,640	23	3
Totals				66	10

\*One of Plan 2 is the final model home. In addition to the above detailed houses there are 11 houses under construction.

**Planning Area 10 – Del Webb/Pulte’s Irontree**



Location: East side of Temescal Hills Drive; North of Sundrop Drive, Terramor, Temescal Valley, unincorporated Riverside County.

**Legal Property**

**Description:** Planning Area 10 is known as Lots 1-78 of Tract 36826-3, County of Riverside.

**Property Owner:** Individuals as to Lots 11-18. 20, 45-50 of Tract Map 36826-3. Pulte Home Company, LLC, a Michigan limited liability company as to lots 1-10, 19, 21-44, 51-78.

**Assessors**

**Parcel Nos.:** Original Parcel Number was 290-940-001, 004 (open space) and 011 (open space) for the entire tract map. The County does not have available the subdivided APN Map shown on line at this time.

**Three-Year**

**Sales History:** Per the seller Pulte purchased the 78 lots in two take downs with the first for 39 lots on August 13, 2020 and the second for the final 39 lots on May 12, 2021. The sales price has been retained in our files for confidentiality purposes. Fifteen completed homes have closed escrow to individual homebuyers, and 32 are in escrow and due to close upon completion

**Size and Shape:** The subject property is irregular in shape. Per Tract Map No. 36826-3, the 78 lots and open space areas contain 15.15 acres.

**Zoning:** The subject property is covered by County of Riverside Specific Plan No. 327 Amendment No. 1. Per SP 327 the property is shown as Planning Area 10 which is designated for MDR (Medium Density Residential) which allows for 2-5 dwelling units per acre.

**Entitlements:** The subject property is entitled by virtue of the previously summarized County of Riverside Specific Plan 327. In addition, Tract Map 36826-3 recorded July 30, 2020 and subdivides the majority of the site into 78 single-family detached lots with a minimum lot size of 4,500 square feet. The 78 lots on the 15.15 gross acres equates to an overall density of 5.16 dwellings per acre. It should be noted that the tract map does not include the open space area along Temescal Hills Drive and Trailwood Court, the entrance street. When these areas are added in, the density is under 5 dwelling units per acre.

**Home Owner's**

**Association:** The HOA Fees within Irontree is estimated to be \$280 per month overall plus \$65 per month for the age qualified amenities for a total of \$345 per month. This includes the gated community entrance, The Veranda (non-age restricted club). The Terrace Club (age restricted club), five miles of trails and paseos and other parks within Terramor including ball fields, the community garden and both large and small dog parks.

**Topography:** The subject property was originally hilly undeveloped land which has been graded into 78 single family detached lots. The overall Terramor project ranged from 1,100 to 1,543 feet above mean sea level with the regional topography sloping down to the west. The hilly nature of the site has provided for good to excellent views from a portion of the lots. The lots are generally level with drainage into an engineered street storm drain system.

**Soils Condition:** Please refer to the Planning Area 6 description above as it covers all of Phase 2 of Terramor.

It is an assumption of this appraisal that the soils are adequate to support the highest and best use conclusion and that all recommendations made within any reports were or will be adhered to during construction.

**Seismic Information:** Please refer to the Planning Area 6 description.

**Environmental Concerns:** Please refer to the Planning Area 6 description.

It is an assumption of this appraisal that the subject property is free and clear of any environmental issues which would slow or thwart development of the site and that all recommendations contained in any such reports were adhered to.

**Flood Information:** Please refer to the Planning Area 6 description

**Easements and Encumbrances:** We have reviewed a Preliminary Title Reports covering Planning Area 10 (Lots 3 and 12 of Tract No. 36825), prepared by Chicago Title Company and dated April 27, 2020. The exceptions are as follows:

Items AA, A, A2 and F refer to property taxes. Items A-1, A3, B and C were intentionally deleted. Item Nos. D and E refer to the TVWD CFD No. 4 IA 2. Item Nos. 1-11, 13, 14, 16-18, 20, 22-29, 31-32, 32B – 35, 37-42 and 43-45, 47, 49, 51-53 and 58-60 were intentionally deleted, Item Nos. 12, 15, 15A 15B, 19, 21, 32A, 36, 42A, 45A, 45B, 47A, 47B, 48, 50, 53A, 53B, 54, 55 and 56 all pertain to easements. Item No. 30 refers to water rights. Item Nos. 35A and 46 pertain to the property purchase agreement between Sunny Sage LLC and Forestar Toscana Development Company. Item No. 61 refers to CC & Rs recorded on the property.

It is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than CFD No. 4 IA 2, and the easements noted above which are assumed not to hinder development of the site. This is suggested by County approvals for the 78 homesites.

Utilities: All normal utilities will serve the subject property by the following companies:

Electrical:	Southern California Edison Company
Natural Gas:	The Gas Company
Sewer/Water:	Temescal Valley Water District
Schools:	Corona-Norco Unified School District

Streets/Access: Please refer to the Property Description for Planning Area 6. Internal Streets within Irontree include Sundrop Drive (to entrance off Temescal Hills Drive), Trailwood Court, Evesong Drive, Discovery Court, and Sprout Drive.

Current Condition: Planning Area 10 is being developed into 78 single family detached homes with a minimum lot size of 5,400 square feet. The property is being marketed as Irontree at Terramor by Del Webb (related entity to Pulte Homes). The lots are generally finished with streets paved and utilities stubbed to each lot. There are three completed model homes which opened for sale September 22, 2020, 32 homes over 95 percent complete, 18 homes under construction and 25 remaining lots.

Costs to Complete: Per Pulte Homes representatives, there are \$1,620,386 in remaining land development costs and \$63,510 in remaining land development fees to bring the site to true finished lots. The remaining land development costs are associated with all of the builder-owned lands, thus there are \$25,720.41 (\$1,620,386 divided by 63) in remaining hard costs per lot. The remaining fees are associated with the remaining lots only. These remaining costs and fees will be taken into consideration in the valuation section for Planning Area 10 later within this report. Please note that it is an Extraordinary Assumption of this report that the costs as reported above are true and accurate. While the amounts appear reasonable, we do not have expertise in cost estimating. These costs have been utilized in this appraisal report and, if they change, the value conclusions will change.

Views: We have inspected Planning Area 10 for view potential from each lot. While some lots have peek-a-boo or limited views, we are limiting our analysis for good to excellent views that will command a substantial view premium in the price of the lot. Within Planning

Improvement  
Description:

Area 10 there are 41 lots with excellent views. They are Lot Nos. 1-14 and 28-54 of Tract 36593-3.

Planning Area 10 is proposed for 78 single family detached homes being built out as an age qualified community known as Irontree at Terramor by Del Webb. The homes are of Spanish, Santa Barbara and Italian inspired architecture. The homes are all single story. All of the home exteriors include dual-glazed vinyl windows, concrete tile roofs, front yard landscaping, 2-car garages with interior access, roll-up garage doors with automatic opener and concrete walks and driveway. Interiors include LED downlights, air conditioning, smoke detectors, fire sprinklers, interior laundry rooms and carpet, ceramic tile and vinyl flooring throughout. Kitchens include pantry, kitchen island, double compartment sink and cabinetry. All homes appear to be in excellent condition with no visible depreciation.

We have reviewed escrow information from the builder which included the homes closed from April 2, 2021 through July 14, 2021. Actual sales and escrow prices range from \$467,495 to \$751,221. Base asking prices currently range from \$531,990 to \$560,990. On top of base pricing there are lot premiums (due to view and size). The houses which are over 95 percent completed are detailed below.

<b>Residence</b>	<b>Room Count</b>	<b>Floors/ Parking</b>	<b>Sq. Ft.</b>	<b>Ind. Own</b>	<b>Bldr. Own</b>
1 Brownstone	2 / 2	1 / 2	1,579	6	5*
2 Silver Creek	2 / 2	1 / 2	1,731	4	9*
3 Bellwood	2 / 2	1 / 2	1,865	5	6*
Totals				15	20

\*One of each builder-owned plan is a model home. In addition to the above detailed houses there are 18 houses under construction and 25 finished lots.



## RIVERSIDE COUNTY HOUSING MARKET

In analyzing the County's housing market, population growth and economic conditions need to first be considered.

### **Population**

The County population grew at a 0.6 percent increase over the past year and an average of 1.0 percent the previous ten years. This compares to an approximate 2.5 percent average annual increase prior to the recession. The slowdown in population growth this past year is partially due to COVID while the slowdown over the past ten years is primarily due to the sluggish national economy after the Great Recession; however, this slowdown is similar to other Southern California counties during this time period. Predictions are for the County to grow at an average annual rate of 1.4 percent over the next ten years. This equates to an increase of approximately 35,000 residents per year, suggesting the need for about 10,000 homes per year within the County. The large scale COVID-19 influence is still unknown on the County's population growth. New home sales in the County are recently higher than the coastal communities due to affordability, the work from home factor and millennials finally entering the housing market which may increase County population growth.

### **Economic Conditions**

Over the past twenty-five years the Inland Empire has seen various cycles in the housing market. The Great Recession impacted the Inland Empire significantly and resulted in a longer recovery period than in other areas of Southern California. The rise and then fall of housing prices in the Inland Empire between 2004 and 2009 was considerably steeper than almost anywhere in the State. Unfortunately, this meant that the people who bought near the peak of the market likely faced significant negative equity. After essentially remaining flat for a few years, housing prices began to increase in late 2012 through January 2020. Once the COVID-19 pandemic hit in February 2020, the housing market seemed to slow down significantly in March but by May new homes were once again

going under contract with new homes selling at above average rates from May 2020 into July 2021 within the County.

Economic growth in the Inland Empire was strong between 2002 and 2007. Job losses occurred between 2007 and 2009, with a leveling out in 2010, a slight upturn in 2011, and general increases since that time until the economic shutdown in March 2020 due to COVID-19 which created a new recession. The unemployment rate for the County was 7.9 percent (per the June 2021 Employment Development Department “EDD” report), lower than the high of 15.1 percent in July 2010. The June County rate was similar to the California unemployment rate of 8.0 percent and higher than the June 2021 National rate of 6.1 percent. The pre-COVID rate in February 2020 for the County was 4.1 percent. It is now estimated that about 60 percent of the jobs lost at the beginning of the pandemic have been recovered in the nation. While it was thought once the COVID pandemic ends, the nation will get back to the previous highs, it is now looking like there may be some changes in the post-COVID economy. These changes include many companies switching to work-from-home for their employees whenever possible, on-line shopping will be a larger factor in retail, people moving out of urban areas to suburban areas, on-line academia rising and many now believing that the travel and leisure industry may never get back to the old “normal” as restaurants closed, hotels are currently at less than 75 percent capacity and airline revenues are still down significantly.

The housing market has played a large role in the past two recessions. The housing market was a significant factor in strengthening the impact of the Great Recession. Due to increased interest rates and rising home prices between June 2004 and mid-2006, the market reaction was to create non-conventional financing alternatives such as sub-prime and non-conventional mortgages to artificially maintain the boom housing market of 2004 and 2005. By 2007, the housing market saw a shake-up due to the problems in the sub-prime and non-conventional mortgage markets. In March 2007, the Federal Government initiated efforts to stop or limit sub-prime mortgages. Unfortunately, the damage had already been done with sub-prime mortgages playing a role in the 2008 shake out of Wall Street and contributing significantly to the U.S. economic downturn. Due to stricter

income verification on new loans and the lack of available credit, coupled with job losses and declining home prices, sales of new homes slowed for the next few years and essentially remained flat until mid-2012 when home prices began a steady climb.

Thus far into the COVID recession, new home sales have been the lone bright spot in the economy. While new home sales slowed in March and April 2020 due to the COVID-19 pandemic, prices did not appear to change in the County. Some builders increased concessions in March but by May they were back to where they were prior to COVID-19. The Inland Empire was documented as the tightest housing market in the nation (OC Register October 10, 2020) based on the supply. The supply of homes in the Inland Empire is still constrained and as of the end of March the new home supply was 40 percent below one year-ago levels. This has put pressure on prices to rise. As of mid-June, over 91 percent of new home builders in the nation were stating pricing has increased over the past month however there are signs that a ceiling may be being reached with nine percent of new-home builders reporting cancellations are increasing. Per Metrostudy's survey of homebuilders, their largest concerns as of mid-June relate to (1) availability of materials; (2) cost of materials increasing; (3) affordability of buyers; (4) labor shortages; (5) land prices increasing.

Home loan mortgage rates have been and are still playing a large part in the housing market. The Board had held mortgage rates at all-time lows after the Great Recession in an attempt to assist the housing market. Low rates appeared to help for quite a while, however, first-time buyers are now having a hard time entering the housing market due to rising prices. The Board had kept interest rates below historical averages dropping rates to zero in December 2008. There had been eight subsequent one-quarter point increases with the December 2018 increase bringing the Federal Rate to 2.25-2.5 percent which appeared to have a negative impact on home sales. In 2019 the Board reduced the rate one-quarter percent three times in an effort to spur the economy. This appeared to help as housing sales began to increase in early 2020, prior to COVID-19. On March 3, 2020, due to the COVID-19 pandemic economic disruption, the Board reduced the Federal Rate one-half percent. Then on March 16, 2020 they reduced the

rate an additional one percent to the current Federal Rate of 0.00 – 0.25 percent, the lowest rate in history. The quoted average U.S. rate for a 30-year fixed mortgage per FRED (Federal Reserve Economic Data) as of July 22, 2021 was 2.78 percent which is below the previous low of 3.3 percent which occurred in January 2013, however higher than the most recent low of 2.65 percent on January 7, 2021. Mortgage applications have been spiking due to these low rates. Most economists are predicting that, once the economy gets back to full speed, the lower interest rates will help the housing market bounce back with some now stating that the housing market has more of a V-shaped recovery while the overall economy will be more U-shaped or swoosh-shaped. With COVID surging again this past winter resulting in several states at least partially shutting down, it began looking like this recession will be longer than originally forecast, however this does not seem to be affecting the new home market in the Inland Empire. While existing home listings appeared to slow initially during the pandemic, new home sales have been substantially increasing throughout the duration of the pandemic.

The fall out of the shut-downs from the COVID pandemic are still affecting the economy. As previously discussed, the Federal Government approved \$5.6 trillion in COVID relief in order to keep the economy stable. This amount of money entering the system appears to be fueling inflation with the May, June and July, 2021 National inflation rates all above 5.0 percent compared to a 1.2 percent average in 2020. High inflation is one of the factors that the Federal Reserve Board watches in order to determine both bond purchases and fluctuations in the interest rate. If inflation continues to increase, it is thought the Board will lessen their purchases of bonds. Since June 2020, in order to help stabilize the economy, the Board has purchased \$80 million in Treasury Bonds and \$40 million in Mortgage Securities each month. While no decision to lesson Bond buying occurred at the last meeting in June, there is currently talk that the bond buying program may begin to be scaled back over the next few months. The purchase of \$40 Million in mortgage-backed securities has also fueled the home buying and refinancing markets.

## **Residential Land Development**

While there had been little land development going on in most of the Inland Empire during the years 2008-2011, the second half of 2012 saw a resurgence. From 2013 to 2018, there has been a general incline in amount of actively selling projects and pricing, which has prompted an increase in land development actively. The increase in housing prices coupled with the limited availability of supply has made land development more feasible once again for homebuilders, however master plan developers are sparse. In Corona Bedford has sold out of Phase One and is currently developing land in Phase Two while the subject, Terramor, is sold out in Phase Two and supplying land to builders in Phase Three in the Temescal Valley. In Lake Elsinore, the master planned community (“MPC”) of Summerly recently sold out of remaining lots while in Menifee there is the MPC of Audie Murphy Ranch (nearing sell-out of lots) and in the French Valley there is Spencer’s Crossing, an MPC recently sold out of lots. All of these projects represented the rejuvenation of the Inland Empire’s growth since the end of the Great Recession however most of them are nearing sell-out with Terramor continuing to offer lots in their Phase Three. The lessening of master planned communities is partially due to financing for land development which has been difficult to obtain. The majority of land sales over the past few years include single tracts of land with maps ready to record or a public builder buying a larger piece of land but develops the land for its own use. Land sales to home builders slowly grew from 2012 up to a peak in 2017 with 2018 and 2019 showing lower land transactions. However, 2020 and early 2021 have eclipsed the 2017 peak as builders are trying to keep up with the demand for new homes with new housing appearing to be one of the strongest sectors in the coronavirus economy, it appears there will be a rebound in new-home starts. There is talk that the rush to build by the new-home builders in the Inland Empire may create a slower 2022/2023 in residential land sales. That is, residential land is selling exceptionally well into the first half of 2021 but that may be pulling future demand forward creating a softening in the land market in the future.

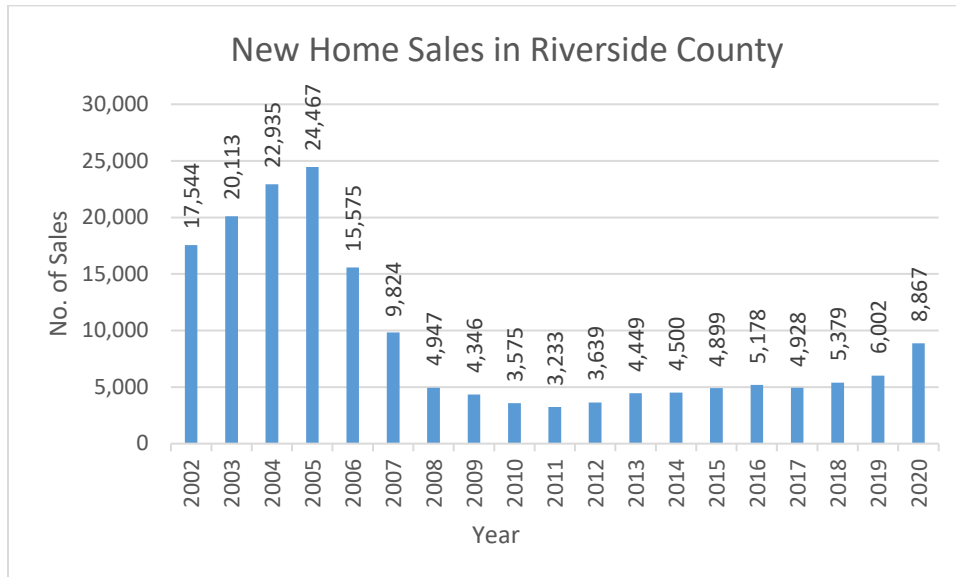
### **New Home Sales and Pricing**

New home sales continued their strong pace into the first quarter of 2020 until the COVID-19 pandemic. Sales slowed for the month of March however rose in April and May with new home sales being a bright spot in the Inland Empire economy since June. Along with home sales comes a demand for appliances, furniture, building materials and services such as insurance, mortgage services, inspections, interior designers and landscapers. While builders increased prices due to the heavy demand for new homes in the Inland Empire, appraisals are not able to keep up with the significant increases which may be slowing the appreciation to a more normal level.

We have researched new single-family homes within the subject real estate market in order to reflect residential trends. It should be noted these sales numbers and prices pertain to new home sales while later in this section we discuss existing home sales. In reviewing new home sales in the Inland Empire market area, per the August 1, 2021 Ryness Report, the average year-to-date sales are 42 percent greater than the previous year's year-to-date sales, however, the 2020 year-to-date sales included March and April when sales slowed due to COVID. This was partially due to historically low interest rates. As rates go down, purchasing power becomes larger, which gives new-home buying a boost. The beginning of 2020 saw the market heading in a very positive direction; however, the onset of COVID-19 took the economy to a screeching halt. New home sales, however, are currently surging in the Inland Empire with prices increasing.

The years 2018 and 2019, as well as the first quarter of 2020, saw a significant increase in new home projects in the Inland Empire. Due to the high number of land sales in 2017, new home projects increased 48 percent over the past 2+ years in the Inland Empire from 131 new home projects in January 2018 to 195 new home projects per the August 1, 2021 Ryness Company Reports. While this sounds like a significant increase, the number of new home sales is still running about 60 percent below the average of 2002 through 2006. Below is a graph showing Riverside County new home sales (both attached and detached SFR) between 2002 and 2020. This compares with Riverside

County's population growth suggesting the need for about 10,000 new residential units per year.



Source: John Husing Quarterly Reports / Zonda

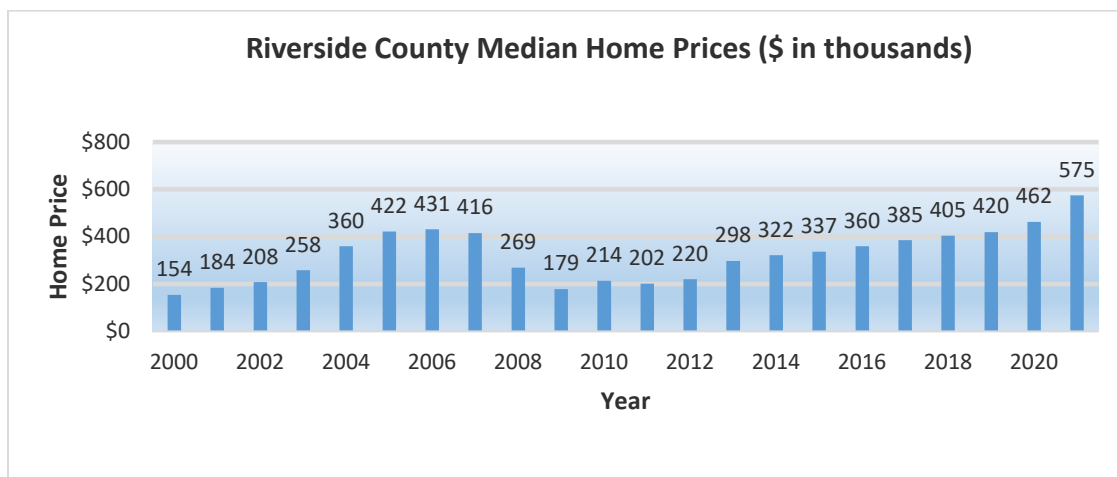
New single-family home prices (combines both attached and detached) in the Inland Empire have also seen changes. The median new home price in the Inland Empire changed from the peak value of \$437,200 in the third quarter of 2006 to \$268,155 in early 2009 (decrease of 39 percent) while the current new home median price is a record high of \$475,000 per John Husing's First Quarter 2021 information. This reflects an increase of over 77 percent from the bottom of the cycle and an increase of 8.6 percent over its previous peak. It is important to note that building trends changed to building smaller, more economical homes since pre-Great Recession, so this increase likely demonstrates an even higher increase when looking at a price per square foot basis. New home sale prices fluctuate based on the land value more than the cost of building the home. While finishes and sizes of homes can change, the basic costs on a per square foot basis do not fluctuate as much as land values, however there have been inflationary increases in construction costs adding to this increase.

One major cause of the slower sales of new homes in the area after the Great Recession was thought to be the FHA Loan Limits. FHA financing requires a three percent down payment which allows for first time homebuyers to enter the market easier than the

typical 20 percent down payment. During the recession, the FHA Loan Limits were increased in order to make financing via the Federal Housing Authority easier. However, in January 2015 the FHA loan limits were reduced in Riverside County to \$356,500. The 2021 FHA Loan Limits within Riverside County increased to a single-family home limit of \$442,750, and the 2021 limit was increased even further to \$477,250. This is a step in the right direction from the 2015 limit, but still not completely in tune with the Riverside County housing market. A three percent down payment (minimum allowed with FHA financing) suggests the maximum price paid for a home purchased through FHA financing in Riverside County would be in the \$492,000 range. With the Riverside County's first quarter 2021 median new home price at \$475,000 per Husing, it shows minimal new home buyers can use FHA financing. Within Terramor, none of the floorplans most recent base pricing falls below the \$492,000 price point, showing buyers will not be able to utilize FHA financing. In the past 18 months, other financing options have become available to home buyers.

**Existing Home Sales and Pricing**

While the previous section looked at new home sales and pricing, this section refers to existing homes in Riverside County. Below is a chart showing just Riverside County's median home prices (includes both detached and attached) over the past 20 years.





According to the California Association of Realtors' most recent data, within overall Southern California, the median price paid for an existing single-family detached home in June 2021 (\$766,000) is 1.8 percent higher from the month-over-month from May 2021 (\$752,250), and up 30.3 percent year-over-year from \$588,000 in June 2020. Existing home sales in overall Southern California were up 33.9 percent year-over-year as of June 2021. The low interest rates have been allowing existing home owners to move up. The overall Southern California numbers compare to Riverside County with \$575,000 as the median price paid for an existing detached home in the County in June 2021, up 2.7 percent from May 2021 (\$560,000), however up 27.8 percent on a year-over-year basis (\$450,000). Sales of existing detached homes in the County were up 17.0 percent year-over-year. Below is a table showing the sales and prices for the Southern California area by County per the California Association of Realtors.

<b>Southern California Existing Single Family Detached Home Sales</b>						
<b>County</b>	<b>June 2021</b>	<b>May 2021</b>	<b>June 2020</b>	<b>Price MTM % Change</b>	<b>Price YTY % Change</b>	<b>Sales YTY % Change</b>
Los Angeles	\$796,120	\$725,680	\$619,320	9.7%	28.5%	42.4%
Orange	\$1,138,000	\$1,100,000	\$870,000	3.5%	30.8%	61.6%
Riverside	\$575,000	\$560,000	\$450,000	2.7%	27.8%	17.0%
San Bernardino	\$435,000	\$410,000	\$325,000	6.1%	33.8%	17.0%
San Diego	\$865,000	\$851,000	\$678,000	1.8%	27.6%	29.2%
Ventura	\$840,000	\$806,000	\$700,000	4.2%	20.0%	40.7%
Southern California	\$766,000	\$752,250	\$588,000	1.8%	30.3%	33.9%

Source: California Association of Realtors

Based on June 2021 median existing homes prices, in comparison to the majority of the surrounding counties, Riverside County has a definite price advantage. The "Riverside County Advantage" (price difference between Riverside and surrounding counties) is \$221,120 as compared to Los Angeles County, \$265,000 as compared to Ventura County, \$290,000 as compared to San Diego County and \$563,000 as compared to Orange County. That is, in June 2021, the median priced home in Riverside County was \$563,000 less (almost 50 percent less) than the median priced home in Orange County (\$1,138,000). However, San Bernardino County has a \$140,000 price advantage over Riverside County. Typically, as the price advantage widens, homebuyers are more open to commuting to further out areas. With the current work-from-home push in full effect, the suburban areas are seeing more growth which is putting pressure on home prices.

In a separate attempt to capture the increase in home prices, the resale activity of existing homes in the subject area (per Redfin) has been reviewed. The number of sales and sale prices of existing homes within market areas in the immediate area of the subject are shown in the table below.

Community Name	Location To Subject	June 2021 Price Median	Price % Change from June2020
Temescal Valley	Subject	\$645,000	27.1%
Corona	North	\$669,000	23.0%
Riverside	Northeast	\$551,000	25.1%
Lake Mathews	East	\$750,000	43.7%
Lake Elsinore	South	\$525,000	35.0%
Wildomar	South	\$580,000	36.6%
Silverado/Orange County	West	\$680,000	32.0%
Trabuco Cyn / Orange Cnty	Southwest	\$1,06,000	26.9%

Source: Redfin Housing Market Trends June 2021

The median home price of a detached home in the subject's zip code is \$645,000, within the range of the surrounding area and above the Riverside County median average in June 2021 of \$551,000. The above price increases relate to the California Realtor's overall Riverside County increase of 17.0 percent year over year from June 2020 to June 2021.

### **Terramor Sales and Pricing**

Terramor Phase Two includes three builders currently selling within five neighborhoods with two of the neighborhoods being age qualified. Richmond American is selling three neighborhoods which include Fieldcress, Olivine and Skyview, all which are not age-restricted. Fieldcress opened for sale at the end of August 2019 and has sold all 93 homes with the final home sold July 31, 2021. This suggests an average sales rate within Fieldcress of a little over 4.0 homes per month. In reviewing the view home sales prices and the non-view homes, it appears the average view premium is near \$50,000. Olivine opened for sale in late-March 2020 and has sold 87 homes by mid-June 2021 suggesting an average sales rate of 5.8 homes per month. In reviewing the view homes versus the

non-view home prices, it appears there is an approximate \$30,000 average increase for the view homes. Skyview opened for sale at the end of May 2021 and has sold 21 homes suggesting an average sales rate of 7.0 homes per month. Due to the limited number of sales of new homes within Skyview, we have not been able to track view premiums. It should be noted that each of these three products have had temporary sell-outs where there was no product available at times due to the lag of supply in relationship to demand.

The final two projects include Altis by TriPointe Homes and Irontree by Del Webb, both which are age qualified projects for 55+ homeowners. Altis opened for sale in late-May 2021 and has sold 15 homes to date suggesting an average sales rate of 5.0 homes per month. The view premiums within Altis appear to be in the \$40,000 to \$90,000 range. Irontree opened for sale in late September 2020 with 47 homes sold to date suggesting an average sales rate of 4.7 homes per month. When reviewing view lot home prices versus non-view homes within Irontree, the sales suggest an approximate \$80,000 difference. All projects have enjoyed base price increases since their neighborhood openings.

### **Summary**

Riverside County has seen a substantial increase in pricing since 2012 with some areas, including the subject, in the past year showing double-digit increases. While existing home sales were down the first half of 2020, new home sales shot up as the existing home market supply was constrained and interest rates hit all-time lows. In the past year the Inland Empire market has seen sales rates much stronger than the previous several years. The Northwest Riverside and Southwest San Bernardino submarkets are generally performing above market, resulting in strong sales rates within the comparable projects in the area. Each of the subject's pricing and historical average absorptions are in-line or above these comparable communities. The Temescal Valley area saw an increase in pricing consistent with most of Southern California throughout 2020, and appears to be continuing that trend in 2021.

The year 2020 began poised for huge growth however the COVID-19 pandemic shook the existing home market. One positive impact is the new home market became the better option with new home sales growing over the past year. Sales rates in the immediate vicinity of the subject are generally at or above the overall average in the subject market area. Prices of new homes in the area have had significant increases of over 10 percent year-over-year. Despite uncertainty hitting the market at the beginning of the COVID-19 outbreak, most observers agree that the Inland Empire housing market is positive and healthy population growth is occurring in the County. The year 2021 has begun with a strong first half with a continuation of the positive new home sale trends that 2020 brought about. It is believed that as population continues to increase, housing growth will also continue.

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## HIGHEST AND BEST USE ANALYSIS

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The highest and best use is a basic concept in real estate valuation due to the fact that it represents the underlying premise (i.e., land use) upon which the estimate of value is based. In this report, the highest and best use is defined as:

*"the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value"<sup>4</sup>*

Proper application of this analysis requires the subject properties to first be considered "As If Vacant" in order to identify the "ideal" improvements in terms of use, size and timing of development. The existing improvements (if any) are then compared to the "ideal" improvements to determine if the use should be continued, altered or demolished preparatory to redevelopment of the site with a more productive or ideal use.

### **"As If Vacant"**

In the following analysis, we have considered the sites probable uses, or those uses which are physically possible; the legality of use, or those uses which are allowed by zoning or deed restrictions; the financially feasible uses, or those uses which generate a positive return on investment; and the maximally productive uses, or those probable permissible uses which combine to give the owner of the land the highest net return on value in the foreseeable future.

### **Physically Possible Uses**

The subject property consists of approximately 150 gross acres of land, irregularly shaped and non-contiguous parcels located east of the northeast side of I-15 in the Temescal Valley in unincorporated Riverside County. Temescal Valley is between the Lake Matthews Estelle Mountain Reserve to the northeast and the Cleveland National Forest to the southwest. The City of Corona is the northern border and the City of Lake Elsinore forms the southern border of the Temescal Valley. The subject property is the

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<sup>4</sup> The Appraisal of Real Estate, 11<sup>th</sup> Edition

second phase of development (proposed for 495 residential units) which is a portion of a 961+ acre site currently proposed for 1,443 residential units, known as the master planned community of Terramor. The site was originally hilly and the mass grading completed on the site created view lots within each neighborhood. The first phase was developed into 598 single family detached lots with the majority of the homes sold and closed. Within Phase 2 the internal streets are generally complete with utilities stubbed to each lot or unit. Phase One included the social areas for the entire Terramor community including The Terrace (age qualified) and The Veranda (open to all ages), both which include pools, meeting places and BBQ areas with The Terrace also including tennis and pickle ball courts. These amenities are open and serve the subject area (Phase Two) also. While Terramor Commons Park is associated with Phase One, it is being constructed along with Phase Two with construction well underway and nearing completion.

Terramor is adjacent to the Temescal Wash which forms the west and southwest borders of the subject site. We have reviewed Geotechnical Reports and a Phase I Site Assessment in reference to the subject property. All studies reviewed concluded the property was suitable for residential development. It is an assumption of this appraisal that the soils are adequate to support the highest and best use conclusion and that there are no environmental issues which would slow or thwart development of the site. This is evidenced by County approvals along with County inspectors on site during construction and certificates of occupancy being obtained on homes within the site. An engineered drainage system has been designed into a street drainage system to alleviate any potential flooding problems and to control project water runoff. The site has good access from I-15 via either Temescal Canyon Road (1.5 miles north) or Indian Truck Trail (0.75 miles south).

Based on the physical analysis, the size, access and topography make the subject property physically suited for numerous types of development; however, the grading and development that has occurred on the site suggests single-family residential use.

## **Legality of Use**

The subject property is located within the unincorporated area known as the Temescal Valley which is south of the City of Corona and north of the City of Lake Elsinore. The County of Riverside is the controlling entity to regulate land use. Per the County the subject property is covered by Specific Plan 327 Amendment No. 1. Per SP327 the property is shown as either both MDR (Medium Density Residential), MHDR (Medium High Density Residential) or HDR (High Density Residential). In addition, Tract Map No. 36825 was recorded on the property December 1, 2017 which divided the subject property and additional lands (open space areas outside of TVWD CFD No. 4 IA 2) totaling 153.4 gross acres into 33 lots. Additionally, Tract Map Nos. 36826-1, 36826-2, 36826-3, 36826-4, 36826-5 and 36826-6 have been recorded on the subject property subdividing the site into 495 single family residential units, internal streets and open space areas. The approved mapping is consistent with the approved Specific Plan that has been approved on the property. Based on the legality of use analysis, the type of development for which the subject property can be utilized is narrowed to residential use. This is consistent with the findings of the physically possible uses.

## **Feasibility of Development**

The third and fourth considerations in the highest and best use analysis are economic in nature, i.e., the use that can be expected to be most profitable. As discussed under the Riverside County Housing Market section earlier within this report, the Temescal Valley market and surrounding communities are showing good absorption and increases in pricing over the past few years.

Phase One of Terramor opened for sale in April 2017 and has generally sold out of 598 homes. Phase Two had its first project open in August 2019 and out of 495 proposed homes, they have sold 262. Both age qualified and non-age qualified homes appear to be selling at similar rates. There have been minimal new homes offered in the Temescal Valley within the past few years with the exception of Terramor (subject property), Sycamore Creek (sold out) and the community of Bedford which is sold out of their Phase One and is beginning land development on Phase Two with no homes currently available for sale. The area has seen phenomenal home price increases and sales increases since the COVID recession. The Work from Home factor which was created during COVID has

increased population growth in the Inland Empire which creates the need for new housing. The fact that Terramor has sold over 200 homes per year since opening in April 2017 suggests that there is a need for new homes in the Temescal Canyon. The COVID pandemic does not appear to have negatively affected new home sales in the Inland Empire.

There are currently 14 new home neighborhoods selling in the Northwest Riverside submarket per Ryness Company. One year ago, there were 37 new home communities selling in this submarket. The depletion of new home communities in the Northwest Riverside submarket, suggests that residential land development is feasible. Within the Temescal Canyon, Terramor provides the only new homes available. In the South Riverside submarket there are currently 40 new home projects while one year prior there were 52 new home projects selling. The average sales rate per project during this time increased from 3.77 sales per month 5.11 sales per month. The location of Terramor, along I-15, for commuters is considered to be best in Corona (Bedford), then for Terramor, then for Lake Elsinore area. The recent completion of the toll road lanes connecting State Route 91 to the I-15 and now extended to Cajalco Road exit) are opening up the area to commuters from Orange and Los Angeles Counties.

Based on the above analysis, the highest and best use for the subject property appears to be for single-family residential development.

### **Maximum Productivity**

Based on the market activity of residential lands in the immediate area, we have concluded there is a need/demand for residential lands. The age qualified market appears to sell at a premium as empty nesters downsize from larger family homes, thus have more equity for the purchase. Based on the current active projects in the area, coupled with population growth projected in the subject marketplace, it is our opinion that the subject property is feasible for residential development.



### **Highest and Best Use Conclusion – “As Vacant”**

The final determinant of highest and best use, as vacant, is the interaction of the previously discussed factors (i.e., physical, legal, financial feasibility and maximum productivity considerations). Based upon the foregoing analysis, it is our opinion that the highest and best use for the subject property “As Vacant” is for residential development.

### **Highest and Best Use – “As Improved”**

The subject property consists of Phase Two of the master planned community of Terramor. The first neighborhood within Phase Two opened for sale in late August 2019. To date there have been 262 sales within Phase Two suggesting new homes are in demand in the subject area. As discussed under the Riverside County Housing Market above, the subject projects have had good to excellent sales rates from 4.0 homes per month to 7.0 homes per month, including both age qualified and non-age qualified.

In addition, we have reviewed the Zonda Research Product Pricing and Absorption Study for Terramor Phase Two dated August 2021. The report concludes that all communities within the phase have had price increases. Zonda’s projections for absorption within the market rate product of Skyview (Fieldcress and Olivine are sold out) is 4.0 sales per month while they are also estimating 4.0 sales per month in the age qualified Irontree by Del Webb and Altis by TriPointe.

All of the homes appear to be in excellent condition with no physical depreciation of structures visually apparent. The sales rate within the majority of the subject neighborhoods and the new home sales in the surrounding communities suggests there is demand for new homes in the current market with current financing rates at the correct price points. All of the homes are of good design and appear to be of good quality workmanship. Based on the overall sales rates within Terramor, it is our conclusion that the highest and best use for the subject property is for the continued use, as improved.

## VALUATION ANALYSES AND CONCLUSIONS

The Sales Comparison Approach will be the primary approach used to value the subject property. This approach compares similar properties that have recently sold or are in escrow to the subject parcels. In determining the value for the property, a unit of comparison needs to be addressed. For detached single-family lots, the lots are typically sold on a finished lot basis with the condition of the land taken into consideration. That is, the sales price is determined by a finished lot value, then the remaining costs to develop the property to a true finished lot condition are taken into consideration. Therefore, in determining a current market value for the lands, the current condition of the lots will be considered. Due to the significant views on some of the subject lots, view premiums will be considered on a per lot basis. In the case of the existing home valuations, a single new-home sale is the unit of comparison. Our search will include all new home projects within the Temescal Valley and surrounding area in order to find comparable new homes for sale. In determining the value for each house, a base value will be concluded for each plan which will be considered a minimum market value as most buyers typically purchase some premiums, upgrades or options which increase the price of the home. Due to the substantial views which have been developed within CFD No. 4 Improvement Area 2, views will be considered in the analysis.

In the case of the completed (over 95 percent complete) builder-owned models and production units, the homes will be valued using the Sales Comparison Approach to value to conclude on a retail value for each plan, followed by a Discounted Cash Flow ("DCF") Analysis due to the single ownership for each neighborhood. The DCF will consider the retail market value of the completed homes (utilizing the Sales Comparison Approach), a view analysis, remaining development costs (if any), the marketing and carrying costs associated with selling off the homes, a profit due to the developer of the homes, and a discount rate reflecting both the risk associated with selling off the homes along with the time value of money during the estimated absorption period. In the case of the individually owned homes, a concluded base value will be used for each plan and a mass appraisal technique will be used. In determining the concluded base value, new

home sales in the area will be reviewed and compared with sales of the subject completed homes using standard methodology and statistical testing. All of the value conclusions will assume that the improvements funded by the TVWD CFD No. 4 IA 2, Special Tax Bonds are completed and in place and that the property is subject to the Special Tax Lien.

The valuation will be presented as follows: First, a discussion of the comparable residential market data will be given. Each of the transactions will be detailed along with a comparison discussion of their relationship to the subject property based on a per lot price. Most of the comparables do not have the view potential of Terramor. When analyzing the lots, the overall view potential for each neighborhood will be considered in the land valuation. Following the land value conclusions, a value analysis for each Planning Area will be completed. When valuing the existing homes, the view potential will be considered. A summary of the final value conclusions will be reported at the end of this valuation section.

**Market Data Discussion –Residential Lots**

As previously described, there are five planning areas within Phase Two of Terramor, Planning Area’s 6 through 10. All lots are either sold to homebuilders or in escrow with homebuilders. The Planning Areas are summarized on the table below.

<b><u>Planning Area/Builder</u></b>	<b><u>Tract No.</u></b>	<b><u>Minimum Lot Size</u></b>	<b><u># Lots</u></b>
6 / Richmond American	36826-1	4,500 sf	93
7 / TriPointe	36826-2	5,400 sf	75
8 / Richmond American	36826-5	Condo	76
8 / Forestar	36826-6	Condo	86
9 / Richmond American	36826-4	4,500 sf	87
10 / Pulte	36826-3	4,500 sf	<u>78</u>
		Total	<u>495</u>

We have searched the area for both land sales and improved sales that are similar to the subject lands. Due to the limited availability of recent sales in the Temescal Valley, we have expanded our search to include land sales within the master planned communities of The Preserve in Chino and Ontario Ranch in Ontario, both about 15 miles

northwest of Terramor and in Audie Murphy Ranch, about 15 miles southeast of Terramor. Our search resulted in the 13 transactions summarized below and, in the Addenda, to be most comparable to the subject property. The sales are reported both on a purchase price basis (when available) and on a finished lot basis. Although some sales refer to “finished lots”, they are typically physically finished lots with some fees remaining to be paid in order to be considered true finished lots. Below are the details of each of the comparable land sales along with a discussion of each transaction in relationship to the subject lands.

**Land Sale No. 1** refers to the most recent land sale located in Ontario, about 20 miles northwest of the subject property. This parcel represents an in-fill parcel in a developed area of Ontario. The approvals are for 6-pack homes and some conventional small lots on the outer area of the lands. Meritage purchased the lots in an unimproved condition with an approved tentative tract map from the Schmidt Family in March 2021 for \$8,740,000 based on a reported \$210,000 finished lot. While this land was unimproved at time of sale, it was an in-fill parcel with surrounding streets in place. In comparison to the subject property this property does not have the significant master-planned amenities that are within Terramor or any view potential, however the location is closer into the Los Angeles basin for commuters.

**Land Sale No. 2** pertains to the February 2021 purchase of 60 lots within the master planned community of The Preserve, located in Chino about 15 miles northwest of the subject site. Lennar purchased the 60 lots (detached, alley loaded small lots) for \$6,850,000 from Lewis Group of Companies, based on a reported finished lot price of \$215,000. The lots were purchased in a partially finished condition. In comparison to the subject property The Preserve has similar amenities in a large master planned community as compared to Terramor; however, there is no view potential.

**Land Sale Nos. 3, 4, 10 and 11** are all located in the new Ontario Ranch master plan in southeast Ontario, near I-15. The Ontario Ranch is comprised of many different land

owners, some which are developing larger communities with amenities (such as Park Place with several homebuilders within the master plan) while others are building out lands for a single homebuilder to develop with smaller community amenities (such as LandSea with Shadetree). Ontario Ranch has good access with major infrastructure being installed in the past few years. Land Sale No. 3 pertains to the purchase of 235 lots by Lennar from Foremost in December 2020. The property closed in an unimproved condition with an approved tentative tract map for 98 homesites with a minimum lot size of 3,500 square feet and 138 proposed 6-pack courtyard units. The overall density is 10 dwelling units per acre. The lands were purchased for \$25,154,500 based on a reported blended finished lot price of \$215,000. Land Sale No. 4 also closed in December 2020 and consists of 106 lots with a minimum lot size of 2,600 square feet in a conventional format. Woodside Homes purchased the lands for \$13,611,500 based on a reported finished lot price of \$224,000. The lands closed in an unimproved condition with an approved tentative tract map. Land Sale No. 10 pertains to KB Home purchasing 102 lots from the Stratham Group in July 2020. The lands were unimproved at time of sale with an approved tentative tract map and sold for \$9,465,000 based on a reported \$235,000 finished lot. The lots are 4,200 square foot minimum conventional lots. Land Sale No. 11 closed in January 2020 and refers to 94 lots with a minimum lot size of 4,600 square feet. Pulte Homes purchased the lands from Stratham for \$8,133,500 based on a reported finished lot price of \$245,000. The lands were unimproved at time of sale with an approved tentative map. In comparison to the subject lands, these properties in Ontario Ranch have inferior amenities and no view potential; however, Terramor is further out for commuters to Los Angeles and Orange County.

**Land Sale Nos. 5 and 6** are located in the Audie Murphy Ranch in southwest Menifee, about 15 miles southeast of the subject property. Audie Murphy Ranch has been providing lots to homebuilders over the past 10 years. It is a master planned community with excellent amenities, similar to Terramor however the location is considered to be inferior as it's further out for commuters from Los Angeles and Orange Counties. The two transactions closed in December 2020. Land Sale No. 5 refers to Richmond American's purchase of 115 lots with a minimum lot size of 7,200 square feet. The lots

closed in a physically finished condition with final map approvals. The price was \$15,154,000 based on an estimated finished lot price of \$186,739. Land Sale No. 6 was purchased by Western Pacific Housing (D.R. Horton) for \$14,581,802 based on a reported finished lot of \$182,111. Again, the lots were in a finished condition with an approved final map. Neither of these sites have view potential. In comparison to the subject the Menifee location is considered to be inferior to the Temescal Valley location and in views.

**Land Sale Nos. 7, 8, 9 and 13** refer to four of the subject sales. Land Sale No. 7 is in regards to a portion of Planning Area 8 which is Skyview. It sold on the basis of a \$166,451 finished lot for the duplex lots which have an overall density of 9 dwelling units per acre. Land Sale No. 8 pertains to Planning Area No. 10 which is for an age qualified product. The lots have a minimum lot size of 4,500 square feet and were purchased in two takedowns, the first in August 2020 and the second in May 2021. This age qualified product sold based on a reported finished lot price of \$195,000. Land Sale No. 9 which pertains to Planning Area No. 7 is for another age qualified product, Altis by TriPointe Homes. The lots have a minimum lot size of 5,400 square feet and sold on the basis of a reported \$226,597 finished lot. Finally, Land Sale No. 13 refers to the Richmond American purchase of Planning Area 6 which is their Fieldcress project. The lands have a minimum lot size of 4,500 square feet and were purchased based on a reported finished lot price of \$212,000. The lands also closed in two take-downs, one in May 2019 and the second in December 2019. When reviewing the pairing of Land Sale Nos. 8 and 13, there is a suggested discount due to the age qualified product of Land Sale No. 8 versus the non-age qualified product on Land Sale No. 13; however, Planning Area 8 also has superior view potential.

**Land Sale No. 12** pertains to the final sale within the first phase of Bedford, located about five miles north of the subject property in the City of Corona. Bedford has sold out of land in Phase One and is currently doing the land development on Phase Two. Bedford has significant amenities including an impressive community center including three pools and a large recreation area. The 59 lots have a minimum size of 5,000 square feet and were purchased by Richmond American Homes in September 2019. They were in a generally finished condition with a recorded final map and were purchased for

\$11,577,500 based on a reported finished lot price of \$240,000. In comparison to the subject property, Bedford does not have any view potential which is considered to be inferior to Terramor; however, the Corona address is considered to be slightly superior.

The chart below summarizes the various differences in the market data as compared to the subject property.

<b>Data No.</b>	<b>Location</b>	<b>Date of Sale</b>	<b>Lot Size</b>	<b>Finished Lot Price</b>	<b>Comparison to Subject</b>
1	Ontario	3/21	10 du/ac	\$210,000	Inferior – Amenities and View Slightly Superior – Location
2	Chino / The Preserve	2/21	10 du/ac	\$215,000	Inferior – Views
3	Ontario Ranch	12/20	10 du/ac	\$215,000	Inferior – Amenities and View Slightly Superior – Location
4	Ontario Ranch	12/20	2,600	\$224,000	Inferior – Amenities and View Slightly Superior – Location
5	Menifee / Audie Murphy Ranch	12/20	7,200	\$186,739	Inferior – Views & Location
6	Menifee / Audie Murphy Ranch	12/20	5,000 sf – 6,000 sf	\$182,111	Inferior – Views & Location
7	Terramor	9/20	9 du/ac	\$166,451	Subject - Skyview Inferior – Date of Sale
8	Terramor	8/20	4,500	\$195,000	Subject – Irontree AQ Inferior – Date of Sale
9	Terramor	3/20	5,400	\$226,597	Subject – Altis AQ Inferior – Date of Sale
10	Ontario Ranch	7/20	4,200	\$235,000	Inferior – Amenities and View Slightly Superior – Location
11	Ontario Ranch	1/20	4,600	\$245,000	Inferior – Amenities and View Slightly Superior – Location
12	Corona / Bedford	9/19	5,000	\$240,000	Inferior – Views & Date of Sale
13	Terramor	5/19	4,500	\$212,000	Subject - Fieldcross Inferior – Date of Sale

The market data has an overall finished lot range from \$166,451 to \$245,000. This wide range is largely due to various lot sizes and locations. Larger lots command a higher price depending on other factors being equal while smaller lots generally indicate lower finished lot prices. Although a portion of the subject property is an active adult community, there are no comparable active adult community land sales in the region. As such, the land transactions focus on the most comparable market-rate land sales. All of

the sales have taken place since May 2019 with the majority of the transactions taking place in 2020 and 2021. Adjustments were considered primarily due to location, views and lot size with date of sale taken into consideration.

Data Nos. 7, 8, 9 and 13 refer to most of the subject sales which have superior views to the remainder of the market data. The lowest end of the range refers to the Skyview subject land purchase which is for duplex homes with an overall density of nine dwelling units per acre. This is the highest density product thus far in Terramor. The property sold almost one year ago, prior to a substantial amount of appreciation in the subject marketplace. Other than Skyview, the subject sales ranged from \$195,000 to \$226,597 based on a finished lot. There appear to be a slight discount for the age qualified product versus the market rate product. The sales prices include the view potential for the lots within each planning area. Data Nos. 5 and 6 which sold for \$182,111 and \$186,739, are located in Menifee, considered to be an inferior location as it is further out for commuters to the Los Angeles basin and Orange County. These two transactions are also considered to be inferior in view potential. Data Nos. 1, 3, 4, 10 and 11 with finished lot prices ranging from \$210,000 to \$245,000 are all located in Ontario which is considered a slightly superior location, however none of these sites have the amenities associated with a large master planned community like Terramor does and none have view potential. All sales over one year old are considered to be significantly inferior in date of sale due to the appreciation in the subject marketplace over the past two years.

We have reviewed lot premiums being transacted on the subject homes that have sold. View premiums generally range from \$10,000 to upwards of \$100,000. The typical view premium is smaller on the smaller lots and larger on the larger lots however the largest factor is the actual view, if unobstructed or not. We have driven each Planning Area and determined the view potential and identified the lots with good to excellent views. View premiums are volatile in relation to the market. That is, when sales are good, anticipated view premiums are obtained and may be increased, however, as a market declines, view premiums are one of the first items to be negotiated. Within the subject there have been view premiums of upwards of \$150,000 on a new home. Based on premiums being



obtained and current market conditions, we have concluded that the smaller lots (in Planning Area 8) have a \$40,000 view premium while the larger lots have a \$60,000 view premium on a completed home. These will be taken into consideration under each Planning Area's valuation section for improved property later within this report. In regards to the lands, Planning Area No. 6 has 17 lots with good to excellent views or 18 percent of the lots. Planning Area No. 7 has 27 out of 75 lots with good to excellent views or 36 percent. Planning Area 8 has 28 out of 162 lots or 17 percent of the lots with good to excellent views. Planning Area 9 has 49 out of 87 lots with good to excellent views or 56 percent of the lots. And, Planning Area 10 has 41 out of 78 of the lots with good to excellent views or 52 percent of the lots.

In determining the finished lot values for the subject lands, we have also considered two current escrows of Planning Areas within Phase Three of Terramor. These prices have been retained in our files due to the confidentiality of the negotiations, however we have utilized the information in our final lot value conclusions. Based on the market data as previously discussed, along with the subject sales information, we have concluded at the following finished lot values, taking into consideration the percentage of excellent view premiums for each Planning Area:

<u>Planning Area</u>	<u>Lot Size</u>	<u>Finished Lot Value</u>
6 / Richmond American - Fieldcross	4,500 sf	\$235,000
7 / TriPointe – Altis (AQ)	5,400 sf	\$235,000
8 / Richmond/Forestar Skyview	Duplex	\$180,000
9 / Richmond-Olivine	4,500 sf	\$240,000
10 / Pulte -DelWebb Irontree (AQ)	4,500 sf	\$225,000

**Planning Area No. 6 – Fieldcross (Richmond American Homes Ownership)**

Planning Area 6 contains 93 lots with 80 homes closed to individuals and 13 lots owned by Richmond American. The neighborhood is not age qualified. The models have already closed to individuals. There are eight production homes over 95 percent complete and five final homes under construction, all of which are in escrow and due to close upon completion. The houses under construction (under 95 percent complete) will be valued on the basis of a finished lot rather than attribute value to a partially complete improvement, thus five lots will be valued. The concluded finished lot value for the

Planning Area 6 lots is \$235,000. The final lot valuation will be concluded later within this section.

Retail House Valuation

Due to the single ownership of multiple houses by Richmond American, a Discounted Cash Flow (“DCF”) analysis is needed in order to arrive at a bulk value for the homes. First, a retail value for each plan will be concluded, along with view premiums, followed by a DCF for the builder which will take into consideration the absorption time to sell off the builder owned houses, the costs associated with selling off the homes and any remaining development costs to be paid by the builder within each neighborhood. The resulting revenue will be discounted using an appropriate rate to determine the builder-owned bulk value.

Fieldcress at Terramor currently has eight completed homes owned by Richmond American, all of which are production homes and all which are in escrow and due to close upon completion. In this analysis we will value each plan within Fieldcress and then use a discounted cash flow analysis to conclude at a bulk value for the builder-owned homes.

Below is a summary of the floor plans within Fieldcress. A listing of the improved residential comparable properties is located in the Addenda of this report.

<b>Residence</b>	<b>Room Count</b>	<b>Floors/ Parking</b>	<b>Sq. Ft.</b>	<b>Ind. Own</b>	<b>Bldr. Own</b>
1 - Andrea	4 / 2.5	2 / 2	2,800	29	2
2 - Yorktown	5 / 2.5	2 / 3	2,900	26	3
3 - Seth	5 / 2.5	2 / 3	3,000	25	3
Totals				<u>80</u>	<u>8</u>

\*The models have closed. In addition to the above detailed houses there are five houses under construction.

The most appropriate new home comparable data for Plan 1 are shown below.

<b>Data</b>	<b>Plan</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	1	4 / 2.5	2 / 2	2,800	--
1	2	5 / 2.5	2 / 3	2,900	\$226.55
1	3	5 / 2.5	2 / 3	3,000	\$220.66
2	3	4 / 2.5	2 / 2	2,640	\$248.10
8	4	4 / 3	2 / 2	2,771	\$202.45
13	3	4 / 3.5	2 / 2	2,810	\$266.98
13	4	5 / 4.5	2 / 3	3,085	\$272.28

The new home comparables are located within the Temescal Valley, Corona and Menifee. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$202.45 to \$272.28 per square foot. The asking base price for the subject Plan 1 is currently \$232.50 per square foot. There have been 29 sales of Plan 1 within Fieldcrest with sales prices ranging from \$188.31 to \$244.18 per square foot with the highest priced home having unobstructed views. There are currently four escrows of Fieldcrest Plan 1 with prices ranging from \$221.41 to \$244.12 per square foot with the homes' sales dates in January and February 2021. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 1 has a base current market value of \$225.00 per square foot. This calculates as follows:

$$2,800 \text{ sf} \times \$225.00 = \$630,000$$

The most appropriate new home comparable data for Plan 2 are shown below.

<b>Data</b>	<b>Plan</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	2	4 / 2.5	2 / 3	2,900	--
1	1	5 / 2.5	2 / 2	2,800	\$232.50
1	3	5 / 2.5	2 / 3	3,000	\$220.66
2	3	4 / 2.5	2 / 2	2,640	\$248.10
8	4	4 / 3	2 / 2	2,771	\$202.45
14	3	4 / 3.5	2 / 2	2,810	\$266.98
14	4	5 / 4.5	2 / 3	3,085	\$272.28

The new home comparables are located within the Temescal Valley, Corona and Menifee. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$202.45 to \$272.28 per square foot. The asking base price for the subject Plan 2 is currently \$226.55 per square foot. There have been 26 sales of Plan 2 within Fieldcrest with sales prices ranging from \$191.33 to \$256.17 per square foot with the highest price home having an unobstructed view. There are currently seven escrows of Fieldcrest Plan 2 with prices from \$226.92 to \$254.96 per square foot. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 2 has a base current market value of \$220.00 per square foot. This calculates as follows:

$$2,900 \text{ sf} \times \$220.00 = \$638,000$$

The most appropriate new home comparable data for Plan 3 are shown below.

<b>Data</b>	<b>Plan</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	3	4 / 2.5	2 / 3	3,000	--
1	1	5 / 2.5	2 / 2	2,800	\$232.50
1	3	5 / 2.5	2 / 3	3,000	\$220.66
2	3	4 / 2.5	2 / 2	2,640	\$248.10
8	4	4 / 3	2 / 2	2,771	\$202.45
8	5	5 / 3	2 / 2	2,948	\$194.03
14	3	4 / 3.5	2 / 2	2,810	\$266.98
14	4	5 / 4.5	2 / 3	3,085	\$272.28

The new home comparables are located within the Temescal Valley, Corona and Menifee. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$194.03 to \$272.28 per square foot. The asking base price for the subject Plan 3 is currently \$220.66 per square foot. There have been 25 sales of Plan 3 within Fieldcrest with sales prices ranging from

\$191.33 to \$256.17 per square foot with the highest price for a home with an unobstructed view. There are currently seven Fieldcress Plan 3 in escrow with a sales price range from \$226.92 to \$254.96 per square foot. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 3 has a base current market value of \$215.00 per square foot. This calculates as follows:

$$3,000 \text{ sf} \times \$215.00 = \$645,000$$

#### Builder Owned Retail Value

Within Fieldcress there are eight production homes over 95 percent complete. None of these homes have excellent views. The homes under construction (under 95 percent complete) will be valued on the basis of a finished lot. The retail base value conclusions for the builder-owned homes are calculated as follows:

Plan 1 (2 x \$630,000)	\$ 1,260,000
Plan 2 (3 x \$638,000)	1,914,000
Plan 3 (3 x \$645,000)	<u>1,935,000</u>
Total Fieldcress	<u>\$ 5,109,000</u>

#### Absorption Period

In order to arrive at an absorption period for the builder owned homes within Fieldcress, the absorption rates for the subject project along with comparable projects have been reviewed. The average monthly sales rate in Fieldcress has been 4.0 sales per month. The comparable sales have average monthly sales rates ranging from 3.2 to 10.2. All eight homes are in escrow and due to close upon final completion. The project is sold out, thus Zonda did not include it in the absorption study. . We have concluded that the eight, builder-owned homes (all in escrow) will be absorbed over a two-month time period at the concluded prices.

#### Remaining Costs

As discussed under the property description section for Planning Area 6 there are no remaining land development costs or fees.

### Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Six percent has been estimated for marketing expenses and two percent for general and administrative costs for a total of eight percent in expenses for the subject neighborhood's analyses.

### Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the Great Recession, this range was lowered considerably to six to eight percent with some builders drastically lowering their profit margins in order to maintain their work force. As the market improved, so did the profits. This appears to be occurring once again as prices have increased in the past year. A ten percent profit is considered appropriate in the analysis for these neighborhoods.

### Discount Rate

In selecting a discount rate, the following was completed:

1. Interviews with merchant builders in the Riverside County market area
2. Review of current market conditions including current market rates as well as yields reflected in other markets (i.e., municipal bonds, corporate bonds, etc.)
3. The quality, construction, historical sales and product on the subject property
4. Discussed the project with equity investors and master plan community developers

The sales rate of homes within Fieldcress which has been very good has also been taken into consideration in the discount rate. Based on the above factors, a ten percent discount rate is considered appropriate for the subject neighborhood.

### Discounted Cash Flow Summary

The discounted revenue (see DCF Analyses in Addenda) for the builder owned homes resulted in the value of \$4,137,589.

### **Planning Area 6 – Richmond American Ownership Final Valuation**

Richmond American owns five lots which are under construction and eight homes that are over 95 percent complete. All 13 homes are in escrow and due to close upon completion. It was determined that the finished lot value for the Planning Area 6 lots is \$235,000. The final value conclusion for the Richmond American owned property is shown below.

Five lots owned by Richmond American	\$ 1,175,000
Eight Builder-Owned Houses	\$ 4,137,589
Total Builder Ownership Valuation	<b><u>\$ 5,312,589</u></b>

### **Planning Area 6 - Individual Owners Value Conclusion**

In determining the value for the individually owned homes, we have considered the concluded base price value for the homes which is considered a minimum market value. This is due to homebuyers typically purchasing some upgrades and options or paying premiums for the lot and in some cases views. Within Fieldcress there are 80 individually owned homes, 17 which have excellent, unobstructed views. The concluded values are shown below:

<u>Fieldcress Individual Owned Homes</u>	
Plan 1 (29 x \$630,000)	\$18,270,000
Plan 2 (26 x \$638,000)	16,588,000
Plan 3 (25 x \$645,000)	16,125,000
View Premiums (17 x \$60,000)	<u>1,020,000</u>
Total Fieldcress Individual Ownership	<b><u>\$52,003,000</u></b>

In an additional analysis, we have reviewed the actual builder sales prices for the homes within Fieldcress at Terramor. Sales occurred between August 2019 and July, 2021 with closings beginning in December 2019. The builder reported closing prices for the 80 individually owned homes totals \$51,302,879. The actual sales prices include any upgrades, premiums or options purchased by the homeowner along with concessions given by the builder while our concluded value is for the base value of the homes plus the unobstructed view premiums. The actual sales prices are 1.3 percent below the concluded base prices. This difference is due to two offsetting factors. While the options, upgrades and premiums which were purchased which would typically increase the actual

home prices well over the base value, the appreciation in the home prices is offsetting this difference. Within Fieldcress the base pricing has risen between 28 and 30 percent on each plan or the plans have increased at minimum \$144,000 up to \$151,000. This significant amount of appreciation since August 2019 is taken into consideration in the subject's valuation. It is our opinion these factors further substantiate the concluded minimum market values for the Fieldcress individually owned homes.

### **Planning Area No. 7 – Altis (TriPointe Homes Ownership)**

Planning Area 7 contains 75 lots with no homes closed to individuals, three completed model homes, 10 homes under construction (all in escrow) and 62 remaining lots owned by TriPointe. The neighborhood is age qualified. The houses under construction (under 95 percent complete) will be valued on the basis of a finished lot rather than attribute value to a partially complete improvement, thus 72 lots will be valued. The concluded finished lot value for the Planning Area 7 lots is \$235,000 however there are some remaining land development costs in order to consider the lots in a true, finished lot condition which were discussed under the property description section above. The final lot valuation will be concluded later within this section.

### **Retail House Valuation**

Due to the single ownership of multiple houses by TriPointe, a Discounted Cash Flow (“DCF”) analysis is needed in order to arrive at a bulk value for the homes. First, a retail value for each plan will be concluded, along with view premiums, followed by a DCF for the builder which will take into consideration the absorption time to sell off the builder owned houses, the costs associated with selling off the homes and any remaining development costs to be paid by the builder within each neighborhood. The resulting revenue will be discounted using an appropriate rate to determine the builder-owned bulk value.

Altis at Terramor currently has three completed homes owned by TriPointe. In this analysis we will value each plan within Altis and then use a discounted cash flow analysis to conclude at a bulk value for the builder-owned homes.



Below is a summary of the floor plans within Altis. A listing of the improved residential comparable properties is located in the Addenda of this report.

Residence	Room Count	Floors/ Parking	Sq. Ft.	Ind. Own	Bldr. Own
1	2 / 2	1 / 2	2,017	0	1*
2	3 / 2	1 / 2	2,162	0	1*
3	3 / 2	1 / 2	2,276	0	1*
Totals				0	3

\*One of each plan is a model home. In addition to the above detailed houses there are ten houses under construction and 62 remaining lots.

The most appropriate new home comparable data for Plan 1 are shown below.

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	1	2 / 2	1 / 2	2,017	--
2	1	3 / 2.5	2 / 2	2,180	\$290.82
3	3	2 / 2	1 / 2	1,865	\$300.80
4	2	3 / 2	1 / 2	2,162	\$261.33
4	3	3 / 2	1 / 2	2,276	\$254.39
6	1	2 / 2	1 / 2	1,999	\$289.64
6	2	2 / 2	1 / 2	2,056	\$285.50
11	2	2 / 2.5	1 / 2	1,846	\$398.21
11	3	2 / 2.5	1 / 2	2,135	\$352.15

The new home comparables are located within the Temescal Valley and Ontario. Data No. 2 is a market rate home while the remaining data are for age qualified projects. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$261.33 to \$398.21 per square foot. The asking base price for the subject Plan 1 is currently \$275.16 per square foot. There have been four sales of Plan 1 within Altis with current escrow prices ranging from \$249.23 to \$310.21 per square foot. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 1 has a base current market value of \$270.00 per square foot. This calculates as follows:

$$2,017 \text{ sf} \times \$270.00 = \$544,590$$

The most appropriate new home comparable data for Plan 2 are shown below.

<b>Data</b>	<b>Plan</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	2	3 / 2	1 / 2	2,162	--
2	1	3 / 2.5	2 / 2	2,180	\$290.82
3	3	2 / 2	1 / 2	1,865	\$300.80
4	1	2 / 2	1 / 2	2,017	\$275.16
4	3	3 / 2	1 / 2	2,276	\$254.39
6	2	2 / 2	1 / 2	2,056	\$285.50
6	3	3 / 2	1 / 2	2,172	\$275.78
11	2	2 / 2.5	1 / 2	1,846	\$398.21
11	3	2 / 2.5	1 / 2	2,135	\$352.15

The new home comparables are located within the Temescal Valley and Ontario Ranch. Data No. 2 is a market rate home while the remaining data are for age qualified product. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$254.39 to \$398.21 per square foot. The asking base price for the subject Plan 2 is currently \$261.33 per square foot. There have been six sales of Plan 2 within Altis with current escrow prices ranging from \$295.42 to \$334.73 per square foot however the high end of the range has a \$90,000 lot premium with an unobstructed view. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 2 has a base current market value of \$260.00 per square foot. This calculates as follows:

$$2,162 \text{ sf} \times \$260.00 = \$562,120$$

The most appropriate new home comparable data for Plan 3 are shown on the following page.

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	3	3 / 2	1 / 2	2,276	--
2	1	3 / 2.5	2 / 2	2,180	\$290.82
3	3	2 / 2	1 / 2	1,865	\$300.80
4	1	2 / 2	1 / 2	2,017	\$275.16
4	2	3 / 2	1 / 2	2,162	\$261.33
6	2	2 / 2	1 / 2	2,056	\$285.50
6	3	3 / 2	1 / 2	2,172	\$275.78
11	3	2 / 2.5	1 / 2	2,135	\$352.15

The new home comparables are located within the Temescal Valley, Corona and Menifee. Data No. 2 is a market rate home while the remaining data are for age qualified product. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$261.33 to \$352.15 per square foot. The asking base price for the subject Plan 3 is currently \$254.39 per square foot. There have been five sales of Plan 3 within Altis with current escrow prices ranging from \$277.55 to \$292.30 per square foot. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 3 has a base current market value of \$253.00 per square foot. This calculates as follows:

$$2,276 \text{ sf} \times \$253.00 = \$575,828$$

#### Builder Owned Retail Value

Within Altis there are three model homes over 95 percent complete. None of these homes have excellent views. Per interviews with builders, upgrades and landscape/hardscape of up to \$100,000 are installed in the model homes, however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar-for-dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a \$50,000 premium has been included with each of the model

homes. The homes under construction (under 95 percent complete) will be valued on the basis of a finished lot. The retail base value conclusions for the builder-owned homes are calculated as follows:

Plan 1 (1 x \$544,590)	\$ 544,590
Plan 2 (1 x \$562,120)	562,120
Plan 3 (1 x \$575,828)	575,828
Model Upgrades	<u>150,000</u>
Total Altis	<u>\$ 1,832,538</u>

### Absorption Period

In order to arrive at an absorption period for the builder owned homes within Altis, the absorption rates for the subject project along with comparable projects have been reviewed. The average monthly sales rate in Altis has been 5.0 sales per month. The comparable sales have average monthly sales rates ranging from 3.2 to 10.2. The three model homes have not been released; thus, none are in escrow. In addition to reviewing actual sales rates, we have reviewed the Zonda Research Market Absorption Study on Altis which projects a sales rate in the 4.0 per month range. We have concluded that the three, builder-owned model homes will be absorbed over a one-month time period at the concluded prices.

### Remaining Costs

As discussed under the property description section for Planning Area 7 there are \$19,020.76 in remaining land development costs per lot. This equates to \$57,062 in remaining land development costs associated with the three, builder-owned model homes. The remaining fees are associated with the lots and do not reflect on the completed homes.

### Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Six percent has been estimated for marketing expenses and two percent for general and administrative costs for a total of eight percent in expenses for the subject neighborhood's analyses.

## Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the Great Recession, this range was lowered considerably to six to eight percent with some builders drastically lowering their profit margins in order to maintain their work force. As the market improved, so did the profits. This appears to be occurring once again as prices have increased in the past year. A ten percent profit is considered appropriate in the analysis for these neighborhoods.

## Discount Rate

In selecting a discount rate, the following was completed:

1. Interviews with merchant builders in the Riverside County market area
2. Review of current market conditions including current market rates as well as yields reflected in other markets (i.e., municipal bonds, corporate bonds, etc.)
3. The quality, construction, historical sales and product on the subject property
4. Discussed the project with equity investors and master plan community developers

The sales rate of homes within Altis which has been very good has also been taken into consideration in the discount rate. Based on the above factors, a ten percent discount rate is considered appropriate for the subject neighborhood.

## Discounted Cash Flow Summary

The discounted revenue (see DCF Analyses in Addenda) for the builder owned homes resulted in the value of \$1,433,672.

## **Planning Area 7 – TriPointe Ownership Final Valuation**

TriPointe owns 10 lots which are under construction, 62 remaining lots and three model homes which are complete. All homes under construction are in escrow and due to close upon completion. It was determined that the finished lot value for the Planning Area 7 lots is \$235,000; however this is for a true finished lot. As discussed under the property description section above, there are \$19,020.76 per lot in remaining land development

costs along with \$3,042,690 in remaining land development fees. The final value conclusion for the TriPointe owned property is shown below.

72 lots owned by TriPointe	\$16,920,000
Less: Remaining Costs (19,020.76 x 72)	( 1,369,495)
Remaining Fees	<u>( 3,042,690)</u>
Value for 72 Lots	\$ 12,507,815
Three Builder-Owned Houses	\$ 1,433,672
Total Builder Ownership Valuation	<b><u>\$ 13,941,487</u></b>

### **Planning Area No. 8 – Skyview (Richmond American Homes Ownership)**

Planning Area 8 contains a total of 162 “lots” or unit pads, however 62 are owned by Foremost, the master developer of Terramor, and are in escrow to Richmond American due to close in December 2021. Richmond American Homes owns five model homes which are complete, 15 units which are under construction (all in escrow) and 56 additional “lots” or unit pads. The houses under construction (under 95 percent complete) will be valued on the basis of a finished lot rather than attribute value to a partially complete improvement, thus 71 lots or unit pads will be valued under the Richmond American ownership. The concluded finished lot value for the Planning Area 8 lots is \$180,000 however there are some remaining land development costs in order to consider the lots in a true, finished lot condition which were discussed under the property description section above. The final lot valuation will be concluded later within this section.

### **Retail House Valuation**

Due to the single ownership of multiple houses by Richmond American, a Discounted Cash Flow (“DCF”) analysis is needed in order to arrive at a bulk value for the homes. First, a retail value for each plan will be concluded, along with view premiums, followed by a DCF for the builder which will take into consideration the absorption time to sell off the builder owned houses, the costs associated with selling off the homes and any remaining development costs to be paid by the builder within each neighborhood. The resulting revenue will be discounted using an appropriate rate to determine the builder-owned bulk value.

Skyview at Terramor currently has five completed model homes owned by Richmond American. In this analysis we will value each plan within Skyview and then use a discounted cash flow analysis to conclude at a bulk value for the builder-owned homes.

Below is a summary of the floor plans within Skyview. It should be noted that Plans 1 through 5 are duo homes with an attached wall while Plan 6 is a detached home, with the same layout as a Plan 5. A listing of the improved residential comparable properties is located in the Addenda of this report.

Residence	Room Count	Floors/ Parking	Sq. Ft.	Ind. Own	Bldr. Own
1-Jonquil Duo	3 / 2	1 / 2	1,450	0	1*
2-Amethyst Duo	3 / 2	1 / 2	1,460	0	1*
3-Coral Duo	4 / 2.5	2 / 2	1,840	0	1*
4-Walnut duo	4 / 2.5	2 / 2	2,000	0	1*
5-Citrine Duo	4 / 2.5	2 / 2	2,010	0	0
6-Citrine Det.	4 / 2.5	2 / 2	2,010	0	1*
Totals				<u>0</u>	<u>5</u>

\*One of each plan is a model home. In addition to the above detailed houses there are 15 houses under construction and 56 remaining lots owned by Richmond American.

The most appropriate new home comparable data for Plan 1 are shown below.

Data	Plan	Rm. Ct.	Firs/Pkg.	Sq. Ft.	Price/SF
Subj.	1	2 / 2	1 / 2	1,450	--
3	1	2 / 2	1 / 2	1,579	\$336.92
3	2	2 / 2	1 / 2	1,731	\$316.00
5	2	2 / 2	1 / 2	1,460	\$362.32
5	3	3 / 2.5	2 / 2	1,840	\$298.36
15	1	2 / 2	1 / 2	1,229	\$398.34
15	2	3 / 2.5	3 / 2	1,573	\$347.78
16	2	3 / 2	3 / 2	1,493	\$339.88
16	3	3 / 2.5	3 / 2	1,572	\$330.43

The new home comparables are located within the Temescal Valley and Chino. Data No. 3 is an age qualified product (detached) with similar sizes in Terramor while the remaining data are for non-age qualified projects. Data No. 15 refers to attached courtyard product while Data No. 16 is for Triplexes. There were no other duplexes found in our search. All are of similar quality, design and appeal. Adjustments were considered (when applicable)

for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$298.36 to \$398.34 per square foot. The asking base price for the subject Plan 1 is currently \$364.13 per square foot. There have been three sales of Plan 1 within Skyview with current escrow prices ranging from \$380.73 to \$389.41 per square foot. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 1 has a base current market value of \$350.00 per square foot. This calculates as follows:

$$1,450 \text{ sf} \times \$350.00 = \$507,500$$

The most appropriate new home comparable data for Plan 2 are shown below.

<b>Data</b>	<b>Plan</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	2	2 / 2	1 / 2	1,460	--
3	1	2 / 2	1 / 2	1,579	\$336.92
3	2	2 / 2	1 / 2	1,731	\$316.00
5	2	2 / 2	1 / 2	1,450	\$364.13
5	3	3 / 2.5	2 / 2	1,840	\$298.36
15	1	2 / 2	1 / 2	1,229	\$398.34
15	2	3 / 2.5	3 / 2	1,573	\$347.78
16	2	3 / 2	3 / 2	1,493	\$339.88
16	3	3 / 2.5	3 / 2	1,572	\$330.43

The new home comparables are located within the Temescal Valley and Chino. Data No. 3 is an age qualified product (detached) with similar sizes in Terramor while the remaining data are for non-age qualified projects. Data No. 15 refers to attached courtyard product while Data No. 16 is for Triplexes. There were no other duplexes found in our search. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$298.36 to \$398.34 per square foot. The asking base price for the subject Plan 2 is currently \$362.32 per square foot. There have been four sales of Plan 2 within Skyview with current escrow prices



ranging from \$390.81 to \$414.96 per square foot however the higher price per square foot included a unit with excellent views. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 2 has a base current market value of \$350.00 per square foot. This calculates as follows:

$$1,460 \text{ sf} \times \$350.00 = \$511,000$$

The most appropriate new home comparable data for Plan 3 are shown below.

<b>Data</b>	<b>Plan</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	3	3 / 2.5	2 / 2	1,840	--
2	1	3 / 2.5	2 / 2	2,180	\$290.82
3	2	2 / 2	1 / 2	1,731	\$316.00
5	2	2 / 2	1 / 2	1,450	\$364.13
5	4	3 / 2.5	2 / 2	2,000	\$276.49
12	1	4 / 3	2 / 2	2,010	\$313.43
15	5	2 / 3	2 / 2	1,937	\$286.90
16	3	3 / 2.5	3 / 2	1,572	\$330.43

The new home comparables are located within the Temescal Valley and Chino. Data No. 3 is an age qualified product (detached) with similar sizes in Terramor while the remaining data are for non-age qualified projects. Data No. 15 refers to attached courtyard product while Data No. 16 is for Triplexes. There were no other duplexes found in our search. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$276.49 to \$364.13 per square foot. The asking base price for the subject Plan 3 is currently \$298.36 per square foot. There have been five sales of Plan 3 within Skyview with current escrow prices ranging from \$304.07 to \$380.73 per square foot. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 3 has a

base current market value of \$295.00 per square foot. This calculates as follows:

$$1,840 \text{ sf} \times \$295.00 = \$542,800$$

The most appropriate new home comparable data for Plan 4 are shown below.

<b>Data</b>	<b>Plan</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	4	3 / 2.5	2 / 2	2,000	--
2	1	3 / 2.5	2 / 2	2,180	\$290.82
3	3	2 / 2	1 / 2	1,865	\$300.80
5	3	3 / 2.5	2 / 2	1,840	\$298.36
5	5	3 / 2.5	2 / 2	2,010	\$277.61
12	1	4 / 3	2 / 2	2,010	\$313.43
15	5	2 / 3	2 / 2	1,937	\$286.90
16	3	3 / 2.5	3 / 2	1,572	\$330.43

The new home comparables are located within the Temescal Valley and Chino. Data No. 3 is an age qualified product (detached) with similar sizes in Terramor while the remaining data are for non-age qualified projects. Data No. 15 refers to attached courtyard product while Data No. 16 is for Triplexes. There were no other duplexes found in our search. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$277.61 to \$330.43 per square foot. The asking base price for the subject Plan 4 is currently \$276.49 per square foot. There have been four sales of Plan 4 within Skyview with current escrow prices ranging from \$293.93 to \$313.72 per square foot. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 4 has a base current market value of \$275.00 per square foot. This calculates as follows:

$$2,000 \text{ sf} \times \$275.00 = \$550,000$$

The most appropriate new home comparable data for Plan 5 are shown below.

<b>Data</b>	<b>Plan</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	5	3 / 2.5	2 / 2	2,010	--
2	1	3 / 2.5	2 / 2	2,180	\$290.82
5	3	3 / 2.5	2 / 2	1,840	\$298.36
5	4	3 / 2.5	2 / 2	2,000	\$276.49
12	1	4 / 3	2 / 2	2,010	\$313.43
15	5	2 / 3	2 / 2	1,937	\$286.90
16	3	3 / 2.5	3 / 2	1,572	\$330.43

The new home comparables are located within the Temescal Valley and Chino. Data No. 3 is an age qualified product (detached) with similar sizes in Terramor while the remaining data are for non-age qualified projects. Data No. 15 refers to attached courtyard product while Data No. 16 is for Triplexes. There were no other duplexes found in our search. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$276.49 to \$330.43 per square foot. The asking base price for the subject Plan 5 is currently \$277.61 per square foot. There have been three sales of Plan 5 within Skyview with current escrow prices ranging from \$286.65 to \$299.72 per square foot. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 5 has a base current market value of \$275.00 per square foot. This calculates as follows:

$$2,010 \text{ sf} \times \$275.00 = \$552,750$$

The most appropriate new home comparable data for Plan 6 (detached) are shown below.

<b>Data</b>	<b>Plan</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	6	3 / 2.5	2 / 2	2,010	--
2	1	3 / 2.5	2 / 2	2,180	\$290.82
4	1	2 / 2	1 / 2	2,017	\$275.16
5	4	3 / 2.5	2 / 2	2,000	\$276.49
12	1	4 / 3	2 / 2	2,010	\$313.43
12	2	4 / 3	2 / 2	2,011	\$311.78
13	1	4 / 3	2 / 2	2,264	\$326.85

The new home comparables are located within the Temescal Valley and Chino. Data Nos. 3 and 4 are age qualified products (detached) with similar sizes in Terramor while the remaining data are for non-age qualified projects and are detached homes. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$275.16 to \$326.85 per square foot. The asking base price for the subject Plan 6 is currently \$312.43 per square foot. There have been two sales of Plan 6 within Skyview with current escrow prices ranging from \$331.61 to \$335.42 per square foot. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 6 has a base current market value of \$300.00 per square foot. This calculates as follows:

$$2,010 \text{ sf} \times \$300.00 = \$603,000$$

#### Builder Owned Retail Value

Within Skyview there are five model homes over 95 percent complete. None of these homes have excellent views. Per interviews with builders, upgrades and landscape/hardscape of up to \$100,000 are installed in the model homes, however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar-for-dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a \$40,000 premium has been included with each of the model homes. The homes under construction (under 95 percent complete) will be valued on the basis of a finished lot. The retail base value conclusions for the builder-owned homes are calculated as follows:

Plan 1 (1 x \$507,500)	\$ 507,500
Plan 2 (1 x \$511,000)	511,000
Plan 3 (1 x \$542,800)	542,800
Plan 4 (1 x \$550,000)	550,000
Plan 5 (0 x \$552,750)	0
Plan 6 (1 x \$603,000)	603,000
Model Upgrades	<u>200,000</u>
Total Skyview	<u>\$ 2,914,300</u>

### Absorption Period

In order to arrive at an absorption period for the builder owned homes within Skyview, the absorption rates for the subject project along with comparable projects have been reviewed. The average monthly sales rate in Skyview has been 7.0 sales per month. The comparable sales have average monthly sales rates ranging from 3.2 to 10.2. The five model homes have not been released, thus none are in escrow. In addition to reviewing actual sales rates, we have reviewed the Zonda Research Market Absorption Study on Skyview which projects a sales rate in the 4.0 per month range. We have concluded that the five, builder-owned model homes will be absorbed over a two-month time period at the concluded prices.

### Remaining Costs

As discussed under the property description section for Planning Area 8 there are \$13,726.28 in remaining land development costs per lot. This equates to \$68,631 in remaining land development costs associated with the three, builder-owned model homes. The remaining fees are associated with the lots and do not reflect on the completed homes. It is assumed that the \$68,631 remaining costs will be spread evenly over the two-month absorption period.

### Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Six percent has been estimated for marketing expenses and two percent for general and administrative costs for a total of eight percent in expenses for the subject neighborhood's analyses.

### Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the Great Recession, this range was lowered considerably to six to eight percent with some builders drastically lowering their profit margins in order to maintain their work force. As the market improved, so did the profits. This appears to be occurring once again as prices have increased in the past year. A ten percent profit is considered appropriate in the analysis for these neighborhoods.

### Discount Rate

In selecting a discount rate, the following was completed:

1. Interviews with merchant builders in the Riverside County market area
2. Review of current market conditions including current market rates as well as yields reflected in other markets (i.e., municipal bonds, corporate bonds, etc.)
3. The quality, construction, historical sales and product on the subject property
4. Discussed the project with equity investors and master plan community developers

The sales rate of homes within Skyview which has been excellent has also been taken into consideration in the discount rate. Based on the above factors, a ten percent discount rate is considered appropriate for the subject neighborhood.

### Discounted Cash Flow Summary

The discounted revenue (see DCF Analyses in Addenda) for the builder owned homes resulted in the value of \$2,292,400.

### **Planning Area 8 – Richmond American Homes Ownership Final Valuation**

Richmond American Homes owns 15 lots or unit pads which are under construction, 56 remaining lots or unit pads and five model homes which are complete. All homes under construction are in escrow and due to close upon completion. It was determined that the finished lot/unit pad value for the Planning Area 8 lot/unit pads is \$180,000; however, this is for a true finished lot or unit pad. As discussed under the property description section above, there are \$13,726.28 per unit in remaining land development costs along

with \$22,897.73 per unit in remaining land development fees. The final value conclusion for the Richmond American owned property is shown below.

71 lots owned by Richmond American	\$12,780,000
Less: Remaining Costs (\$13,726.28 x 71)	( 974,566)
Remaining Fees (\$22,252.73 x 71)	( 1,579,944)
Value for 71 Lots	\$ 10,225,490
Five Builder-Owned Houses	\$ 2,292,400
Total Builder Ownership Valuation	<b><u>\$ 12,517,890</u></b>

**Planning Area 8 – Forestar Ownership Final Valuation**

Forestar owns 86 lots or unit pads within Planning Area 8. All 86 lots are in escrow to Richmond American Homes to continue their Skyview project with the estimated closing in December 2021. It was determined that the finished lot/unit pad value for the Planning Area 8 lot/unit pads is \$180,000; however, this is for a true finished lot or unit pad. As discussed under the property description section above, there are \$13,726.28 per unit in remaining land development costs along with \$22,252.73 per unit in remaining land development fees. In addition, Forestar is responsible for the completion of the Terramor Commons Park. Per their representatives, the remaining costs for the park total under \$1,000,000. The final value conclusion for the Forestar owned property is shown below.

86 lots owned by Forestar	\$15,480,000
Less: Remaining Costs (\$13,726.28 x 86)	( 1,180,460)
Remaining Fees (\$22,252.73 x 86)	( 1,913,735)
Remaining Park Costs	( 1,000,000)
Value for 86 Lots – Forestar Ownership	<b><u>\$ 11,385,805</u></b>

**Planning Area No. 9 – Olivine (Richmond American Homes Ownership)**

Planning Area 9 contains 87 lots with 66 homes closed to individuals, ten homes over 95 percent complete including one model home and 11 homes which are under construction (under 95 percent complete), owned by Richmond American. All of the remaining homes are in escrow and due to close upon completion. The neighborhood is not age qualified. The houses under construction (under 95 percent complete) will be valued on the basis of a finished lot rather than attribute value to a partially complete improvement, thus five lots will be valued. The concluded finished lot value for the

Planning Area 9 lots is \$240,000. The final lot valuation will be concluded later within this section.

Retail House Valuation

Due to the single ownership of multiple houses by Richmond American, a Discounted Cash Flow (“DCF”) analysis is needed in order to arrive at a bulk value for the homes. First, a retail value for each plan will be concluded, along with view premiums, followed by a DCF for the builder which will take into consideration the absorption time to sell off the builder owned houses, the costs associated with selling off the homes and any remaining development costs to be paid by the builder within each neighborhood. The resulting revenue will be discounted using an appropriate rate to determine the builder-owned bulk value.

Olivine at Terramor currently has ten completed homes owned by Richmond American, one which is a model. All are in escrow and due to close upon completion. In this analysis we will value each plan within Olivine and then use a discounted cash flow analysis to conclude at a bulk value for the builder-owned homes.

Below is a summary of the floor plans within Olivine. A listing of the improved residential comparable properties is located in the Addenda of this report.

<b>Residence</b>	<b>Room Count</b>	<b>Floors/ Parking</b>	<b>Sq. Ft.</b>	<b>Ind. Own</b>	<b>Bldr. Own</b>
1 – Lapis	4 / 2.5	2 / 2	2,180	23	3
2 - Pearl	5 / 2.5	2 / 2	2,370	20	4*
3-Moonstone	6 / 2.5	2 / 2	2,640	23	3
Totals				66	10

\*One of Plan 2 is a model home. In addition to the above detailed houses, there are 11 houses under construction.

The most appropriate new home comparable data for Plan 1 are shown below.



<b>Data</b>	<b>Plan</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	1	5 / 2.5	2 / 2	2,180	--
1	1	4 / 2.5	2 / 2	2,800	\$232.50
2	2	5 / 2.5	2 / 2	2,370	\$269.19
2	3	6 / 2.5	2 / 2	2,640	\$248.10
5	6	3 / 2.5	2 / 2	2,010	\$312.43
8	2	4 / 3	2 / 2	2,320	\$230.60
12	3	4 / 2.5	2 / 2	2,172	\$297.88
13	1	4 / 3	2 / 2	2,264	\$326.85

The new home comparables are located within the Temescal Valley, Corona, Chino, Ontario Ranch and Menifee. None of the comparables are age-qualified product. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$230.60 to \$326.85 per square foot. The asking base price for the subject Plan 1 is currently \$290.82 per square foot, however this was for the final build-out when builders can typically command higher prices. There have been 23 sales of Plan 1 within Olivine with sales prices ranging from \$220.41 to \$298.27 per square foot. There are currently six escrows of Olivine Plan 1 with prices ranging from \$285.46 to \$338.36 per square foot with the highest priced home having an unobstructed view. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 1 has a base current market value of \$265.00 per square foot. This calculates as follows:

$$2,180 \text{ sf} \times \$265.00 = \$577,700$$

The most appropriate new home comparable data for Plan 2 are shown below.

<b>Data</b>	<b>Plan</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	2	5 / 2.5	2 / 2	2,370	--
1	1	4 / 2.5	2 / 2	2,800	\$232.50
2	1	4 / 2.5	2 / 2	2,180	\$290.82
2	3	6 / 2.5	2 / 2	2,640	\$248.10
5	6	3 / 2.5	2 / 2	2,010	\$312.43
8	2	4 / 3	2 / 2	2,320	\$230.60
12	3	4 / 2.5	2 / 2	2,172	\$297.88
13	1	4 / 3	2 / 2	2,264	\$326.85

The new home comparables are located within the Temescal Valley, Corona, Menifee, Chino and Ontario Ranch. None of the comparables are age-qualified product. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$230.60 to \$326.85 per square foot. The asking base price for the subject Plan 2 is currently \$269.19 per square foot, however this was for the final phase when homebuilders can typically command higher prices. There have been 20 sales of Plan 2 within Olivine with sales prices ranging from \$220.72 to \$274.92 per square foot with the highest price home having an unobstructed view. There are currently nine escrows of Olivine Plan 2 with prices from \$249.44 to \$308.42 per square foot (not including the model home) with the highest price home having an unobstructed view. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 2 has a base current market value of \$250.00 per square foot. This calculates as follows:

$$2,370 \text{ sf} \times \$250.00 = \$592,500$$

The most appropriate new home comparable data for Plan 3 are shown below.

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	3	6 / 2.5	2 / 2	2,640	--
1	1	5 / 2.5	2 / 2	2,800	\$232.50
2	2	5 / 2.5	2 / 2	2,370	\$269.19
5	6	3 / 2.5	2 / 2	2,010	\$312.43
8	3	4 / 3	2 / 2	2,541	\$215.66
8	4	4 / 3	2 / 2	2,771	\$202.45
13	3	5 / 3	2 / 2	2,674	\$290.20
14	2	4 / 3.5	2 / 2	2,810	\$278.29

The new home comparables are located within the Temescal Valley, Corona, Ontario Ranch, Chino and Menifee. None of the comparables are age-qualified product. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$202.45 to \$312.43 per square foot. The asking base price for the subject Plan 3 is currently \$248.10 per square foot. There have been 23 sales of Plan 3 within Olivine with sales prices ranging from \$190.03 to \$258.98 per square foot with the highest price for a home with an unobstructed view. There are currently six Olivine Plan 3 in escrow with a sales price range from \$233.34 to \$280.91 per square foot. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 3 has a base current market value of \$230.00 per square foot. This calculates as follows:

$$2,640 \text{ sf} \times \$230.00 = \$607,200$$

#### Builder Owned Retail Value

Within Olivine there are ten homes over 95 percent complete, one of which is a model home. All of these homes have excellent views. Per our previous discussion, we are considering a \$60,000 premium for an unobstructed view. Per interviews with builders, upgrades and landscape/hardscape of up to \$100,000 are installed in the model homes, however, the builders generally consider this a marketing cost and do not anticipate

recovering this investment on a dollar-for-dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a \$50,000 premium has been included with the model home. The homes under construction (under 95 percent complete) will be valued on the basis of a finished lot. The retail base value conclusions for the builder-owned homes are calculated as follows:

Plan 1 (3 x \$577,700)	\$ 1,733,100
Plan 2 (4 x \$592,500)	2,370,000
Plan 3 (3 x \$607,200)	1,821,600
Model Upgrade	50,000
View Premiums(\$60,000 x 10)	<u>600,000</u>
Total Olivine	<u>\$ 6,574,700</u>

Absorption Period

In order to arrive at an absorption period for the builder owned homes within Olivine, the absorption rates for the subject project along with comparable projects have been reviewed. The average monthly sales rate in Olivine has been 5.8 sales per month. The comparable sales have average monthly sales rates ranging from 3.2 to 10.2. All ten homes are in escrow and due to close upon final completion. Olivine is sold out thus it is not included in the Zonda Research Market Absorption Study. We have concluded that the ten, builder-owned homes (all in escrow) will be absorbed over a two-month time period at the concluded prices.

Remaining Costs

As discussed under the property description section for Planning Area 9 there are no remaining land development costs or fees.

Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Six percent has been estimated for marketing expenses and two percent for general and administrative costs for a total of eight percent in expenses for the subject neighborhood’s analyses.

### Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the Great Recession, this range was lowered considerably to six to eight percent with some builders drastically lowering their profit margins in order to maintain their work force. As the market improved, so did the profits. This appears to be occurring once again as prices have increased in the past year. A ten percent profit is considered appropriate in the analysis for these neighborhoods.

### Discount Rate

In selecting a discount rate, the following was completed:

1. Interviews with merchant builders in the Riverside County market area
2. Review of current market conditions including current market rates as well as yields reflected in other markets (i.e., municipal bonds, corporate bonds, etc.)
3. The quality, construction, historical sales and product on the subject property
4. Discussed the project with equity investors and master plan community developers

The sales rate of homes within Olivine which has been very good has also been taken into consideration in the discount rate. Based on the above factors, a ten percent discount rate is considered appropriate for the subject neighborhood.

### Discounted Cash Flow Summary

The discounted revenue (see DCF Analyses in Addenda) for the builder owned homes resulted in the value of \$5,324,604.

### **Planning Area 9 – Richmond American Ownership Final Valuation**

Richmond American owns 11 lots which are under construction and ten homes that are over 95 percent complete including one model home. All 21 homes are in escrow and due to close upon completion. It was determined that the finished lot value for the Planning Area 9 lots is \$240,000. There are no remaining land development costs associated with Planning Area 9. The final value conclusion for the Richmond American owned property is shown below.

11 lots owned by Richmond American	\$ 2,640,000
Ten Builder-Owned Houses	\$ 5,324,604
Total Builder Ownership Valuation	<b>\$ 7,964,604</b>

**Planning Area 9 - Individual Owners Value Conclusion**

In determining the value for the individually owned homes, we have considered the concluded base price value for the homes which is considered a minimum market value. This is due to homebuyers typically purchasing some upgrades and options or paying premiums for the lot and in some cases views. Within Olivine there are 66 individually owned homes, 34 which have excellent, unobstructed views. The concluded values are shown below:

<u>Olivine Individual Owned Homes</u>	
Plan 1 (23 x \$577,700)	\$13,287,100
Plan 2 (20 x \$592,500)	11,850,000
Plan 3 (23 x \$607,200)	13,965,600
View Premiums (34 x \$60,000)	<u>2,040,000</u>
Total Olivine Individual Ownership	<b><u>\$41,142,700</u></b>

In an additional analysis, we have reviewed the actual builder sales prices for the homes within Olivine at Terramor. Sales occurred between March 2020 and July, 2021 with closings beginning in August 2020. The builder reported closing prices for the 66 individually owned homes totals \$38,978,132. The actual sales prices include any upgrades, premiums or options purchased by the homeowner along with concessions given by the builder while our concluded value is for the base value of the homes plus the unobstructed view premiums. The actual sales prices are 5.5 percent below the concluded base prices. This difference is due to two offsetting factors. While the options, upgrades and premiums which were purchased which would typically increase the actual home prices well over the base value, the appreciation in the home prices is offsetting this difference. Within Olivine the base pricing has risen between 33.5 percent and 35.8 percent on each plan or the plans have increased at minimum \$160,000 up to \$167,000. This significant amount of appreciation since March 2020 is taken into consideration in the subject's valuation and, it is our opinion that this further substantiates the concluded minimum market values for the Olivine individually owned homes.

## **Planning Area No. 10 – Irontree (Pulte Ownership)**

Planning Area 10 contains 78 lots with 15 homes closed to individuals, three completed model homes, 17 homes over 95 percent complete (all in escrow), 15 homes under construction (all in escrow) and 28 remaining lots owned by Pulte who is selling the homes under their Del Webb brand. The neighborhood is age qualified. The houses under construction (under 95 percent complete) will be valued on the basis of a finished lot rather than attribute value to a partially complete improvement, thus 43 lots will be valued. The concluded finished lot value for the Planning Area 10 lots is \$225,000 however there are some remaining land development costs in order to consider the lots in a true, finished lot condition which were discussed under the property description section above. The final lot valuation will be concluded later within this section.

### **Retail House Valuation**

Due to the single ownership of multiple houses by Pulte, a Discounted Cash Flow (“DCF”) analysis is needed in order to arrive at a bulk value for the homes. First, a retail value for each plan will be concluded, along with view premiums, followed by a DCF for the builder which will take into consideration the absorption time to sell off the builder owned houses, the costs associated with selling off the homes and any remaining development costs to be paid by the builder within each neighborhood. The resulting revenue will be discounted using an appropriate rate to determine the builder-owned bulk value.

Irontree at Terramor currently has three model homes and 17 homes over 95 percent complete owned by Pulte. In this analysis we will value each plan within Irontree and then use a discounted cash flow analysis to conclude at a bulk value for the builder-owned homes.

Below is a summary of the floor plans within Irontree. A listing of the improved residential comparable properties is located in the Addenda of this report.

Residence	Room Count	Floors/ Parking	Sq. Ft.	Ind. Own	Bldr. Own
1 Brownstone	2 / 2	1 / 2	1,579	6	5*
2 Silver Creek	2 / 2	1 / 2	1,731	4	9*
3 Bellwood	2 / 2	1 / 2	1,865	5	6*
Totals				15	20

\*One of each plan is a model home. In addition to the above detailed houses there are 15 houses under construction and 28 remaining lots.

The most appropriate new home comparable data for Plan 1 are shown below.

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	1	2 / 2	1 / 2	1,579	--
3	2	2 / 2	1 / 2	1,731	\$316.00
3	3	2 / 2	1 / 2	1,865	\$300.80
4	1	2 / 2	1 / 2	2,017	\$275.16
6	1	2 / 2	1 / 2	1,999	\$289.64
6	2	2 / 2	1 / 2	2,056	\$285.50
9	2	2 / 2	1 / 2	1,516	\$375.32
9	3	2 / 2	1 / 2	1,558	\$389.15
11	2	2 / 2.5	1 / 2	1,846	\$398.21
11	3	2 / 2.5	1 / 2	2,135	\$352.15

The new home comparables are located within the Temescal Valley and Ontario Ranch. All are age qualified homes. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$275.16 to \$398.21 per square foot. The asking base price for the subject Plan 1 is currently \$336.92 per square foot. There have been six sales of Plan 1 within Irontree with a sales price range from \$296.07 to \$406.38 with the highest priced home having unobstructed views. There are seven Plan 1 escrows with current escrow prices ranging from \$326.98 to \$448.79 per square foot, again with the highest priced home having unobstructed views. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 1 has a base current market value of \$325.00 per square foot. This calculates as follows:



$$1,579 \text{ sf} \times \$325.00 = \$513,175$$

The most appropriate new home comparable data for Plan 2 are shown below.

<b>Data</b>	<b>Plan</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	2	2 / 2	1 / 2	1,731	--
3	1	2 / 2	1 / 2	1,579	\$336.92
3	3	2 / 2	1 / 2	1,865	\$300.80
4	1	2 / 2	1 / 2	2,017	\$275.16
6	1	2 / 2	1 / 2	1,999	\$289.64
6	2	2 / 2	1 / 2	2,056	\$285.50
9	2	2 / 2	1 / 2	1,516	\$375.32
9	3	2 / 2	1 / 2	1,558	\$389.15
11	2	2 / 2.5	1 / 2	1,846	\$398.21
11	3	2 / 2.5	1 / 2	2,135	\$352.15

The new home comparables are located within the Temescal Valley and Ontario Ranch. All are age qualified homes. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$275.16 to \$398.21 per square foot. The asking base price for the subject Plan 2 is currently \$316.00 per square foot. There have been five sales of Plan 2 within Irontree with a sales price range from \$302.81 to \$364.51 with the highest priced home having unobstructed views. There are 11 Plan 2 escrows with current escrow prices ranging from \$319.06 to \$420.21 per square foot, again with the highest priced home having unobstructed views. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 2 has a base current market value of \$310.00 per square foot. This calculates as follows:

$$1,731 \text{ sf} \times \$310.00 = \$536,610$$

The most appropriate new home comparable data for Plan 3 are shown below.

Data	Plan	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	3	2 / 2	1 / 2	1,865	--
3	1	2 / 2	1 / 2	1,579	\$336.92
3	2	2 / 2	1 / 2	1,731	\$316.00
4	1	2 / 2	1 / 2	2,017	\$275.16
6	1	2 / 2	1 / 2	1,999	\$289.64
6	2	2 / 2	1 / 2	2,056	\$285.50
9	2	2 / 2	1 / 2	1,516	\$375.32
9	3	2 / 2	1 / 2	1,558	\$389.15
11	2	2 / 2.5	1 / 2	1,846	\$398.21
11	3	2 / 2.5	1 / 2	2,135	\$352.15

The new home comparables are located within the Temescal Valley and Ontario Ranch. All are age qualified homes. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The comparable new home base prices range from \$275.16 to \$398.21 per square foot. The asking base price for the subject Plan 3 is currently \$300.80 per square foot. There have been four sales of Plan 3 within Irontree with a sales price range from \$282.39 to \$347.83 with the highest priced home having unobstructed views. There are 11 Plan 3 escrows with current escrow prices ranging from \$310.22 to \$402.86 per square foot, again with the highest priced home having unobstructed views. It should be noted that most homebuyers purchase some upgrades, premiums and options. Our concluded price is based on the base price of the home with no upgrades, premiums or options. All homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 3 has a base current market value of \$300.00 per square foot. This calculates as follows:

$$1,865 \text{ sf} \times \$300.00 = \$559,500$$

#### Builder Owned Retail Value

Within Irontree there are three model homes and 17 production homes over 95 percent complete. Fourteen of these homes have excellent views. As discussed above, we are considering an average \$60,000 per home with excellent views. Per interviews with builders, upgrades and landscape/hardscape of up to \$100,000 are installed in the model homes, however, the builders generally consider this a marketing cost and do not

anticipate recovering this investment on a dollar-for-dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a \$50,000 premium has been included with each of the model homes. The homes under construction (under 95 percent complete) will be valued on the basis of a finished lot. The retail base value conclusions for the builder-owned homes are calculated as follows:

Plan 1 (5 x \$513,175)	\$ 2,565,875
Plan 2 (9 x \$536,610)	4,829,490
Plan 3 (6 x \$559,500)	3,357,000
View Premiums (14 x \$60,000)	840,000
Model Upgrades	<u>150,000</u>
Total Irontree	<u>\$11,742,365</u>

Absorption Period

In order to arrive at an absorption period for the builder owned homes within Irontree, the absorption rates for the subject project along with comparable projects have been reviewed. The average monthly sales rate in Irontree has been 4.7 sales per month. The comparable sales have average monthly sales rates ranging from 3.2 to 10.2. All homes which are over 95 percent complete or are under construction are in escrow and due to close upon completion. In addition to reviewing actual sales rates, we have reviewed the Zonda Research Market Absorption Study on Irontree which projects a sales rate in the 4.0 per month range. We have concluded that the 20, builder-owned model homes will be absorbed over a four-month time period at the concluded prices.

Remaining Costs

As discussed under the property description section for Planning Area 10 there are \$25,720.41 in remaining land development costs per lot. This equates to \$514,408 in remaining land development costs associated with the 20, builder-owned homes over 95 percent complete. The fees have already been paid on the existing homes. For purposes of this analysis, we are assuming the costs will be spread evenly over the four-month absorption period. The remaining fees are associated with the lots and do not reflect on the completed homes.

### Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Six percent has been estimated for marketing expenses and two percent for general and administrative costs for a total of eight percent in expenses for the subject neighborhood's analyses.

### Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the Great Recession, this range was lowered considerably to six to eight percent with some builders drastically lowering their profit margins in order to maintain their work force. As the market improved, so did the profits. This appears to be occurring once again as prices have increased in the past year. A ten percent profit is considered appropriate in the analysis for these neighborhoods.

### Discount Rate

In selecting a discount rate, the following was completed:

1. Interviews with merchant builders in the Riverside County market area
2. Review of current market conditions including current market rates as well as yields reflected in other markets (i.e., municipal bonds, corporate bonds, etc.)
3. The quality, construction, historical sales and product on the subject property
4. Discussed the project with equity investors and master plan community developers

The sales rate of homes within Irontree which has been very good has also been taken into consideration in the discount rate. Based on the above factors, a ten percent discount rate is considered appropriate for the subject neighborhood.

### Discounted Cash Flow Summary

The discounted revenue (see DCF Analyses in Addenda) for the builder owned homes resulted in the value of \$8,945,937.

### **Planning Area 10 – Pulte Ownership Final Valuation**

Pulte owns 43 lots, 15 which have homes under construction that are under 95 percent complete along with three model homes and 17 production homes (over 95 percent complete and all in escrow). All homes under construction are in escrow and due to close upon completion. It was determined that the finished lot value for the Planning Area 10 lots is \$225,000; however, this is for a true finished lot. As discussed under the property description section above, there are \$25,720.41 per lot in remaining land development costs along with \$63,510 in remaining land development fees. The final value conclusion for the Pulte owned property is shown below.

43 lots owned by Pulte	\$ 9,675,000
Less: Remaining Costs (25,720.41 x 43)	( 1,105,978)
Remaining Fees	( 63,510)
Value for 43 Lots	\$ 8,505,512
20 Builder-Owned Houses	\$ 8,945,937
Total Builder Ownership Valuation	<b><u>\$ 17,451,449</u></b>

### **Planning Area 10 - Individual Owners Value Conclusion**

In determining the value for the individually owned homes, we have considered the concluded base price value for the homes which is considered a minimum market value. This is due to homebuyers typically purchasing some upgrades and options or paying premiums for the lot and in some cases views. Within Irontree there are 15 individually owned homes, 10 which have excellent, unobstructed views. The concluded values are shown below:

<u>Irontree Individual Owned Homes</u>	
Plan 1 (6 x \$513,175)	\$ 3,079,050
Plan 2 (4 x \$536,610)	2,146,440
Plan 3 (5 x \$559,500)	2,797,500
View Premiums (10 x \$60,000)	600,000
Total Irontree Individual Ownership	<b><u>\$ 8,622,990</u></b>

In an additional analysis, we have reviewed the actual builder sales prices for the homes within Irontree at Terramor. Sales began in September 2020 with closings occurring

between April 2021 and July, 2021. The builder reported closing prices for the 15 individually owned homes totals \$8,522,065. The actual sales prices include any upgrades, premiums or options purchased by the homeowner along with concessions given by the builder while our concluded value is for the base value of the homes plus the unobstructed view premiums. The actual sales prices are within one percent of the concluded base prices. There should be a larger difference as the upgrades and options purchased on retirement homes are typically significant and homebuyers are usually bringing equity from another home. However, this has been offset by the increases in pricing on the homes. The base pricing of the homes has increased from 17 to 18 percent or up to \$81,000 per plan. This significant amount of appreciation since September 2020 is taken into consideration in the subject's valuation and, it is our opinion that this further substantiates the concluded minimum market values for the Irontree individually owned homes.

## APPRAISAL REPORT SUMMARY

The appraisal assignment was to value the subject property within CFD No. 4 IA 2 which includes Phase Two of the master planned community known as Terramor, located in the Temescal Valley in unincorporated Riverside County. Phase 2 of Terramor includes five planning areas being developed by three homebuilders. Richmond American Homes is sold out of their Fieldcress and Olivine neighborhoods and is currently selling their Skyview project, all three neighborhoods which welcome all ages. TriPointe Homes is selling their Altis, age qualified neighborhood while Pulte is selling their Irontree neighborhood under their Del Webb brand for active adults. The lands have all been developed to generally finished lots and range from completed, individually owned houses to houses under construction to generally finished lots.

The subject property was valued utilizing the Sales Comparison Approach to value along with a mass appraisal technique. In the case of multiple builder-owned properties, a Discounted Cash Flow was also utilized in the valuation process. The valuation took into consideration the improvements/benefits to be funded by Special Tax CFD No. 4 IA 2 Bond Proceeds along with the CFD No. 4 IA 2 special tax lien. The concluded aggregate value for the subject properties, subject to their respective special tax lien, is:

### **Planning Area 6**

Richmond American – Fieldcress		
Richmond American (8 Houses)	\$ 4,137,589	
Richmond American (5 Lots)	\$ 1,175,000	
Individual Owners (80 Houses)..	<u>\$ 52,003,000</u>	
Subtotal Planning Area 6		\$ 57,315,589

### **Planning Area 7**

TriPointe Homes – Altis		
TriPointe Homes (3 Houses)	\$ 1,433,672	
TriPointe Homes (72 Lots)	<u>\$ 12,507,815</u>	
Subtotal Planning Area 7		\$ 13,941,487

### **Planning Area 8**

Richmond American – Skyview		
Richmond American (5 Houses)	\$ 2,292,400	
Richmond American (71 Lots)	\$ 10,225,490	
Forestar Owners (86 Lots)..	<u>\$ 11,385,805</u>	
Subtotal Planning Area 8		\$ 23,903,695

**Planning Area 9**

Richmond American – Olivine		
Richmond American (10 Houses)	\$ 5,324,604	
Richmond American (11 Lots)	\$ 2,640,000	
Individual Owners (66 Houses)..	<u>\$ 41,142,700</u>	
Subtotal Planning Area 9		\$ 49,107,304

**Planning Area 10**

Pulte Homes – Irontree		
Pulte (20 Houses)	\$ 8,945,937	
Pulte (43 Lots)	\$ 8,505,512	
Individual Owners (15 Houses)	<u>\$ 8,622,990</u>	
Subtotal Planning Area 10		\$ 26,074,439

**Aggregate Total for CFD No. 4 Improvement Area 2** **\$170,342,514**

The above values are stated as of said date of value and subject to the attached Assumptions and Limiting Conditions and Appraiser's Certification.



## APPRAISER'S CERTIFICATION

The appraiser certifies that to the best of his knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased, professional analyses, opinions and conclusions.
3. The appraiser has no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
4. The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.
5. This appraisal was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
6. The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
7. Kitty Siino has made a personal inspection of the property that is the subject of this report.
8. Kitty Siino has not performed any appraisal services on the subject property in the past three years.
9. No other appraisers have provided significant professional assistance to the persons signing this report.
10. The reported analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, which include the Uniform Standards of Professional Appraisal Practice.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Kitty Siino has completed the requirements of the continuing education program of the Appraisal Institute.




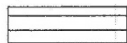
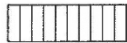

Kitty S. Siino, MAI  
State Certified General  
Real Estate Appraiser (AG004793)

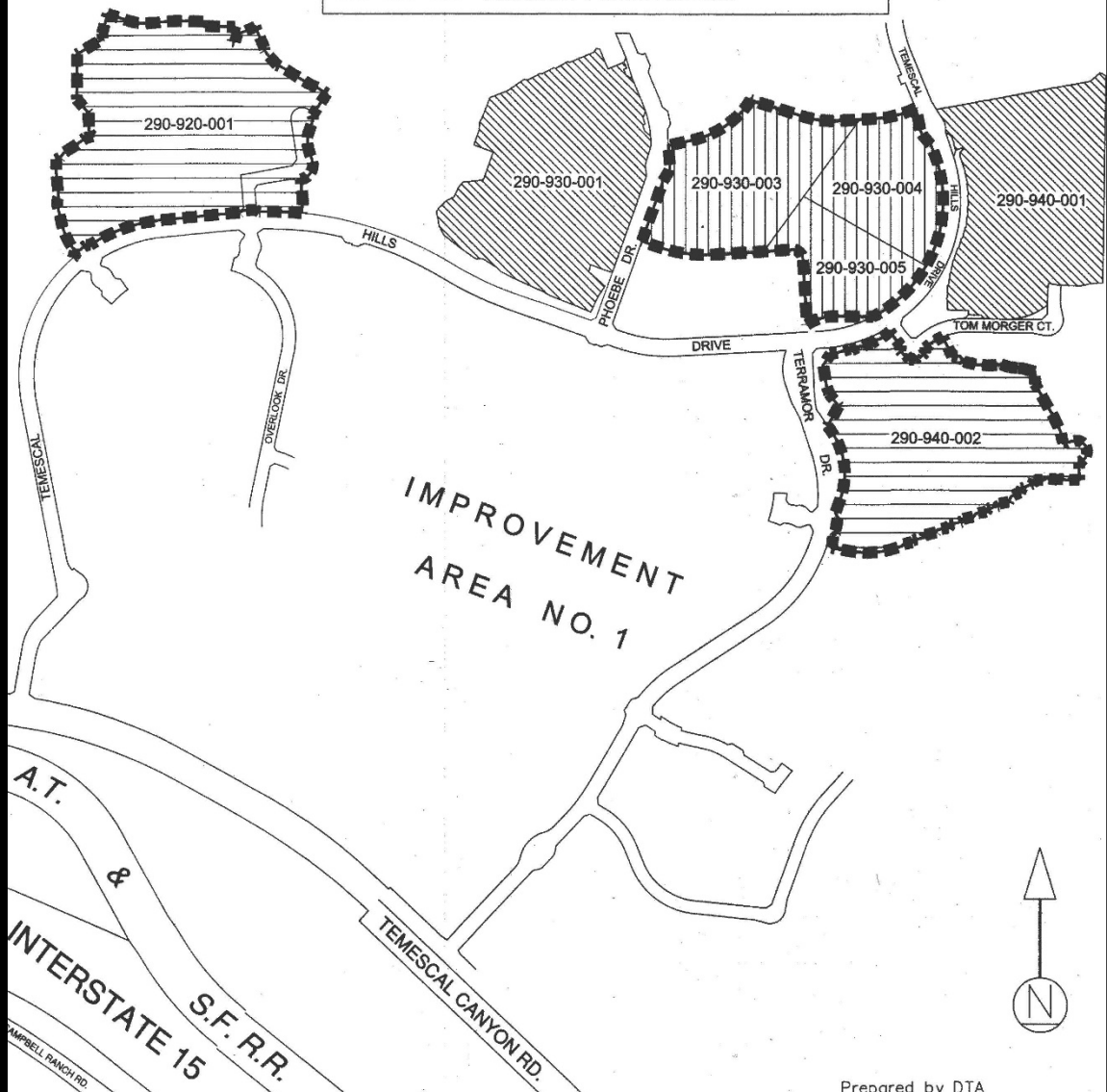
# **ADDENDA**

**CFD NO. 4 IA 2 BOUNDARY MAP**

PROPOSED BOUNDARIES OF  
IMPROVEMENT AREA NO. 2 OF  
TEMESCAL VALLEY WATER DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 4  
(TERRAMOR)  
COUNTY OF RIVERSIDE  
STATE OF CALIFORNIA

LEGEND

	Boundaries of Improvement Area No. 2 of Community Facilities District No. 4
	Zone A of Improvement Area No. 2
	Zone B of Improvement Area No. 2
	Future Annexation Area of I. A. No. 2
290-9n0-00n	Assessor Parcel Number



**TRACT MAP NOS. 36826-1, 36826-2, 36826-3**  
**36826-4, 36826-5, 36826-6**

IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 4 OF 8 SHEETS

# TRACT NO. 36826-1

BEING A SUBDIVISION LOT 1 OF TRACT NO. 36825, PER MAP FILED IN BOOK 459, PAGES 98 THROUGH 123, INCLUSIVE OF MAPS, RECORDS OF RIVERSIDE COUNTY, IN SECTION 1 TOWNSHIP 5 SOUTH, RANGE 6 WEST, S.B.M.

JUNE 2016

### NOTE

DRAINAGE EASEMENTS SHALL BE KEPT FREE OF BUILDINGS AND OBSTRUCTIONS.

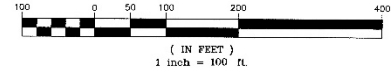
SEE SHEET 2 FOR SURVEYOR'S NOTES, BASIS OF BEARINGS AND ENVIRONMENTAL CONSTRAINT NOTE.

**adkan**  
ENGINEERS

### INDEX MAP



GRAPHIC SCALE



# TRACT NO. 36826-2

GENE & JOSEPHINE WARELL, 1 OF 2 LOT UNIT ADJUSTMENT NO. 100586, RECORDED NOVEMBER 25, 2019 AS DOCUMENT NO. 2019-046291, AS REVOKED BY DEED RECORDED DECEMBER 9, 2019 AS DOCUMENT NO. 2019-050720. ALL OFFICIAL RECORDS OF RIVERSIDE COUNTY: IN SECTION 1 TOWNSHIP 5 SOUTH, RANGE 6 WEST, S.B.M. JUNE 2016

**adkan**  
ENGINEERS

**NOTE**

CONFORMANCE EASEMENTS SHALL BE KEPT FREE OF BUILDINGS AND OBSTRUCTIONS.

SEE SHEET 2 FOR SURVEYOR'S NOTES, BASIS OF BEARINGS AND ENVIRONMENTAL CONSTRAINT NOTE.



GRAPHIC SCALE



( IN FEET )  
1 inch = 80 ft.



**EASEMENT NOTES**

ACCESS EASEMENT AND TEMPORARY CONSTRUCTION EASEMENT IN TEMPORARY CONSTRUCTION EASEMENT AGREEMENT BY FORESTAR TOUGAN DEVELOPMENT COMPANY AND HARVEE SCHEE FOR A/C NO. 2020-0123889, D.R. REC. 3-17-2020. EASEMENT IS BLANKET IN NATURE.

15, 015, 16, 02, 148  
8, 14, 02, 15, 02, 148

# TRACT NO. 36826-3

BEING A SUBDIVISION LOTS 3 AND 12 OF TRACT NO. 36826, PER MAP FILED IN BOOK 450, PAGES 98 THROUGH 123, INCLUSIVE, OF MAPS, RECORDS OF RIVERSIDE COUNTY, IN SECTION 1 TOWNSHIP 5 SOUTH, RANGE 6 WEST, S.B.M. JUNE 2016

**adkan**  
ENGINEERS

**NOTE**

GRASSY EASEMENTS SHALL BE KEPT FREE OF BUILDINGS AND OBSTRUCTIONS.

SEE SHEET 2 FOR SURVEYOR'S NOTES, BASIS OF GRASSY AND ENVIRONMENTAL CONSTRAINT NOTE.

INDEX MAP

**GRAPHIC SCALE**

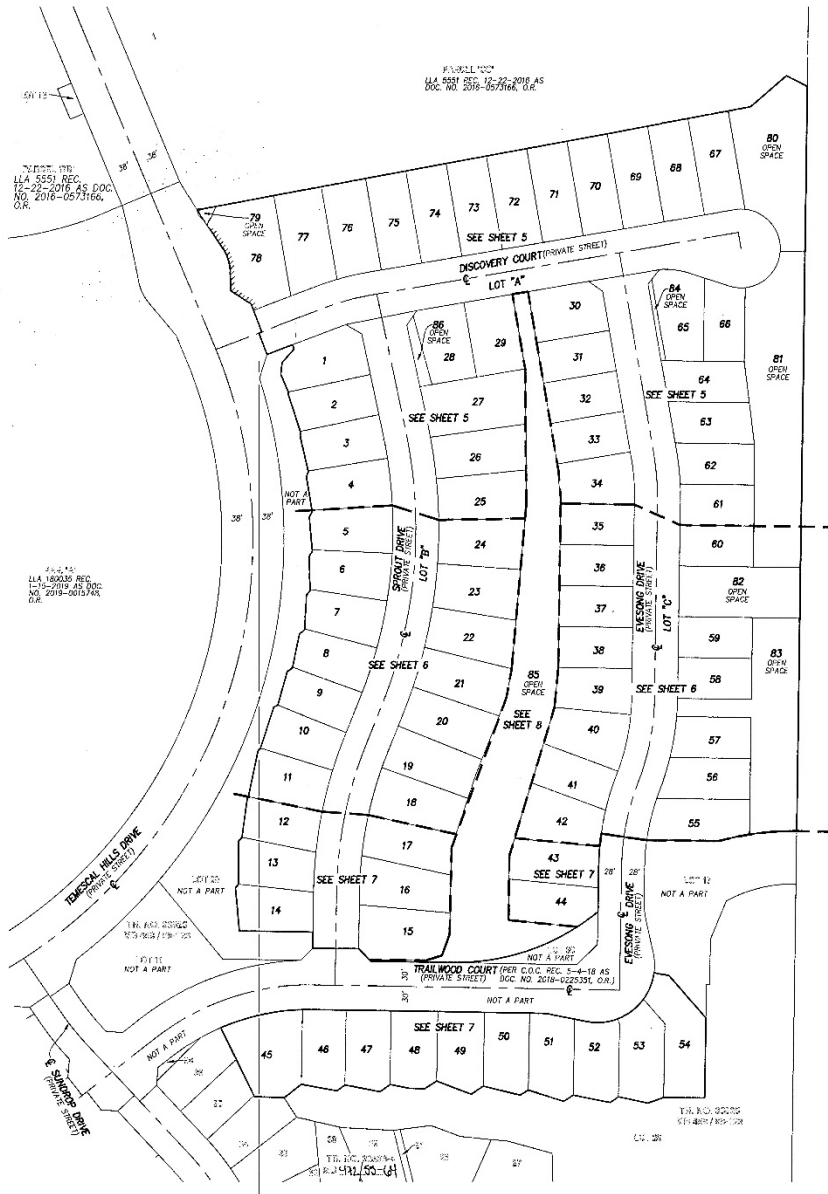


( IN FEET )  
1 inch = 90 ft.



**EASEMENT NOTES**

- ▲ RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, HOLDER OF A STORM DRAIN EASEMENT PER DOCUMENT RECORDED AUGUST 23, 2016 AS DDC NO. 2016-025992 OF OFFICIAL RECORDS, SHEET 2.
- ▲ PRIVATE DRAINAGE EASEMENT, RETAINED HEREON, SHEET 5.
- ▲ PRIVATE LANDSCAPE EASEMENT, RETAINED HEREON, SHEET 5.
- ▲ SOUTHWEST CALIFORNIA Edison COMPANY, HOLDER OF AN EASEMENT FOR UNDERGROUND ELECTRICAL SUPPLY SYSTEMS AND COMMUNICATIONS SYSTEMS AND OTHER PURPOSES PER INST. NO. 2010-026566, O.R. REC. 7-17-10.





IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

# TRACT NO. 36826-4

BEING A SUBDIVISION PARCEL 1 OF LOT LINE ADJUSTMENT NO. 180241 RECORDED MARCH 26, 2019 AS DOCUMENT NO. 2019-0101276, OFFICIAL RECORDS OF RIVERSIDE COUNTY, IN SECTION 1 TOWNSHIP 9 SOUTH, RANGE 6 WEST, S.B.M.

**adkan**  
ENGINEERS

JUNE 2016

SHEET 4 OF 10 SHEETS

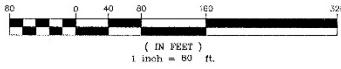
### NOTE

DRAINAGE EASEMENTS SHALL BE KEPT FREE OF BUILDINGS AND OBSTRUCTIONS.

SEE SHEET 2 FOR SURVEYOR'S NOTES, BASIS OF BEHAVIOR AND ENVIRONMENTAL CONSTRAINT NO.1.



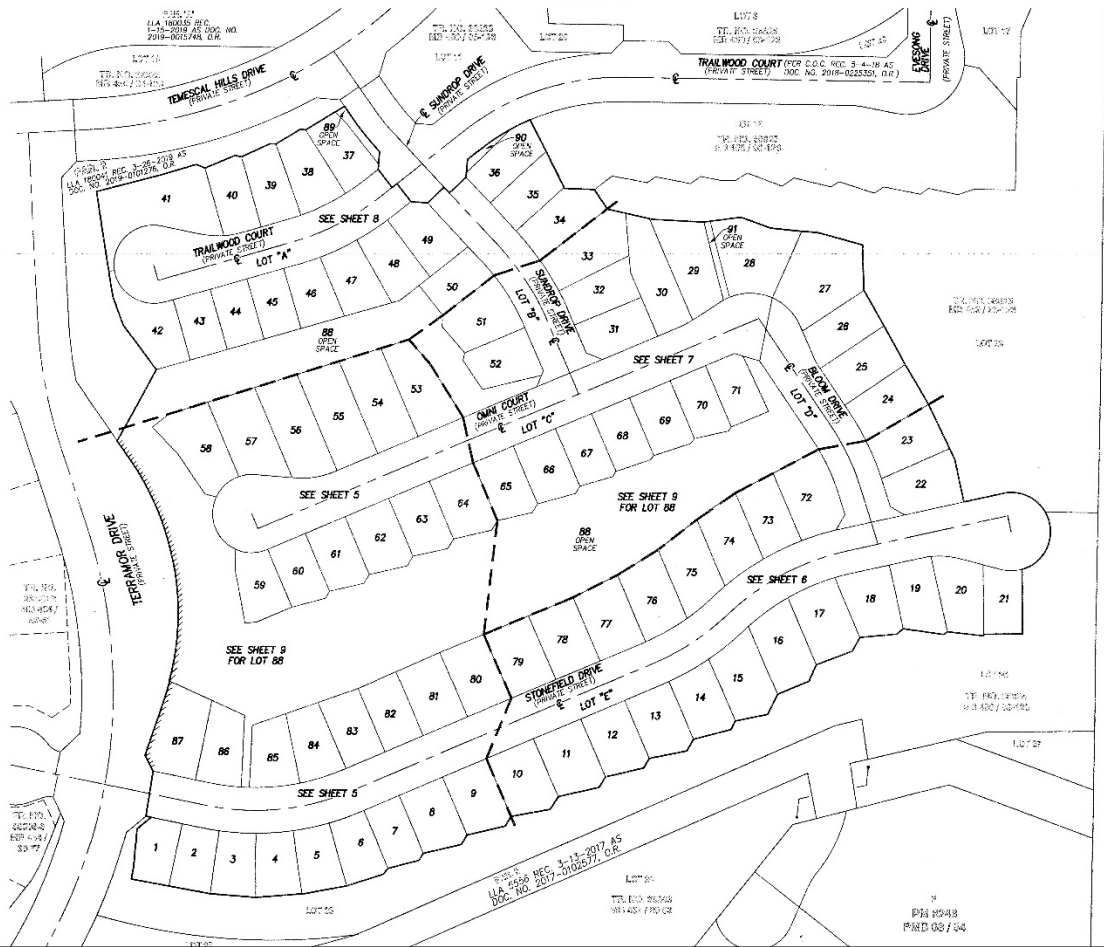
GRAPHIC SCALE



### EASEMENT NOTES

- ▲ SENIOR EASEMENT, PER TRACT NO. 36826, FILED IN BOOK 459, PAGES 98-123, INCLUSIVE OF MAPS, RECORDS OF RIVERSIDE COUNTY.
- ▲ PRIVATE STORM DRAIN EASEMENT, PER TRACT NO. 35806, FILED IN BOOK 459, PAGES 98-123, INCLUSIVE OF MAPS, RECORDS OF RIVERSIDE COUNTY.
- ▲ PRIVATE STORM DRAIN EASEMENT, RETAINED HEREOF.
- ▲ FORESTAR TOSCANA DEVELOPMENT COMPANY, HOLDER OF A SENIOR EASEMENT PER INST. NO. 2019-0271587, O.R. REC. B-21-19.
- ▲ FORESTAR TOSCANA DEVELOPMENT COMPANY, HOLDER OF A STORM DRAIN EASEMENT PER INST. NO. 2019-0271587, O.R. REC. B-21-19.
- ▲ SOUTHERN CALIFORNIA Edison COMPANY, HOLDER OF AN EASEMENT FOR UNDERGROUND ELECTRICAL SUPPLY SYSTEMS AND COMMUNICATION SYSTEMS AND OTHER PURPOSES PER INST. NO. 2019-0262260, O.R. REC. 7-17-19.
- 7 ACCESS EASEMENT AND TEMPORARY CONSTRUCTION EASEMENT IN TEMPORARY CONSTRUCTION EASEMENT AGREEMENT BY FORESTAR TOSCANA DEVELOPMENT COMPANY AND BIRMINGHAM AMERICAN HOME OF MARYLAND, INC. PER INST. NO. 2019-0301951, O.R. REC. B-21-19. EASEMENT IS SHOWN IN MAPS.
- 8 SOUTHERN CALIFORNIA GAS COMPANY, A CALIFORNIA CORPORATION, HOLDER OF AN EASEMENT FOR FACILITIES, ACCESS, EGRESS AND RESIDENTIAL PURPOSES PER INST. NO. 2019-0262260, O.R. REC. 7-17-19. EASEMENT CANNOT BE LOCATED FROM RECORD.

### INDEX MAP



IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 3 OF 4 SHEETS

# TRACT NO. 36826-5

BEING A SUBDIVISION PARCEL 7<sup>th</sup> OF LOT LINE ADJUSTMENT NO. 180035, RECORDED JANUARY 15, 2019 AS DOCUMENT NO. 2019-0015748, AS PERFECTED BY DEED RECORDED JANUARY 22, 2019 AS DOCUMENT NO. 2019-0021661, ALL PERFECTED RECORDS OF RIVERSIDE COUNTY, IN SECTION 1 TOWNSHIP 5 SOUTH, RANGE 6 WEST, S.B.M.

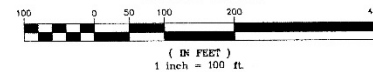
**adkan**  
ENGINEERS

FOR CONDOMINIUM PURPOSES

JUNE 2016



GRAPHIC SCALE



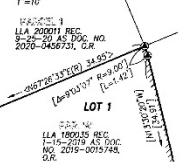
### NOTE

DRAINAGE EASEMENTS SHALL BE KEPT FREE OF BUILDINGS AND OBSTRUCTIONS.

#### DETAIL E



1"=10'



#### LOT 1

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U.L.A. 180035 REC. 1-15-2019 AS DOC. NO. 2019-0015748, G.R.

U.L.A. 180035 REC. 1-15-2019 AS DOC. NO. 2019-0015748, G.R.

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U.L.A. 180035 REC. 1-15-2019 AS DOC. NO. 2019-0015748, G.R.

U.L.A. 180035 REC. 1-15-2019 AS DOC. NO. 2019-0015748, G.R.

### COURSE DATA

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- ③ N86°55'54\"/>
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#### DETAIL J



1"=10'



#### DETAIL D

(FROM SHEET 2)

#### DETAIL H



1"=50'



#### DETAIL G



1"=5'



#### DETAIL I



1"=20'



IN THE UNINCORPORATED TERRITORY OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

# TRACT NO. 36826-6

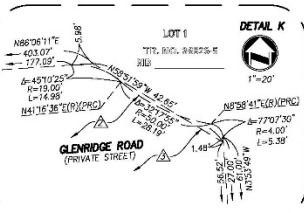
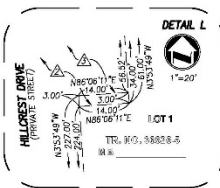
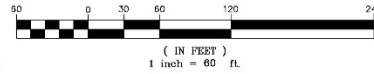
BEING A SUBDIVISION PARCEL "B" OF LOT LINE ADJUSTMENT NO. 180030, RECORDED JANUARY 15, 2019 AS DOCUMENT NO. 2019-0015748, AS PERFECTED BY DEED RECORDED JANUARY 22, 2019 AS DOCUMENT NO. 2019-0021861, ALL OFFICIAL RECORDS OF RIVERSIDE COUNTY, IN SECTION 1 TOWNSHIP 5 SOUTH, RANGE 6 WEST, S.E.M.

JUNE 2018

**adkan**  
ENGINEERS

FOR CONDOMINIUM PURPOSES

GRAPHIC SCALE



LOT 5  
TR. NO. 36826-5  
RD 458 / 90-123

LOT 9  
TR. NO. 36843  
RD 451 / 20-82

TR. NO. 36826-3  
RD 474 / 16-23

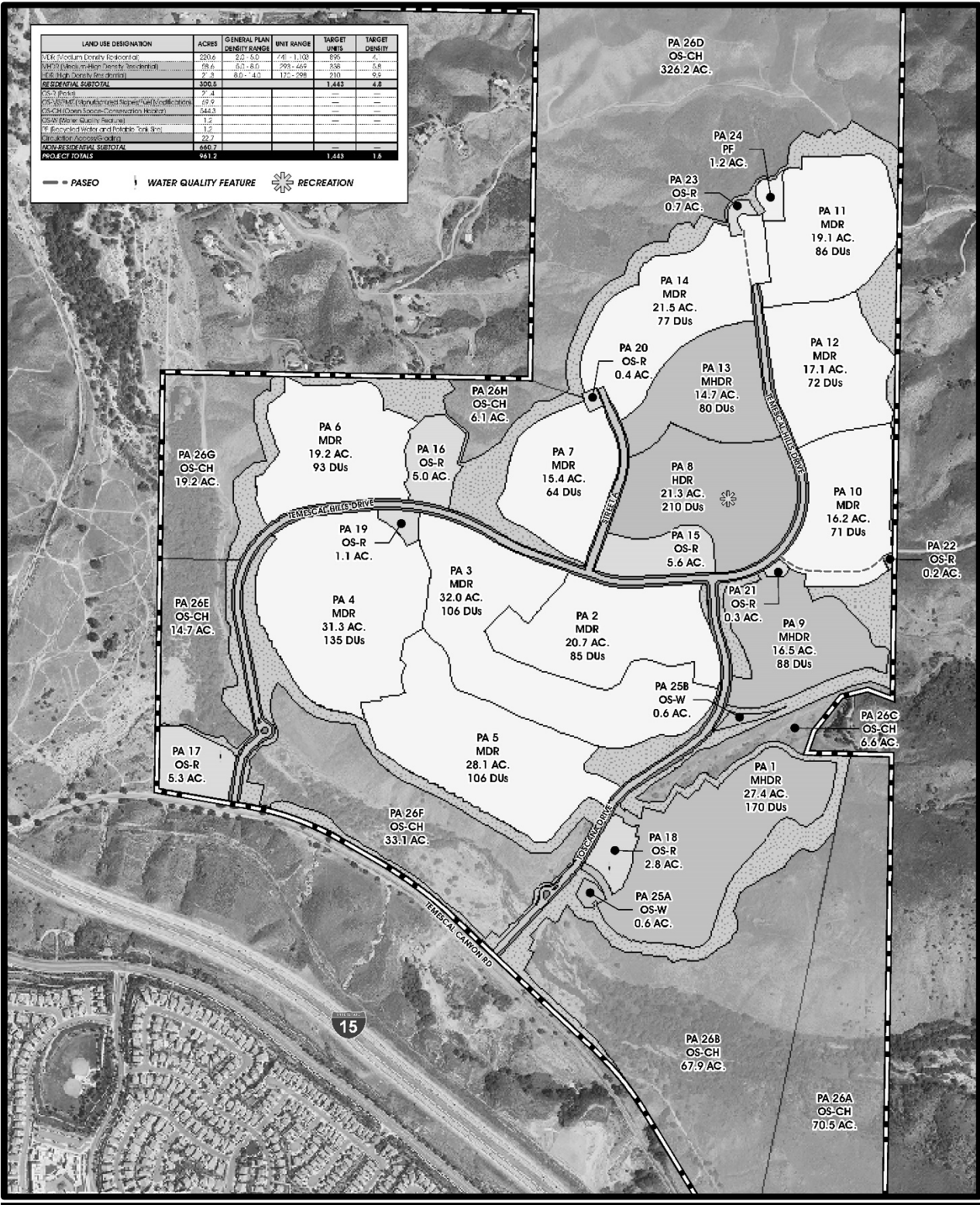
TR. NO. 36826-4  
RD 474 / 16-23

TR. NO. 36826-5  
RD 474 / 16-23

**TERRAMOR SPECIFIC PLAN**  
**LAND USE SITE MAP**

LAND USE DESIGNATION	ACRES	GENERAL PLAN DENSITY RANGES	UNIT RANGE	TARGET UNITS	TARGET DENSITY
MLR (Medium Density Residential)	200.6	2.0 - 6.0	1/4 - 1,103	836	4%
MHR (Medium-High Density Residential)	59.6	6.0 - 8.0	293 - 465	336	5.6%
HR (High Density Residential)	2.3	8.0 - 4.0	120 - 298	210	9.1%
<b>RESIDENTIAL SUBTOTAL</b>	<b>300.5</b>			<b>1,443</b>	<b>4.8%</b>
OS-R (Open Space - Recreation)	2.4				
OS-AS (Art (Abstract/Street/Art) Installation)	19.9				
OS-CH (Open Space - Community/Health)	344.3				
OS-W (Open Space - Wetland)	1.2				
W (Wetland)	1.2				
W (Wetland)	22.7				
W (Wetland)	460.3				
<b>PROJECT TOTALS</b>	<b>961.2</b>			<b>1,443</b>	<b>1.5%</b>

PASEO    
 WATER QUALITY FEATURE    
 RECREATION



# **DISCOUNTED CASH FLOW ANALYSES**

### Fieldcrest Builder-Owned Houses Discounted Cash Flow Analysis

MONTH	Months	<u>MONTH 1</u>	<u>MONTH 2</u>	<u>TOTAL</u>
	2			
<b>INCOME:</b>				
Retail Sales	5,109,000	\$2,554,500	\$2,554,500	\$5,109,000
<b>TOTAL INCOME</b>		<u>\$2,554,500</u>	<u>\$2,554,500</u>	<u>\$5,109,000</u>
<b>EXPENSES:</b>				
Remaining Costs				
Marketing & Carrying Expenses	8%	(\$204,360)	(\$204,360)	(\$408,720)
Profit	10%	(\$255,450)	(\$255,450)	(\$510,900)
<b>TOTAL EXPENSES</b>		(\$459,810)	(\$459,810)	(\$919,620)
<b>NET CASH FLOW</b>		\$2,094,690	\$2,094,690	\$4,189,380
Discount Factor	10%	<u>0.9917</u>	<u>0.9835</u>	
<b>DISCOUNTED CASH FLOW</b>		\$2,077,379	\$2,060,210	\$4,137,589
<b>CUMULATIVE DISCOUNTED CASH FLOW</b>		<u>\$2,077,379</u>	<u>\$4,137,589</u>	<u>\$4,137,589</u>

**Altis Builder-Owned Houses Discounted Cash Flow Analysis**

MONTH	Months	<u>MONTH 1</u>	<u>TOTAL</u>
	1		
INCOME:			
Retail Sales	1,832,538	\$1,832,538	\$1,832,538
TOTAL INCOME		<u>\$1,832,538</u>	<u>\$1,832,538</u>
EXPENSES:			
Remaining Costs		(\$57,062)	(\$57,062)
Marketing & Carrying Expenses	8%	(\$146,603)	(\$146,603)
Profit	10%	<u>(\$183,254)</u>	<u>(\$183,254)</u>
TOTAL EXPENSES		(\$386,919)	(\$386,919)
NET CASH FLOW		\$1,445,619	\$1,445,619
Discount Factor	10%	<u>0.9917</u>	
DISCOUNTED CASH FLOW		\$1,433,672	\$1,433,672
CUMULATIVE DISCOUNTED CASH FLOW		<u>\$1,433,672</u>	<u>\$1,433,672</u>



### Skyview Builder-Owned Houses Discounted Cash Flow Analysis

MONTH	Months	MONTH 1	MONTH 2	TOTAL
	2			
<b>INCOME:</b>				
Retail Sales	2,914,300	\$1,457,150	\$1,457,150	\$2,914,300
<b>TOTAL INCOME</b>		<u>\$1,457,150</u>	<u>\$1,457,150</u>	<u>\$2,914,300</u>
<b>EXPENSES:</b>				
Remaining Costs		(\$34,315)	(\$34,316)	(\$68,631)
Marketing & Carrying Expenses	8%	(\$116,572)	(\$116,572)	(\$233,144)
Profit	10%	(\$145,715)	(\$145,715)	(\$291,430)
<b>TOTAL EXPENSES</b>		(\$296,602)	(\$296,603)	(\$593,205)
<b>NET CASH FLOW</b>		\$1,160,548	\$1,160,547	\$2,321,095
Discount Factor	10%	<u>0.9917</u>	<u>0.9835</u>	
<b>DISCOUNTED CASH FLOW</b>		\$1,150,957	\$1,141,444	\$2,292,400
<b>CUMULATIVE DISCOUNTED CASH FLOW</b>		<u>\$1,150,957</u>	<u>\$2,292,400</u>	<u>\$2,292,400</u>

**Olivine Builder-Owned Houses Discounted Cash Flow Analysis**

MONTH	Months	<u>MONTH 1</u>	<u>MONTH 2</u>	<u>TOTAL</u>
	2			
<b>INCOME:</b>				
Retail Sales	6,574,700	\$3,287,350	\$3,287,350	\$6,574,700
<b>TOTAL INCOME</b>		<b><u>\$3,287,350</u></b>	<b><u>\$3,287,350</u></b>	<b><u>\$6,574,700</u></b>
<b>EXPENSES:</b>				
Remaining Costs				
Marketing & Carrying Expenses	8%	(\$262,988)	(\$262,988)	(\$525,976)
Profit	10%	(\$328,735)	(\$328,735)	(\$657,470)
<b>TOTAL EXPENSES</b>		<b>(\$591,723)</b>	<b>(\$591,723)</b>	<b>(\$1,183,446)</b>
<b>NET CASH FLOW</b>		<b>\$2,695,627</b>	<b>\$2,695,627</b>	<b>\$5,391,254</b>
Discount Factor	10%	<u>0.9917</u>	<u>0.9835</u>	
<b>DISCOUNTED CASH FLOW</b>		<b>\$2,673,349</b>	<b>\$2,651,255</b>	<b>\$5,324,604</b>
<b>CUMULATIVE DISCOUNTED CASH FLOW</b>		<b><u>\$2,673,349</u></b>	<b><u>\$5,324,604</u></b>	<b><u>\$5,324,604</u></b>

### Irontree Builder-Owned Houses Discounted Cash Flow Analysis

MONTH	Months	<u>MONTH 1</u>	<u>MONTH 2</u>	<u>MONTH 3</u>	<u>MONTH 4</u>	<u>TOTAL</u>
	4					
<b>INCOME:</b>						
Retail Sales	11,742,365	\$2,935,591	\$2,935,591	\$2,935,591	\$2,935,591	\$11,742,365
<b>TOTAL INCOME</b>		<u>\$2,935,591</u>	<u>\$2,935,591</u>	<u>\$2,935,591</u>	<u>\$2,935,591</u>	<u>\$11,742,365</u>
<b>EXPENSES:</b>						
Remaining Costs		(\$128,602)	(\$128,602)	(\$128,602)	(\$128,602)	(\$514,408)
Marketing & Carrying Expenses	8%	(\$234,847)	(\$234,847)	(\$234,847)	(\$234,847)	(\$939,389)
Profit	10%	(\$293,559)	(\$293,559)	(\$293,559)	(\$293,559)	(\$1,174,237)
<b>TOTAL EXPENSES</b>		(\$657,008)	(\$657,008)	(\$657,008)	(\$657,008)	(\$2,628,034)
<b>NET CASH FLOW</b>		\$2,278,583	\$2,278,583	\$2,278,583	\$2,278,583	\$9,114,331
Discount Factor	10%	<u>0.9917</u>	<u>0.9835</u>	<u>0.9754</u>	<u>0.9754</u>	
<b>DISCOUNTED CASH FLOW</b>		\$2,259,752	\$2,241,076	\$2,222,555	\$2,222,555	\$8,945,937
<b>CUMULATIVE DISCOUNTED CASH FLOW</b>		<u>\$2,259,752</u>	<u>\$4,500,827</u>	<u>\$6,723,382</u>	<u>\$8,945,937</u>	<u>\$8,945,937</u>

**FINISHED LOT LAND SALES MAP**  
**& SUMMARY CHART**

# Land Sales Map



**FINISHED LOT LAND SALES SUMMARY CHART**

<b>Data No.</b>	<b>Location / APN / Buyer / Seller</b>	<b>Sales Date</b>	<b># Lots</b>	<b>Lot Size</b>	<b>Sales Price / Price per Lot</b>	<b>Est. Finished Lot Price</b>	<b>Comments</b>
1	Campus Avenue, NW of South Campus Avenue & East Riverside Drive, Ontario / 1051-531-05 / Meritage Homes / Schmidt Family	03 / 21	92	10 du/ac	\$8,740,000 / \$95,000	\$210,000	Closed in unimproved condition with an approved tentative tract map. About half of the project is arranged with 6-pack motorcourt units with the remaining units along the perimeter of the community arranged in a conventional layout.
2	Voyage at The Preserve, SW of Hellman Avenue & Market Street, Chino / 1057-391-26 / Lennar / Lewis Group of Companies	02 / 21	60	10 du/ac	\$8,850,000 / \$147,500	\$215,000	Closed in blue-topped condition with an approved final map. Voyage consists of 60 detached 6-pack alley-load units.
3	Planning Areas 5 & 6 of Countryside, SW of Chino Avenue & South Archibald Avenue, Ontario Ranch / 0218-131-11 / Lennar / Foremost Communities	12 / 20	235	10 du/ac 3,500	\$25,154,500 / \$107,040	\$215,000 (blended)	Closed in unimproved condition with an approved tentative tract map. Planning Area 5 consists of 98 z-lot line homesites with a minimum lot size of 3,500 sf. Planning Area 6 consists of 138 6-pack motorcourt units with a density of 10 du/ac.
4	Planning Area 6B of La Avenida, NEC of La Avenida Drive & Manitoba Place, Ontario Ranch / 0218-652-27 / Woodside Homes / Distinguished Homes	12 / 20	106	2,600	\$13,611,500 / \$128,410	\$224,000	Closed in unimproved condition with an approved tentative tract map. Planning Area 6B consists of 106 conventional single-family detached lots with a minimum lot size of 2,600 sf.
5	Audie Murphy Ranch PA 2 and 3, Goetz Road and Andalucia Way / Menifee / 341-200-041 / Richmond American Homes / Brookfield Residential	12/20	115	7,200	\$15,154,000 / \$131,773	\$186,739	Close in a finished lot condition with an approved final map. Within Audie Murphy Ranch
6	Audie Murphy Ranch PA 1A/1B, W/S Goetz Road at Audie Murphy Road / Menifee / 341-200-020 / Western Pac Housing / Sutter Mitland	12/20	109	5,000 – 6,000	\$14,581,802 / \$133,778	\$182,111	Closed in a finished lot condition with an approved final map. Within Audie Murphy Ranch
7	Planning Area 8A Terramor, West side of Terramor Drive at Everly Drive, Terramor / (p) 290-930-28, 29 & 64 / Richmond American / Forestar	9/20	76	Duplex / 9 du/ac	\$7,317,888 / \$96,288	\$166,451	Subject – Portion of Skyview. Closed in a generally finished condition. Within successful master planned community of Terramor with significant amenities in place.

Data No.	Location / APN / Buyer / Seller	Sales Date	# Lots	Lot Size	Sales Price / Price per Lot	Est. Finished Lot Price	Comments
8	Planning Area 10 Terramor, East side of Terramor Drive at Sundrop Drive, Terramor / Temescal Valley / 290-940-001, 004 & 011 / Pulte / Forestar (Age Qualified)	8/20	78	4,500	\$11,154,000/ \$143,000	\$195,000	Subject – Irontree - Purchased in two takedowns of 39 lots each, one in August 2020 and the second in May 2021. Closed in generally finished condition.
9	Planning Area 7 Terramor, northwest of Temescal Hillsl Parkway and Phoebe Drive, Terramor / Temescal Valley / 283-460-01-72 & 290-930-65-67 / TriPointe Homes / Forestar Age Qualified	3/20	75	5,400	\$12,690,222/ \$169,203	\$226,597	Subject – Altis. Closed in generally finished condition at beginning of COVID pandemic.
10	Concord, South Haven Avenue and Schaefer Avenue, Ontario Ranch / 0218-151-11 / KB Home / Stratham Group	07/20	102	4,200	\$9,465,000 / \$92,794	\$235,000	Closed in unimproved condition with an approved Tentative Tract Map.
11	Cascade, NWC of Haven Avenue and Schaefer Avenue, Ontario Ranch / 0218-035 various / Pulte Homes / Stratham	01/20	94	4,600	\$8,133,500 / \$86,526	\$245,000	Closed in unimproved condition with an approved Final Map.
12	Atwood at Bedford, Adishian Way and Palmer Drive, Corona / 282-795-various / Richmond American Homes / The New Home Company	09/19	59	5,000	\$11,577,500 / \$196,228	\$240,000	Closed in finished lot condition with a recorded final map. Atwood consists of 59 5,000 square foot lots.
13	Planning Area 6 Terramor, North side of Temescal Hills Drive at Flora Road, Temescal Valley / 290-960-01-93 / Richmond American / Forestar	05/19	93	4,500	\$14,197,845/ \$152,665	\$212,000	Subject – Fieldcress. Closed in a generally finished lot condition in two takedowns, the first for 46 lots in May 2019 and the second in December 2019 for 47 lots.

**IMPROVED RESIDENTIAL SALES MAP**  
**& SUMMARY CHART**



# Improved Sales Map



**Data Nos. 9, 10 & 11**

**Data Nos. 13 & 14**

**Data Nos. 12, 15 & 16**

**Data No. 7**

**Data Nos. 1, 2, 3, 4, 5 & 6**

**Data No. 8**

Data No.	Project Name Location/Developer	Plan	Room Count	Size (SF)	Floors/ Parking	Lot Size/ Absorption	Base Sales Price	Price/SF
1 (Sub)	Fieldcrest at Terramor / Temescal Hills Drive and Flora Road, Temescal Valley / Richmond American	1	4 / 2.5	2,800	2 / 2	4,500 / 4.0	\$650,990	\$232.50
		2	5 / 2.5	2,900	2 / 3		\$656,990	\$226.55
		3	5 / 2.5	3,000	2 / 3		\$661,990	\$220.66
2 (Sub)	Olivine at Terramor / Terramor Drive and Canyon Circle, Temescal Valley / Richmond American Homes	1	4 / 2.5	2,180	2 / 2	4,500 / 5.8	\$633,990	\$290.82
		2	5 / 2.5	2,370	2 / 2		\$637,990	\$269.19
		3	6 / 2.5	2,640	2 / 2		\$654,990	\$248.10
3 (Sub)	Irontree at Terramor / Terramor Drive and Alton Drive, Temescal Valley / Del Webb Age Qualified	1	2 / 2	1,579	1 / 2	4,500 / 4.7	\$531,990	\$336.92
		2	2 / 2	1,731	1 / 2		\$546,990	\$316.00
		3	2 / 2	1,865	1 / 2		\$560,990	\$300.80
4 (Sub)	Altis at Terramor / Terramor Drive and Alton Drive, Temescal Valley / Tri Pointe Homes – Age Qualified	1	2 / 2	2,017	1 / 2	5,400 / 5.0	\$555,000	\$275.16
		2	3 / 2	2,162	1 / 2		\$565,000	\$261.33
		3	3 / 2	2,276	1 / 2		\$579,000	\$254.39
5 (Sub)	Skyview at Terramor / Temescal Hills Drive / Terramor Drive, Temescal Valley / Richmond American Homes (*Plan 6 is SFD)	1	2 / 2	1,450	1 / 2	Duplex / 7.0 Plan 6 is SFD	\$527,990	\$364.13
		2	2 / 2	1,460	1 / 2		\$528,990	\$362.32
		3	3 / 2.5	1,840	2 / 2		\$548,990	\$298.36
		4	3 / 2.5	2,000	2 / 2		\$553,990	\$276.49
		5	3 / 2.5	2,010	2 / 2		\$557,990	\$277.61
		6*	3 / 2.5*	2,010*	2 / 2*		\$627,990*	\$312.43*
6	Cortina at Terramor / Terramor Drive and Alton Drive, Temescal Valley / Del Webb Age Qualified	1	2 / 2	1,999	1 / 2	5,500 / 3.22	\$578,990	\$289.64
		2	2 / 2	2,056	1 / 2		\$586,990	\$285.50
		3	3 / 2	2,172	1 / 2		\$598,990	\$275.78
7	Sierra Bella Toccata / Green River Road and Sierra Bella Drive, Corona / Lennar	1	3 / 2.5	2,365	1 / 2	7,500 / 4.3	\$863,900	\$365.28
		2	4 / 2.5	2,765	1 / 2		\$904,900	\$327.27
		3	4 / 3	2,944	1 / 2		\$921,900	\$313.15
8	Jasper at Audie Murphy Ranch, E/O Goetz Raod and Audie Murphy Road, Menifee / Meritage	1	4 / 2	1,910	1 / 2	5,000 / 10.2	\$514,990	\$269.63
		2	4 / 3	2,320	2 / 2		\$534,990	\$230.60
		3	4 / 3	2,541	2 / 2		\$547,990	\$215.66
		4	4 / 3	2,771	2 / 2		\$561,000	\$202.45
		5	5 / 3	2,948	2 / 2		\$571,990	\$194.03

9	Tejara at Esperanza / Hamner and Ontario Ranch Road, Ontario Ranch / Lennar Age Qualified	1	2 / 2	1,419	1 / 2	Courtyard / 5.5	\$584,290	\$411.76
		2	2 / 2	1,516	1 / 2		\$568,990	\$375.32
		3	2 / 2	1,558	1 / 2		\$606,290	\$389.15
10	Vivir at Esperanza / Hamner and Ontario Ranch Road, Ontario Ranch / Lennar Age Qualified	1	2 / 2	1,381	1 / 2	4,200 / 4.4	\$615,680	\$445.82
		2	2 / 2	1,552	1 / 2		\$644,590	\$415.33
		3	2 / 2	1,558	1 / 2		\$641,680	\$411.86
11	Modena at Esperanza / Hamner and Ontario Ranch Road, Ontario Ranch / Lennar Age Qualified	1	2 / 2.5	1,822	1 / 2	4,200 / 5.9	\$722,990	\$396.81
		2	2 / 2	1,846	1 / 2		\$735,100	\$398.21
		3	2 / 2.5	2,135	1 / 2		\$751,835	\$352.15
12	Monarch at The Preserve / Olive Grove Avenue and Botany Street, Chino / Pulte Homes	1	4 / 3	2,010	2 / 2	3,500 / 6.92	\$629,990	\$313.43
		2	4 / 3	2,011	2 / 2		\$626,990	\$311.78
		3	4 / 2.5	2,172	2 / 2		\$646,990	\$297.88
13	Amberly at Shadetree, Charlotte Avenue and Mabel Lane, Ontario Ranch / Landsea Homes	1	4 / 3	2,264	2 / 2	4,000 / 5.03	\$739,990	\$326.85
		2	4 / 3	2,451	2 / 2		\$761,990	\$310.89
		3	5 / 3	2,674	2 / 2		\$775,990	\$290.20
14	Willowton at Shadetree / Charlotte Avenue and Mable Lane / Ontario Ranch / Landsea Homes	1	4 / 2.5	2,216	1 / 2	5,000 / 5.48	\$749,990	\$338.44
		2	4 / 3.5	2,810	2 / 2		\$781,990	\$278.29
		3	4 / 3.5	2,810	2 / 2		\$750,216	\$266.98
		4	5 / 4.5	3,085	2 / 3		\$839,990	\$272.28
		5	5 / 4.5	3,382	2 / 3		\$872,990	\$258.13
15	Hazel at The Preserve / Lindbergh Avenue and Explorer / Chino / Tri Pointe Homes	1	2 / 2	1,229	1 / 2	Attached Motorcourt / 5.66	\$489,559	\$398.34
		2	3 / 2.5	1,573	3 / 2		\$547,052	\$347.78
		3	3 / 3	1,806	3 / 2		\$555,488	\$307.58
		4	3 / 2.5	1,904	3 / 2		\$560,215	\$294.23
		5	2 / 3	1,937	2 / 2		\$555,733	\$286.90
16	Morning Sun at The Preserve / Garden Park Street and Pilot Avenue / Chino / Lennar	1	2 / 2	1,203	2 / 2	Triplex / 8.12	\$479,990	\$398.99
		2	3 / 2	1,493	3 / 2		\$507,440	\$339.88
		3	3 / 2.5	1,572	3 / 2		\$519,440	\$330.43

## **APPRAISER'S QUALIFICATIONS**

## QUALIFICATIONS OF KITTY S. SIINO, MAI

### Education

Bachelor of Arts in Business Administration, Financial Investments, California State University, Long Beach, California (1980)

Post-Graduate Study, Real Estate Development, University of California, Irvine, California

Appraisal Institute Classes: Uniform Standards of Professional Appraisal Practice, A & B; Appraisal Principles; Appraisal Procedures; Basic Income Capitalization; Advanced Income Capitalization; Narrative Report Writing; Advanced Applications, Case Studies. Successfully completed all classes in addition to successfully completing the writing of a Demonstration Report and taking the Comprehensive Exam. Became a Member of the Appraisal Institute in December 1996. Have completed over 100 hours of continuing education through the Appraisal Institute every five years.

### Employment

1988 - Present:

**Self-Employed Real Estate Appraiser.** Duties include the appraisal of various types of properties such as commercial, retail, industrial and vacant land. More complex assignments include easements, right-of-ways and special assessment districts. From 1996 to present, specialized in special assessment districts and community facilities districts appraisals for public entities, including Jurupa Community Services District, Corona Norco Unified School District, City of Corona, City of Chula Vista, City of San Marcos and City of Moreno Valley.

1986-1988:

**Project Manager of Development for Ferguson Partners, Irvine, California.** Duties included land acquisitions; review of fee appraisals and valuations; analysis of proposed development; planning and design; and management of development, construction and lease-up. The types of properties developed were commercial and industrial. Duties ranged from raw, vacant site development through property management of recently developed projects.

1981 - 1986

**Manager of Finance, Construction for Community Development Division, The Irvine Company, Irvine, California.** Duties included originating and managing a newly formed division of finance to bridge between the accounting functions and project management functions. Worked with analysis and budgets for Community Development Division. Coordinated with cities in forming new Assessment Districts and Community Facilities Districts to finance major infrastructure improvements. Types of properties were apartments and single-family residential lots on a for sale basis to apartment and homebuilders.

1980 - 1981

**Investment Counselor, Newport Equity Funds, Newport Beach, California.** Duties included obtaining private financing for residential properties, working with appraisals of properties and analyzing the investments.

**Licenses**

Real Estate Sales Person, State of California, 1980  
Certified General Appraiser, State of California (#AG004793)

**Organizations**

MAI #11145 - The Appraisal Institute

**Public Financing**

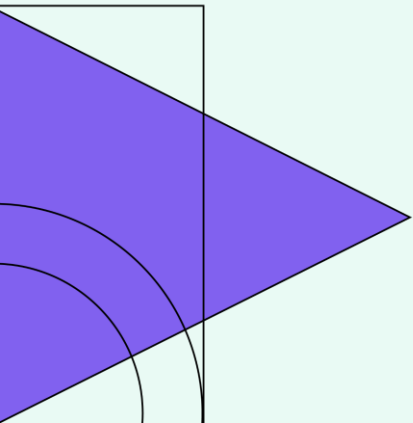
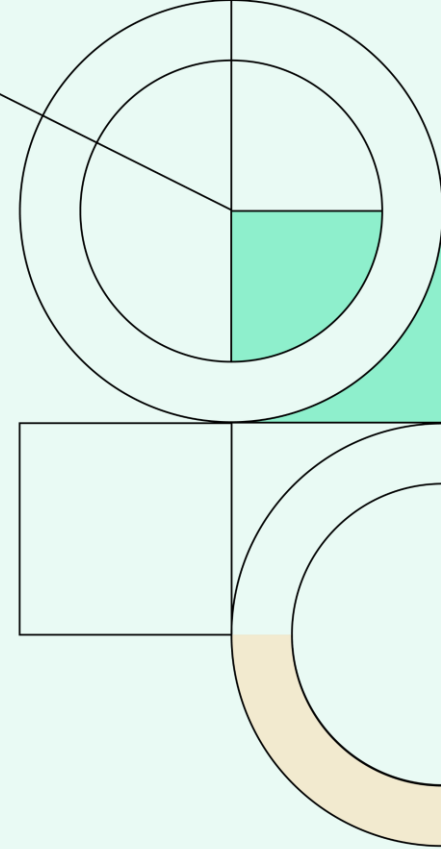
CASTOFF Meetings, 2006, 2007, 2008, 2009, 2010, 2011, 2013, 2014, 2015, 2016, 2017  
and 2018

Speaker, Mello-Roos & Special Assessment Financing, UCLA Extension Public Policy  
Program, February 2009 and March 2011

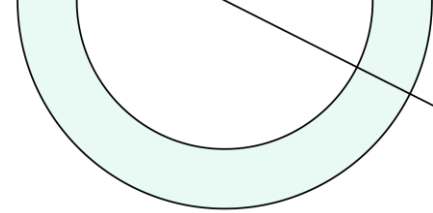


**Terramor CFD Update – Phase 2**  
**Temescal Valley, Corona, CA**  
Temescal Valley Water District  
August, 2021

<b>Site Plan &amp; Product</b>	<b>4</b>
<b>Subject Pricing &amp; Absorption</b>	<b>14</b>
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<b>Location Overview</b>	<b>36</b>
<b>Demographic</b>	<b>41</b>
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# Background/Objectives, Key Contacts & Limiting Conditions

## BACKGROUND & OBJECTIVES

Terramor is an 890-acre property initially approved for 1,443 homes, located in the Temescal Valley south of Corona in Riverside County. The community will feature a variety of residential products, community clubs, parks and trail system. The Terramor product array includes both market rate and age qualified for-sale housing. Sales at Phase 1 in Terramor started in early 2017.

You are requesting an updated independent evaluation of the achievable base price point of the current Phase 2 and future Phase 3 at Terramor for the purpose of setting special tax rates. The key objective is to evaluate the attributes of the Subject and current residential supply and demand conditions in the Temescal//Corona market to develop product program recommendations including key revenue inputs such as base pricing, premiums, options and upgrades), and to evaluate the Subject Property's absorption potential. Our recommendations will cover such items as general market orientation and positioning, unit sizes, community amenities, etc.

*Note: This report was completed during the ongoing global health crisis created by the COVID-19 (coronavirus) outbreak, the duration and consequences of which are still largely unknown. Our research and conclusions are based upon the best information available to us at the time of publication.*

## LIMITING CONDITIONS

Client is responsible for representations about the development plans, marketing expectations and for disclosure of any significant information that might affect the ultimate realization of the projected results. There will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected, and the difference may be material. We have no responsibility to update our report for events and circumstances occurring after the date of our report. Payment of any and all of our fees and expenses is not in any way contingent upon any factor other than our providing services related to this report.

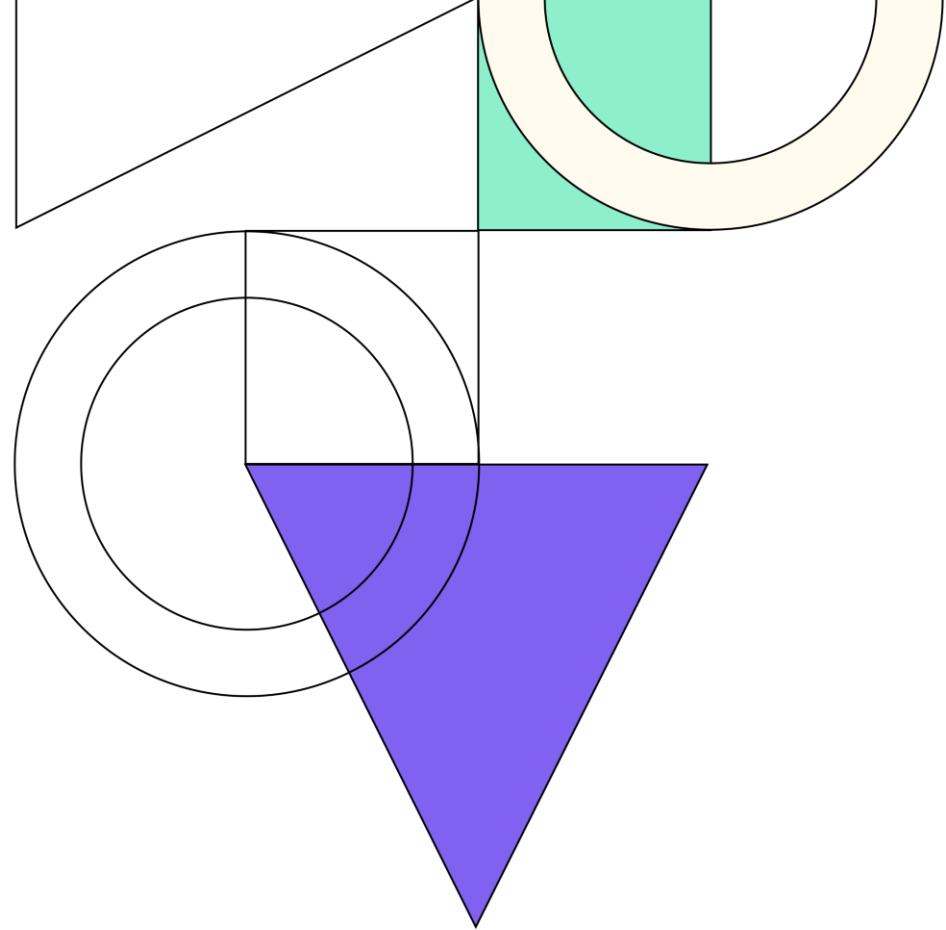
## KEY CONTACTS

The following key team members participated on this analysis:

**Tim Sullivan, Senior Managing Principal**, oversees our Advisory practice. With over 38 years of experience, Mr. Sullivan is an expert in residential and mixed use feasibility studies, strategic planning and product development, and regularly conducts market analyses around the United States and internationally.

**Alexis Wilmot, Manager - Advisory**, managed the engagement on a day-to-day basis. Ms. Wilmot has 18 years of experience in the financial side of the for-sale real estate industry. She regularly analyzes residential and mixed-use developments around the country with a strong focus on greater San Diego County and the Southern California market.

Additional support was provided as needed.



# Site Plan & Product

# Site Plan Overview

## Site Plan & Product

Terramor master plan is situated in South Corona along the I-15 Corridor. This study focuses on Phase 2 of the Terramor master plan, and includes two age qualified planning areas PA-7 (Altis) and PA-10 (Irontree), and one market rate planning area PA-8 (Skyview). PA-9 is already sold out.

### Master Plan

- AGE-QUALIFIED NEIGHBORHOODS
- MARKET-RATE NEIGHBORHOODS
- TRAILS



# Active Community - Irontree

## Site Plan & Product

Irontree is a 78-unit 55+ Active Adult community at Terramor by Del Webb which opened in September 2020, with three single story plans ranging from 1,579 to 1,865 square feet, at base prices ranging from \$531,990 to \$560,990. The community has 20 future units and one unit on the market. Three units are models and 54 homes have sold, at an average sales pace of 5.4 units per month.

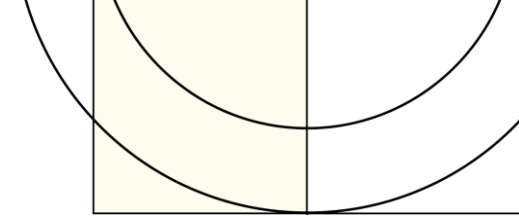


- Model
- Available
- Sold
- Unreleased



# Active Community - Irontree

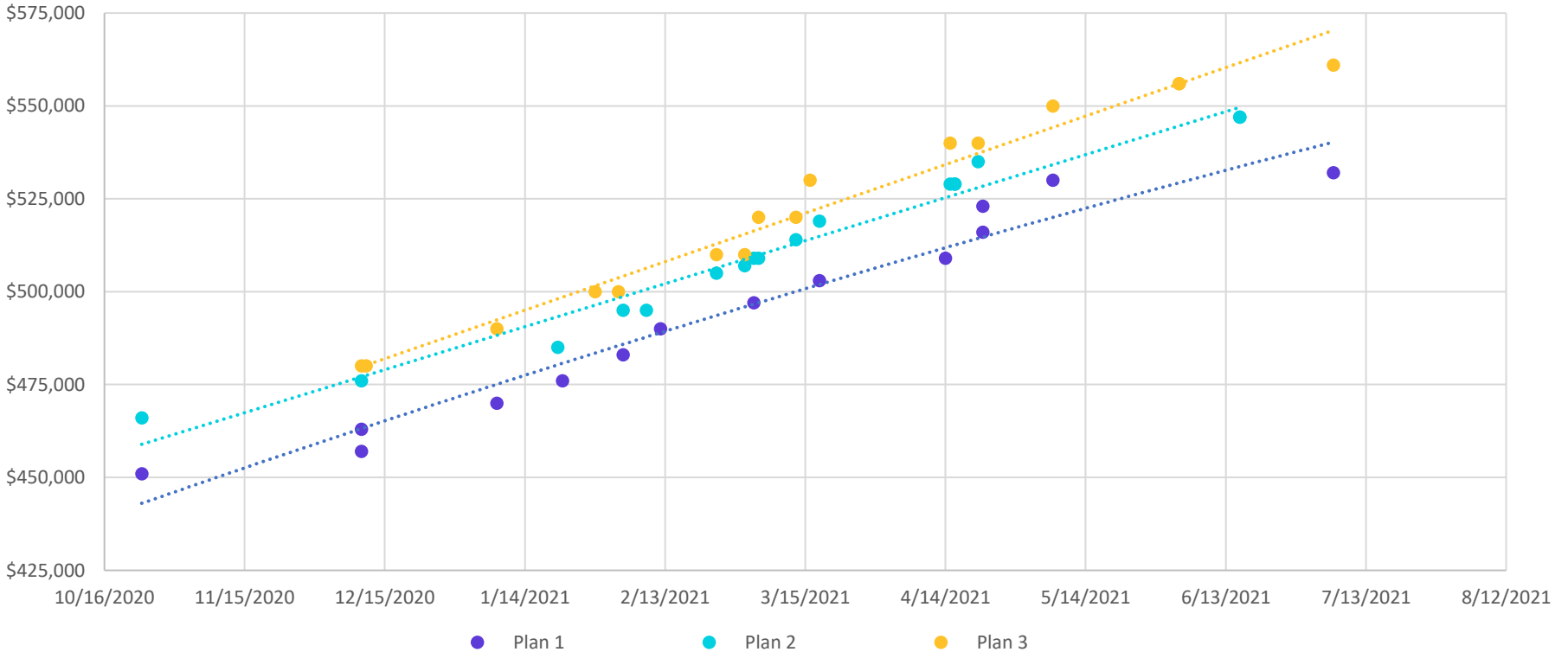
## Site Plan & Product



Base pricing at Irontree has appreciated significantly on all three plans since first release in Fall 2020. Initial release prices were \$81,000 (roughly 17%) below where they are today.

Project Opening - 9/22/2020				Price Change	Project Update - 8/17/2021				% Change
Plan	Model	SF	Base Price		Plan	Model	SF	Base Price	
1	Brownstone	1579	\$450,990	\$81,000	1	Brownstone	1579	\$531,990	18%
2	Silver Creek	1731	\$465,990	\$81,000	2	Silver Creek	1731	\$546,990	17%
3	Bellwood	1865	\$479,990	\$81,000	3	Bellwood	1865	\$560,990	17%

Irontree Base Price Trends



# Active Community - Skyview

## Site Plan & Product

Skyview is Richmond American's duet product with five duplex plans ranging from 1,452 to 2,009 square feet, and the largest plan is also offered as a single family detached home at a base price pf \$636,990. It is the only market-rate community currently selling at Terramor. Base prices for the duet units range from \$536,990 to \$566,990. The community has 162 units with five model homes and five homes on the market. Since opening in early June, 2021, 24 homes sold, at an average sales pace of 11.2 units per month. Additional revenue including options, upgrades, and premiums net of incentives average a total of \$39,740 per unit. Incentives are reported at \$7,400 per unit.



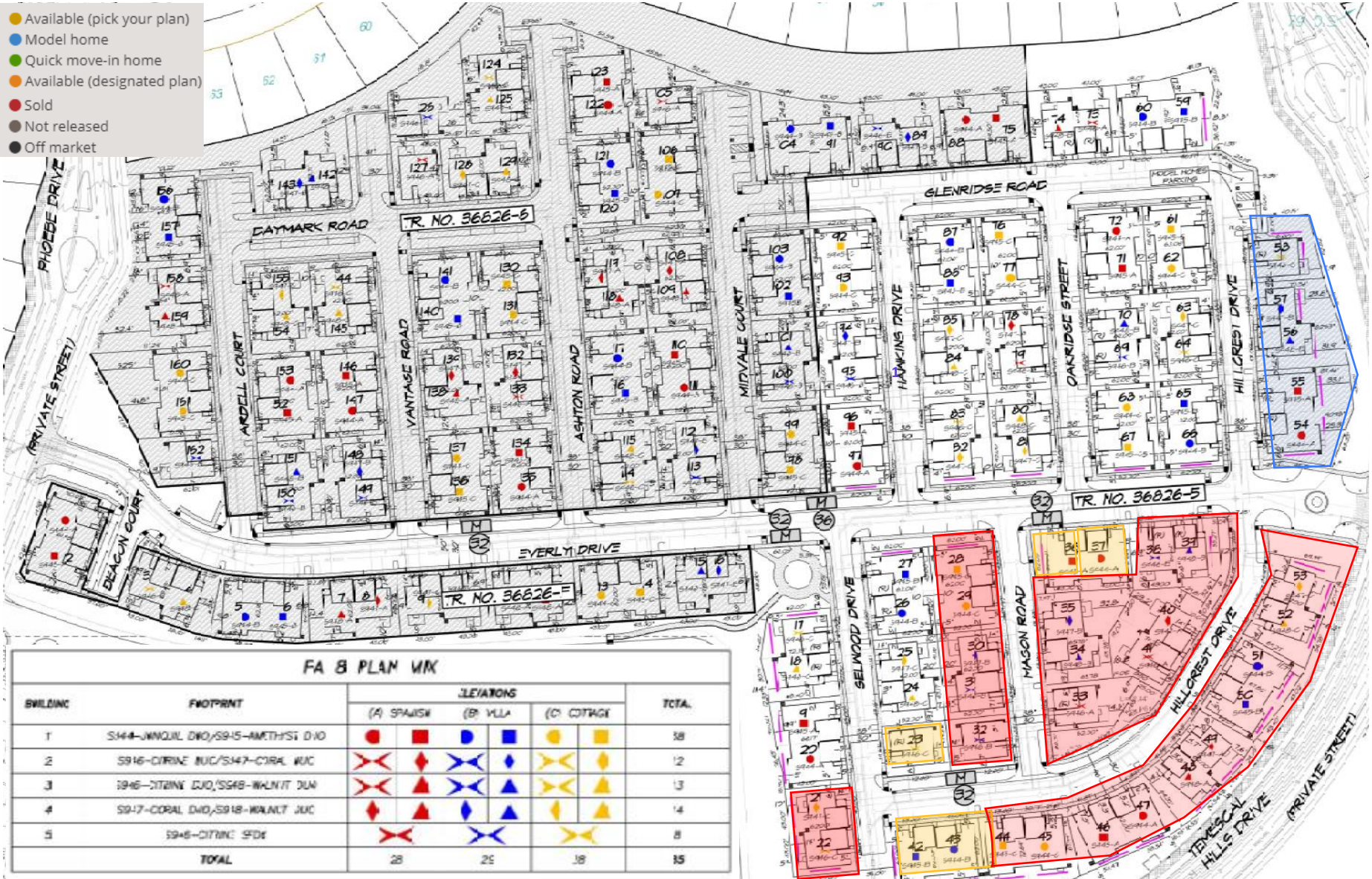
- Available (pick your plan)
- Model home
- Quick move-in home
- Available (designated plan)

- Sold
- Not released
- Off market

# Active Community - Skyview

## Site Plan & Product

- Available (pick your plan)
- Model home
- Quick move-in home
- Available (designated plan)
- Sold
- Not released
- Off market



FA 8 PLAN WK

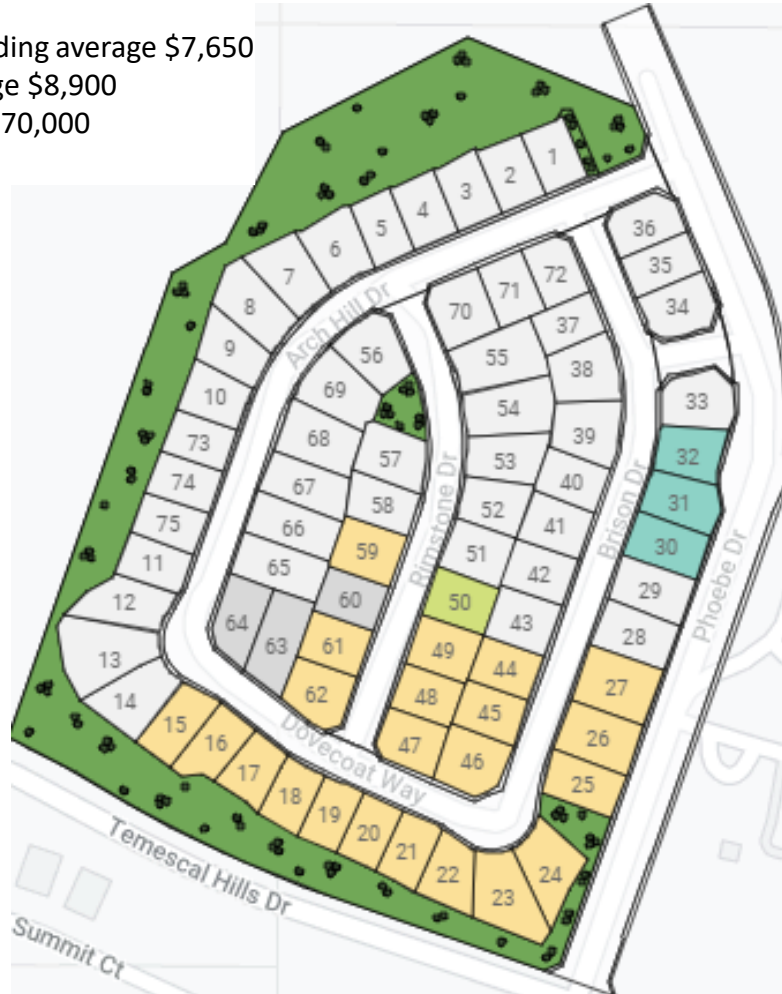
BUILDING	FOOTPRINT	LEGENDS			TOTAL
		(A) SPANISH	(B) VILLA	(C) COTTAGE	
1	S144-JUNQUIL DWO/S945-AMETHYST DWO	●	●	●	58
2	S946-CITRINE BUC/S147-CORAL BUC	◆	◆	◆	12
3	S946-CITRINE DWO/S948-WALNUT DUM	◆	◆	◆	13
4	S947-CORAL DWO/S948-WALNUT BUC	◆	◆	◆	14
5	S948-CITRINE SPD	◆	◆	◆	8
<b>TOTAL</b>		<b>28</b>	<b>25</b>	<b>38</b>	<b>35</b>

# Active Community - Altis

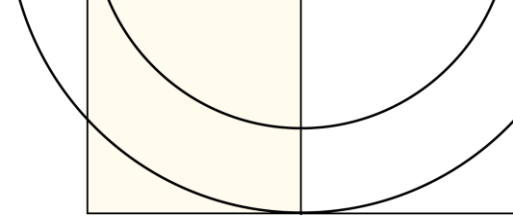
Site Plan & Product

Altis by TriPointe is a 55+ Active Adult community at Terramor offering single level homes ranging from 2,017 to 2,276 square feet at base prices starting at \$562,000. The community opened in late May 2021 for presales and has sold through 22 of the 75-unit inventory.

- Incentives towards design center spending average \$7,650
- Incentives towards closing costs average \$8,900
- Options/upgrades spending averages \$70,000
- Lot Premiums average \$25,000.



- Model
- Future
- Available
- Move In Ready
- Reserved
- Sold



**Plan 1**

2 Beds 2 Baths 2 Garage



**Plan 2**

3 Beds 2 Baths 2 Garage



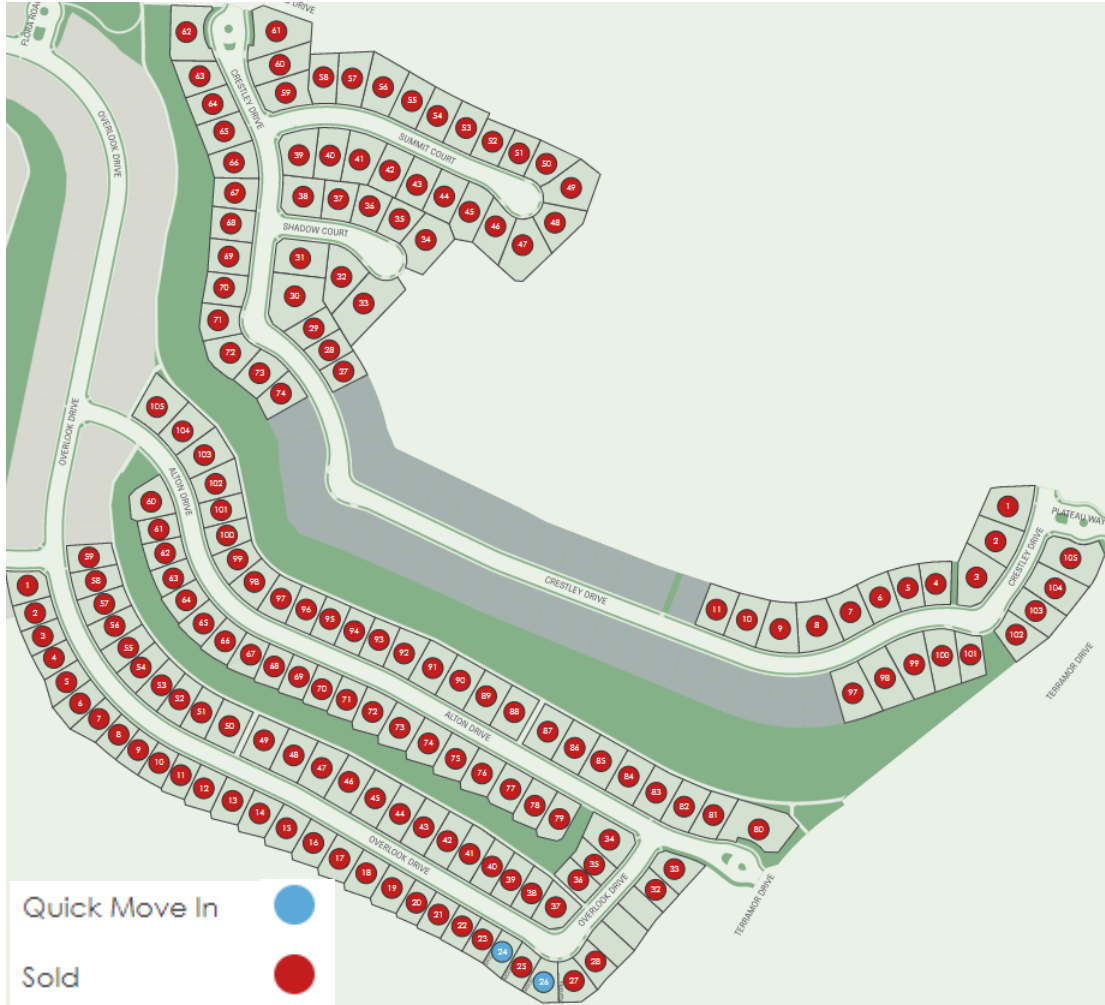
**Plan 3**



# Active Community – Cortina

## Site Plan & Product

Cortina by Del Webb is a 173-unit 55+ Active Adult community which has just two remaining units. Base prices range from \$578,990 to \$598,990, for plans which start at 1,999 up to 2,172 square feet. The remaining units are both models selling for \$859,990 and \$899,990 respectively.



Lot 26, Plan 1, 1,999 SF  
\$859,990



Lot 24, Plan 3, 2,172 SF  
\$899,990



# Terramor Phase 2 Site Layout

Site Plan & Product



## Amenities

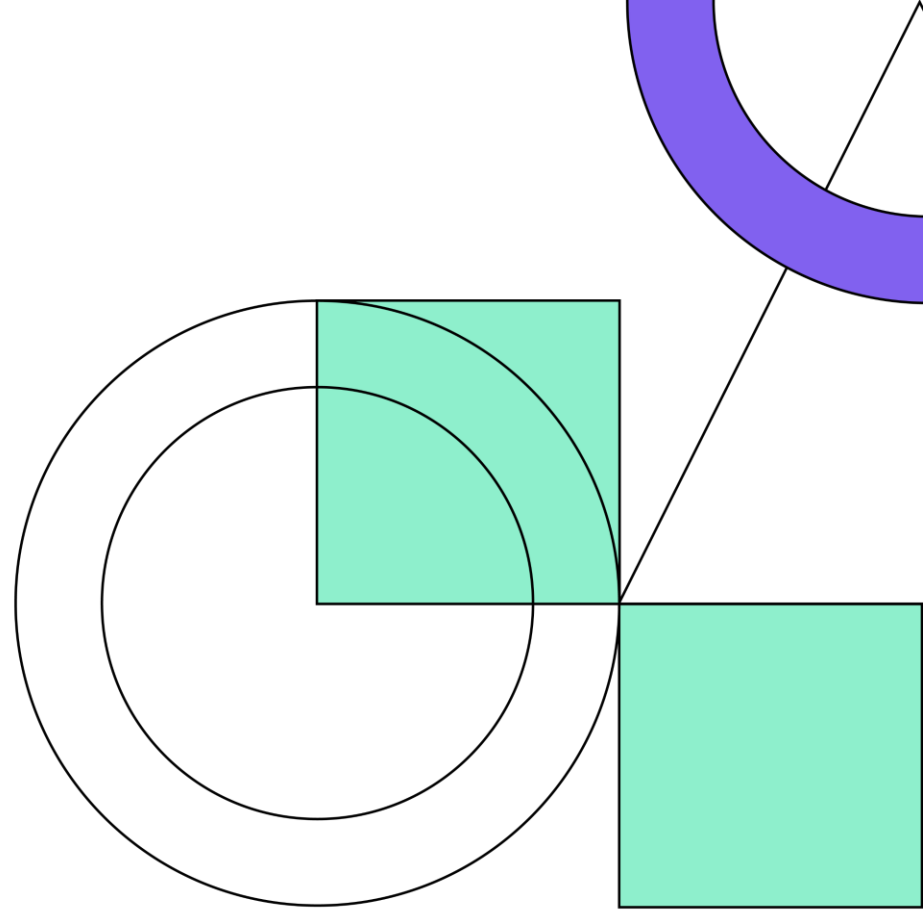
### Site Plan & Product

The Phase 2 area has its own dedicated recreation center (“The Terrace Club”) for exclusive use by the 55+ residents. Organized activities include pickle ball, tennis, barre, pottery, art, and live music.

GYM & WELLNESS STUDIO • BOCCE BALL COURTS • TENNIS COURTS • PICKLEBALL COURTS  
MULTIPURPOSE ROOMS • OUTDOOR COOKING AREA • RESORT-STYLE POOL • HOT TUB  
INDOOR POOL • CRAFTS ROOM • OUTDOOR LIVING ROOM • OUTDOOR FIREPLACE  
SHADED SEATING AREAS • PAVILION WITH BAR • LOCKER ROOMS WITH SAUNAS



# Price & Sales Pace Recommendations



# Subject Price Detail

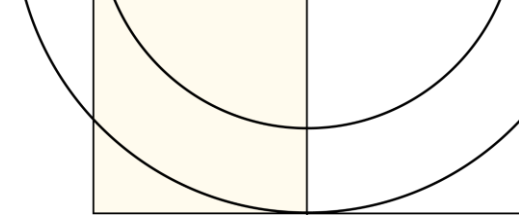
## Price & Sales Pace Recommendations

Zonda’s recommended base and total pricing for each of the three active neighborhoods at Terramor reflects the Subject actuals currently being achieved in the market, but with a premium of \$14,000 per unit. Unit premiums, options/upgrades revenue and buyer incentives are derived from closing information provided by the builders. Altis numbers are actuals. Skyview and Irontree do not have detailed information on the spread between options/upgrades and premiums, and Zonda therefore allocated based on information from agents at the Sales Office. Zonda factored in a premium based on the rapid sales rate at all three communities, which implies that units are priced below market.

Subject Property		Size					Mo. Sales Pace	Base Price	— Incentives — Options/Upgrades	— Incentives — Closing Costs	— Typical Spending — Options / Upgrades	Lot Premiums	Estimated Closing Price	Est. Closing \$/SF	— Pymt Impacting —			80.0% 3.1% Mo.Pmt.	35.0% Qualifying Income
Product Details		Mix	(SF)	Bd/Ba	Level	Pkg								Mo. HOA	Base Tax	Add Taxes			
<b>SKYVIEW   RICHMOND AMERICAN   TERRAMOR   CORONA</b>																			
Product:	Single Family	38	1,452	2/2.5	1	2	4.0	\$550,990	\$0	\$7,400	\$37,500	\$9,640	\$590,730	\$407	\$315	1.20%	0.5%	\$3,170	\$108,682
Configuration:	Duet/SFD	38	1,458	2/2.5	1	2		\$551,990	\$0	\$7,400	\$37,500	\$9,640	\$591,730	\$406	\$315	1.20%	0.5%	\$3,175	\$108,847
Lot Dimension:	2976-5122	26	1,829	2/2.5	1	2		\$562,990	\$0	\$7,400	\$37,500	\$9,640	\$602,730	\$330	\$315	1.20%	0.5%	\$3,228	\$110,670
Total Units:	162	27	2,000	2/2.6	1	2		\$580,990	\$0	\$7,400	\$37,500	\$9,640	\$620,730	\$310	\$315	1.20%	0.5%	\$3,315	\$113,652
		25	2,009	2/2.7	1	2		\$581,990	\$0	\$7,400	\$37,500	\$9,640	\$621,730	\$309	\$315	1.20%	0.5%	\$3,320	\$113,818
		8	2,009	2/2.8	1	2		\$650,990	\$0	\$7,400	\$37,500	\$9,640	\$690,730	\$344	\$315	1.20%	0.5%	\$3,653	\$125,251
		162	1,719				4.0	\$567,873	\$0	\$7,400	\$37,500	\$9,640	\$607,613	\$354	\$315	1.20%	0.5%	\$3,251	\$111,479
<b>IRONTREE   DEL WEBB   TERRAMOR   CORONA</b>																			
Product:	Single Family	27	1,579	2/2.5	1	2	4.0	\$545,990	\$0	\$7,500	\$85,000	\$28,000	\$651,490	\$413	\$340	1.20%	0.5%	\$3,489	\$119,606
Configuration:	70x105	25	1,731	2/2.5	1	2		\$560,990	\$0	\$7,500	\$85,000	\$28,000	\$666,490	\$385	\$340	1.20%	0.5%	\$3,561	\$122,092
Lot Dimension:	7350	26	1,865	2/2.5	1	2		\$574,990	\$0	\$7,500	\$85,000	\$28,000	\$680,490	\$365	\$340	1.20%	0.5%	\$3,629	\$124,412
Total Units:	78																		
		78	1,723				4.0	\$560,464	\$0	\$7,500	\$85,000	\$28,000	\$665,964	\$387	\$340	1.20%	0.5%	\$3,558	\$122,005
<b>ALTIS   TRIPOINTE   TERRAMOR   CORONA</b>																			
Product:	Single Family	22	2,017	2/2.5	1	2	4.0	\$576,000	\$7,650	\$8,900	\$70,000	\$25,000	\$654,450	\$324	\$340	1.12%	0.51%	\$3,467	\$118,880
Configuration:	70x100	26	2,162	2/2.5	1	2		\$590,000	\$7,650	\$8,900	\$70,000	\$25,000	\$668,450	\$309	\$340	1.12%	0.50%	\$3,527	\$120,940
Lot Dimension:	7000	27	2,276	2/2.5	1	2		\$598,000	\$7,650	\$8,900	\$70,000	\$25,000	\$676,450	\$297	\$340	1.12%	0.50%	\$3,562	\$122,118
Total Units:	75																		
		75	2,161				4.0	\$588,773	\$7,650	\$8,900	\$70,000	\$25,000	\$667,223	\$309	\$340	1.1%	0.5%	\$3,522	\$120,760

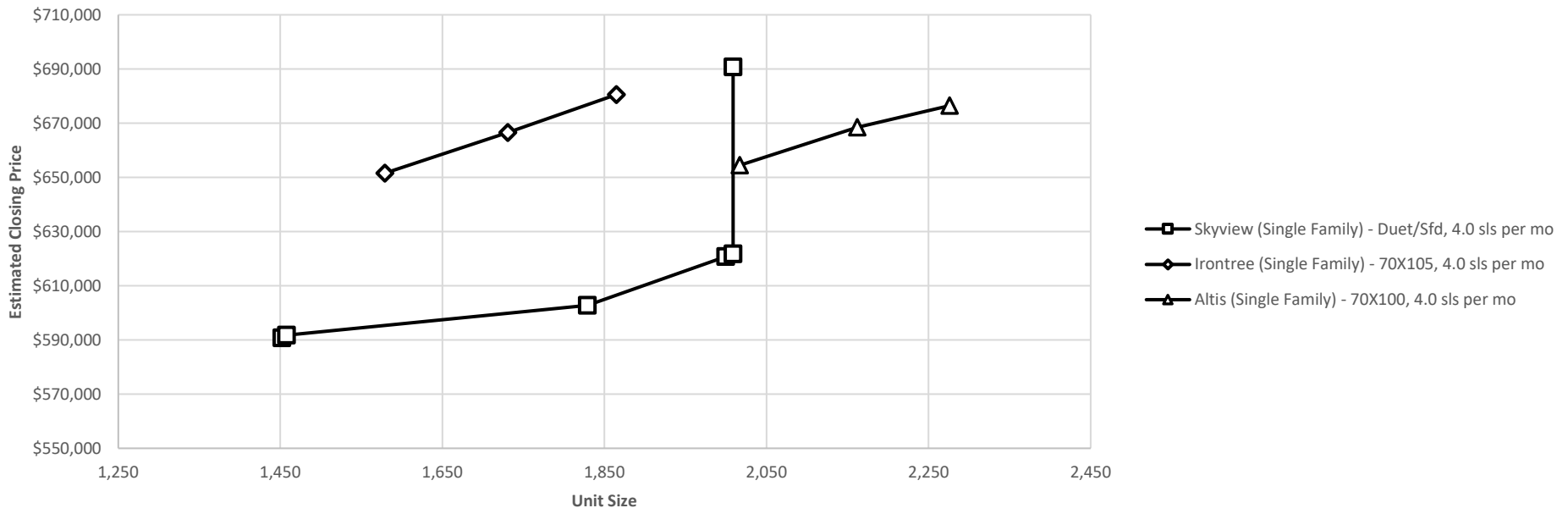
# Subject Total Price and Absorption Summary

## Price & Sales Pace Recommendations



Zonda’s recommended price positioning reflects the product program detail shown on the previous page. The single-family plan at Skyview is priced roughly \$69,000 above the same duplex unit size. Zonda pricing is based on a sales pace of four units per month per neighborhood, which is lower than what is currently being achieved. See the following page for further detail on absorption.

Ref	Project/Subdivision	Type	Configuration	# of Units	Est % of Total Units	Average Unit Size	Base Price	Options/Upgrades	Closing Costs	Options / Upgrades	Lot Premiums	Estimated Closing Price	Existing Closing \$/SF	Est. Sales Rate
A	Skyview	Single Family	Duet/Sfd	162	51%	1,719	\$567,873	\$0	\$7,400	\$37,500	\$9,640	\$607,613	\$354	4.00
B	Irontree	Single Family	70X105	78	25%	1,723	\$560,464	\$0	\$7,500	\$85,000	\$28,000	\$665,964	\$387	4.00
C	Altis	Single Family	70X100	75	24%	2,161	\$588,773	\$7,650	\$8,900	\$70,000	\$25,000	\$667,223	\$309	4.00
Community Summary				315	100%	1,825	\$571,015	\$1,821	\$7,782	\$57,000	\$17,843	\$636,255	\$351	12.00

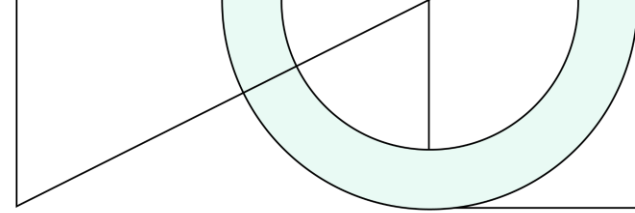
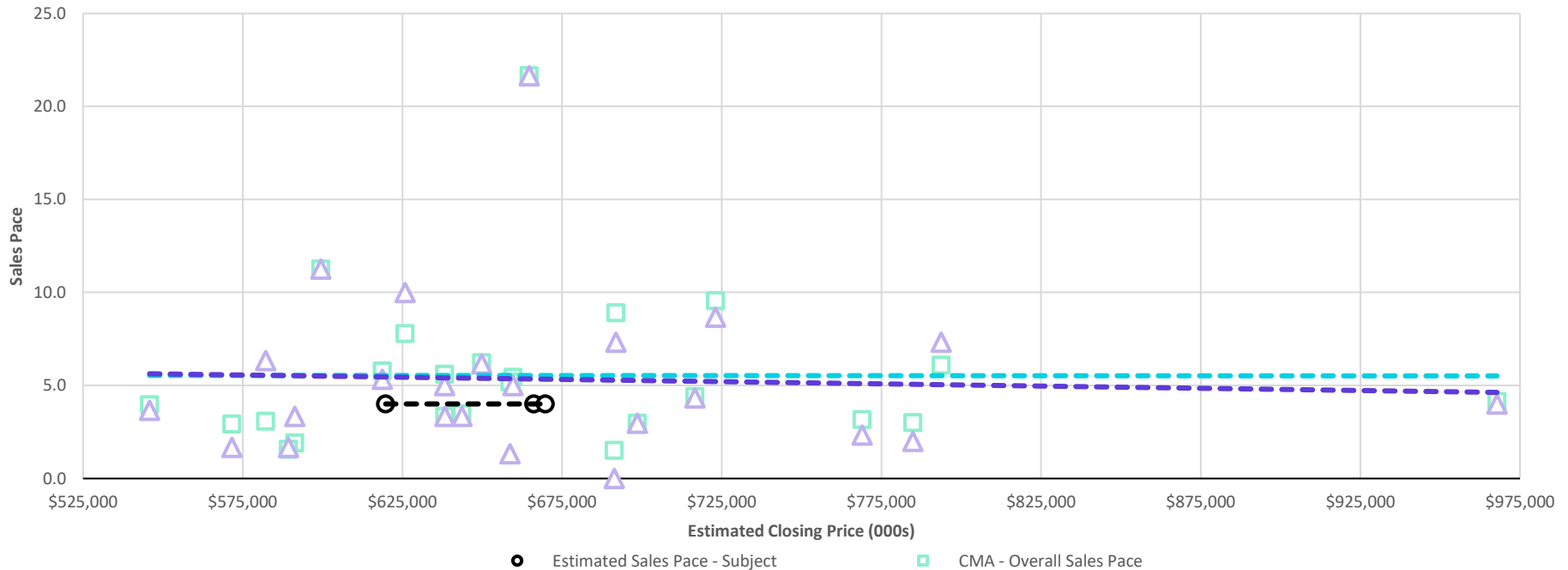


## Recommended Sales Pace

Price & Sales Pace Recommendations

**Our elasticity of demand analysis indicates that there is very little relationship between detached price and sales pace in this market.** However, more attainably priced communities do have a slight edge over more expensive communities in terms of absorption. Zonda price recommendations assume a sales pace of 4 homes per neighborhood per month. At this pace, Irontree will be sold out in Q1 2022, followed by Altis in late 2022, and Skyview halfway through 2024.

Ref	Project/Subdivision	Type	Configuration	# of Units	Average	2021	2022	2023	2024
					Yr/Pace				
1	Skyview	Single Family	Duet/Sfd	138	35	18	48	48	24
2	Irontree	Single Family	70X105	24	12	18	6		
3	Altis	Single Family	70X100	50	25	18	32		
Community Summary				212	103	54	102	96	72



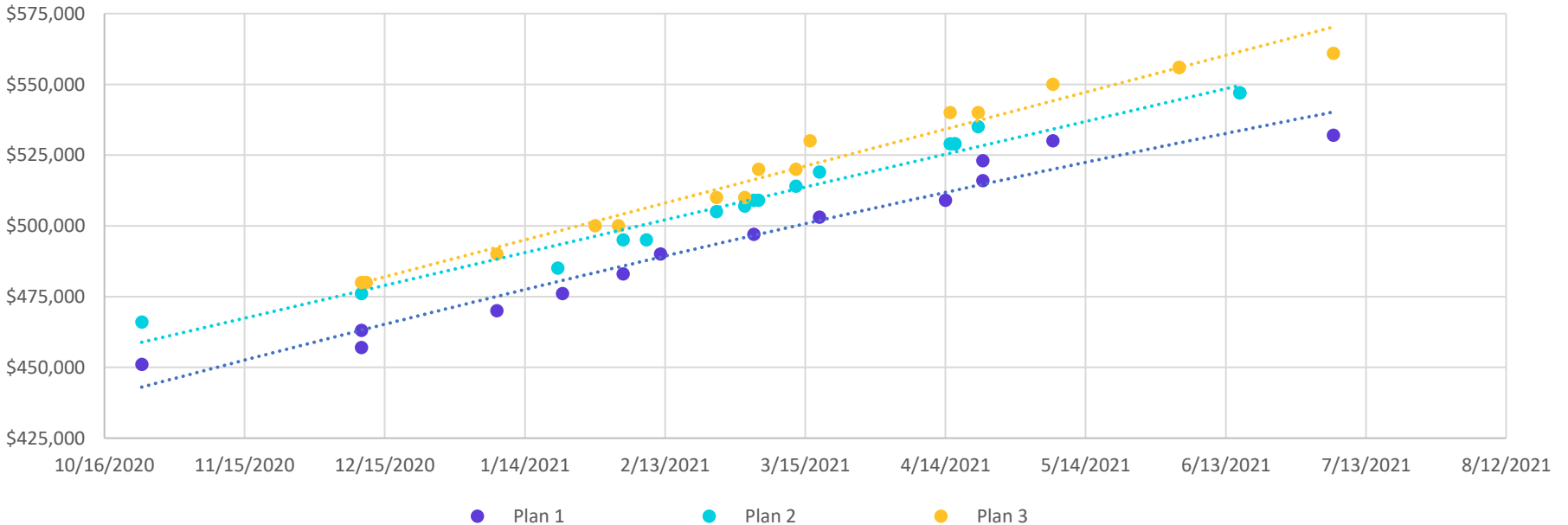
## Projected Price Appreciation

Price & Sales Pace Recommendations

Detached prices at Terramor continue to increase rapidly as shown by the base prices at Irontree which experienced an upswing of 17%+ since opening in Fall 2020. Our model accordingly projects further price growth of 3.0% for the balance of 2021 and 5.0% for 2022 given the sellers market conditions, tapering off progressively from 2023 onwards to account for possible cooling in the market after such a strong cycle.

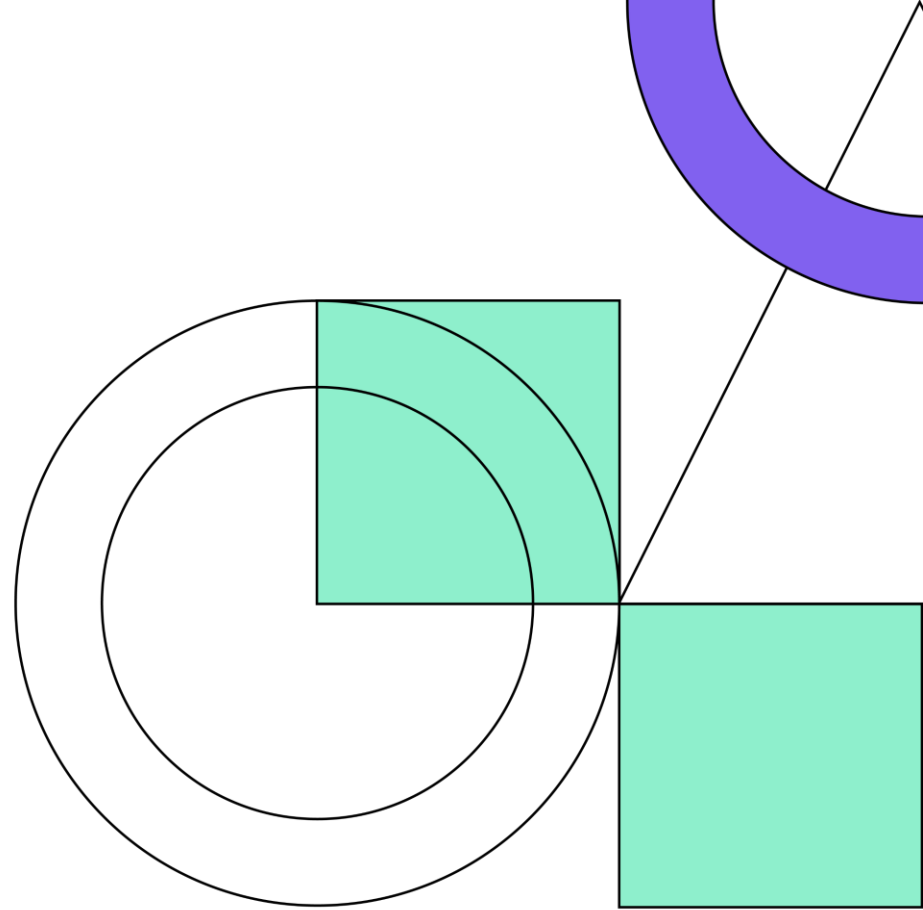
Ref Project/Subdivision	Type	Configuration	# of Units	Average Total Price	2021 3.0%	2022 5.0%	2023 3.0%	2024 2.0%
1 Skyview	Single Family	Duet/Sfd	162	\$607,613	\$625,841	\$657,133	\$676,847	\$690,384
2 Irontree	Single Family	70X105	78	\$665,964	\$685,943	\$720,240	\$741,848	\$756,685
3 Altis	Single Family	70X100	75	\$667,223	\$687,240	\$721,602	\$743,250	\$758,115
Community Summary			315	\$636,255	\$655,342	\$688,109	\$708,753	\$722,928

Irontree Base Price Trends





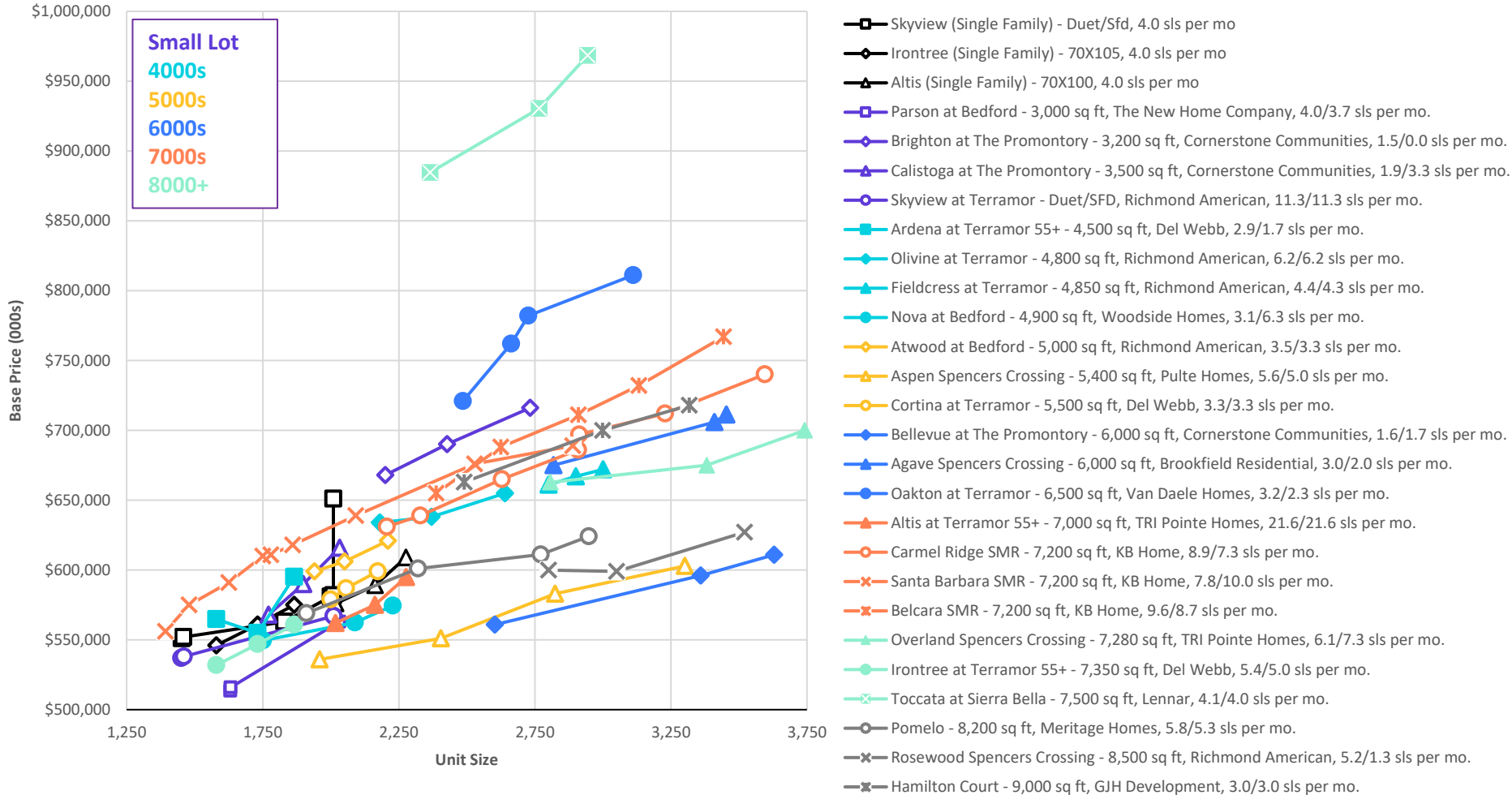
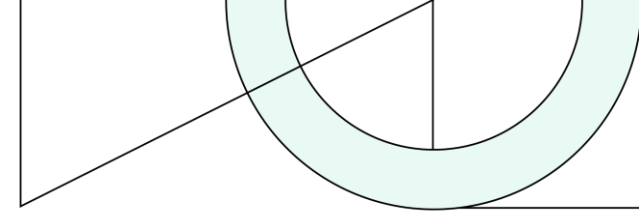
# Competitive Market Analysis



# Base Price Positioning vs Competitive Market

## Competitive Market Analysis

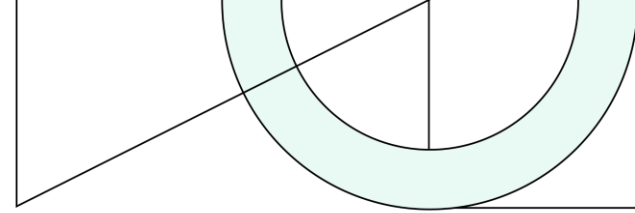
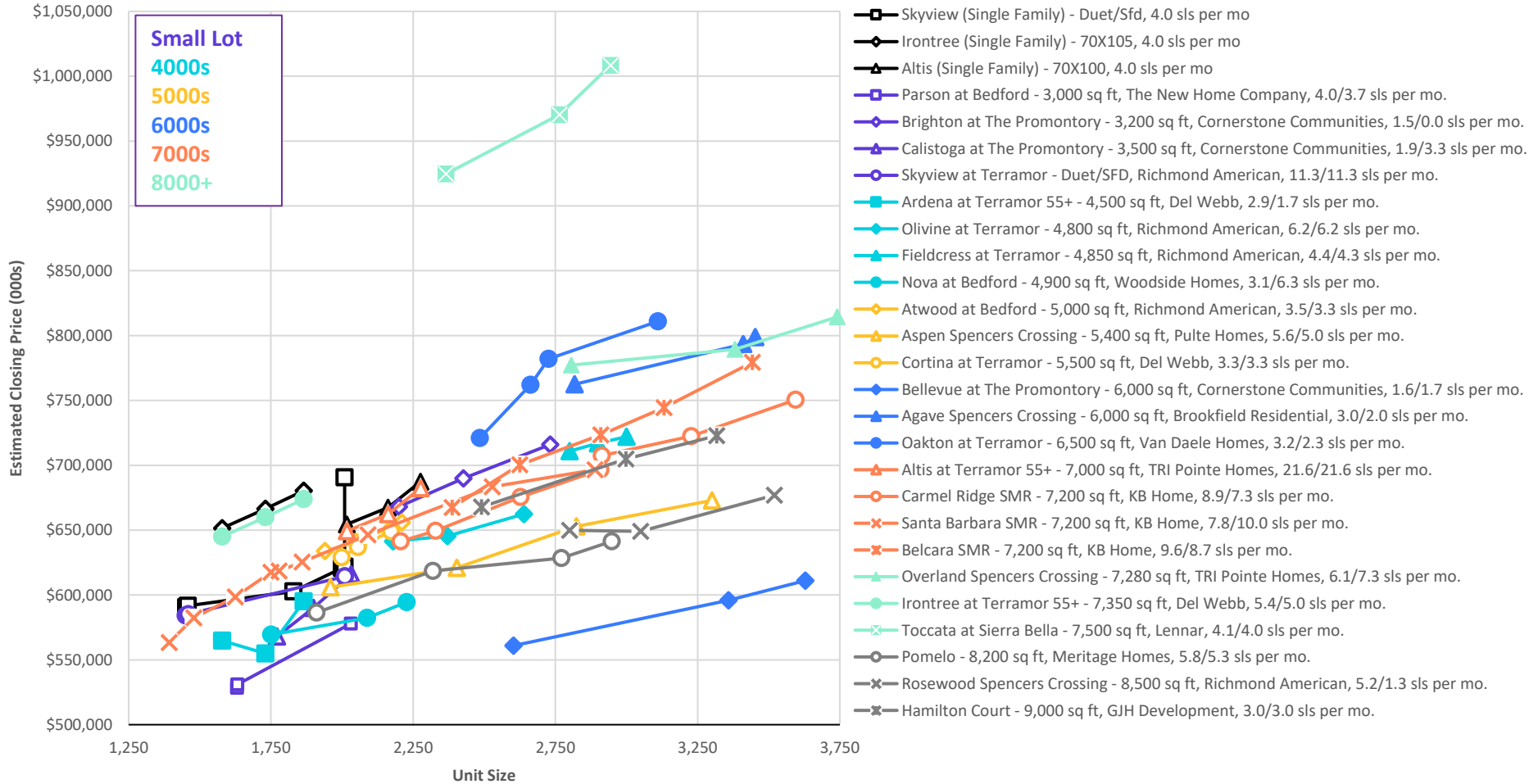
Recommended base prices in the midst of the competitive market which includes the Temescal Valley itself, Riverside and Murrieta. The top community is Sierra Bella, followed by the model closing prices at Oakton in Terramor which sold out in late July 2021. The competitors are arranged according to lot size.



# Total Price Positioning vs Competitive Market

## Competitive Market Analysis

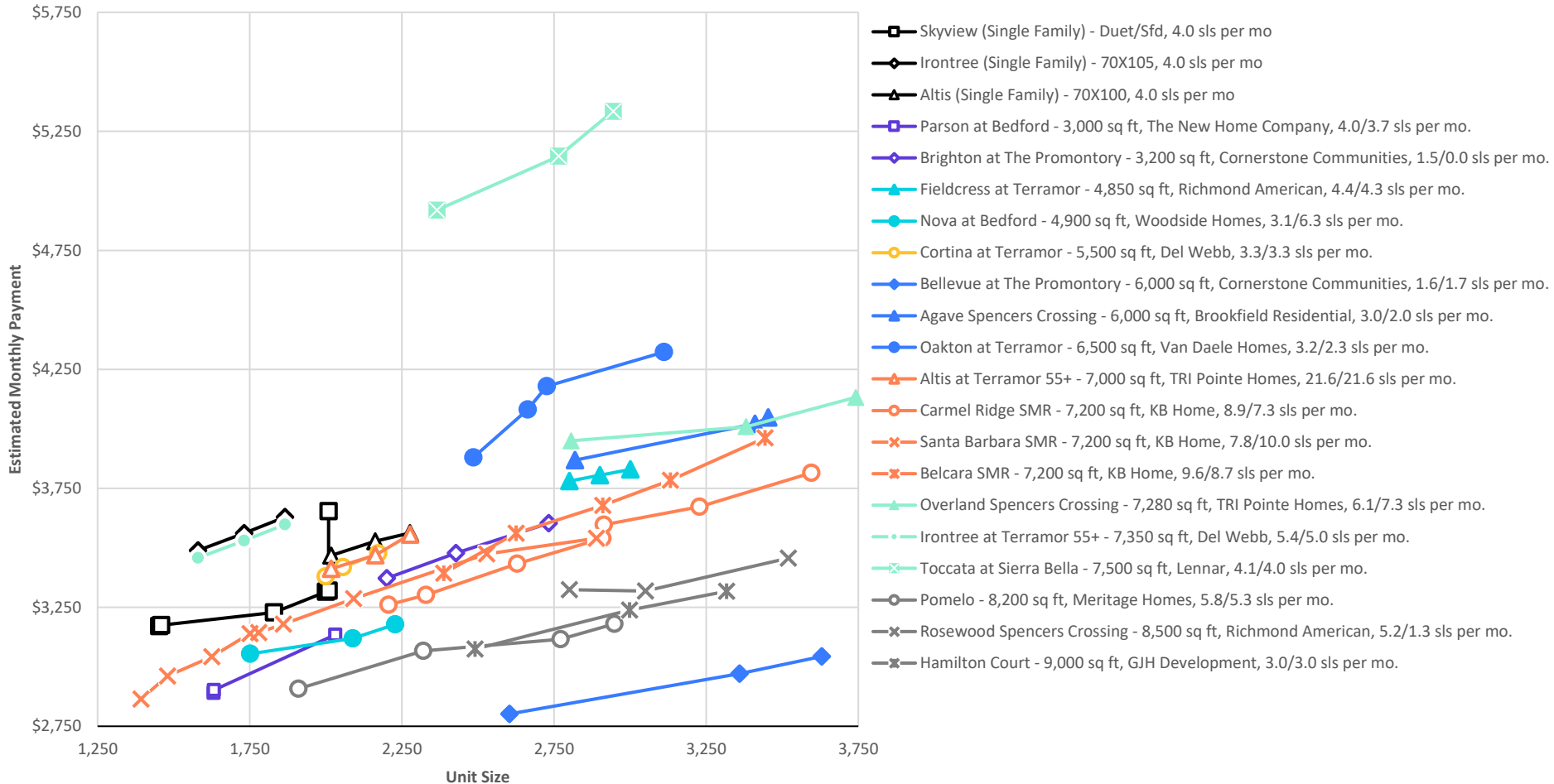
Total price positioning brings Terramor towards the top of the competitive market, and just \$14,000 above actual closings for the three Subject communities in today’s market. This positioning accounts for currently inflated sales pace.



# Monthly Payment Positioning vs South Corona Competitive Market

## Competitive Market Analysis

The Subject monthly cost to own maintains a similar position relative to the competitive market, and assumes a total tax rate of 1.7%. Tax rates in this CMA generally start at 1.7% up to 2.0% at Spence’s Crossing in Murrieta. Zonda assumed the existing HOA dues at Terramor. Monthly payments calculations assume a 30-year fixed mortgage interest rate of 3.1% on an FHA loan at 80% of value with a 20% down payment.



# Competitive Market

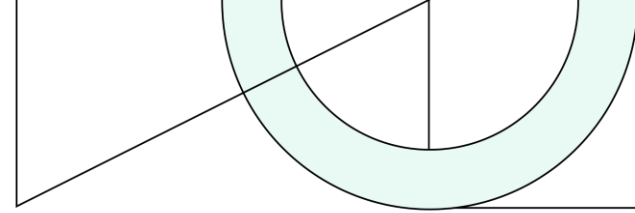
## Competitive Market Analysis

Ref	Community - Builder	City/Master Plan*	Config.	Total Units	Contracts/		Avg. Unit Size	Base Price	Incentive			Typ. Spend.		Est. Closing Price	Est. Closing \$/SF	Closing \$/ Incentive	Pymt Imp.		
					Sales Pace	L3M SP			Base \$/SF	Opt. / Upgrd.	Opt. / Upgrd.	Lot Prem.	Mo. HOA				Tax	Mo. Paymnt	
1	Parson at Bedford - The New Home Company	Bedford*	3,000	96	3.96	3.67	1,765	\$530,818	\$301	\$0	\$15,000	\$0	\$545,818	\$311	-\$5,000	\$269	1.9%	\$2,975	
2	Brighton at The Promontory - Cornerstone Communities	The Promontory*	3,200	59	1.50	0.00	2,453	\$691,323	\$282	\$0	\$0	\$0	\$691,323	\$283	-\$7,000	\$143	1.7%	\$3,484	
3	Calistoga at The Promontory - Cornerstone Communities	The Promontory*	3,500	115	1.91	3.33	1,901	\$591,323	\$311	\$0	\$0	\$0	\$591,323	\$312	-\$7,000	\$113	1.7%	\$2,971	
4	Skyview at Terramor - Richmond American	Terramor*	Duet/SFD	162	11.26	11.26	1,733	\$552,240	\$319	\$0	\$37,500	\$9,750	\$599,490	\$354	-\$7,400	\$315	1.7%	\$3,212	
5	Ardena at Terramor 55+ - Del Webb	Terramor*	4,500	135	2.93	1.67	1,725	\$571,647	\$331	\$0	\$0	\$0	\$571,647	\$332	\$0	\$340	1.7%	\$3,103	
6	Olivine at Terramor - Richmond American	Terramor*	4,800	87	6.21	6.17	2,397	\$642,323	\$268	\$0	\$0	\$7,500	\$649,823	\$273	-\$7,500	\$270	1.8%	\$3,465	
7	Fieldcress at Terramor - Richmond American	Terramor*	4,850	93	4.40	4.33	2,900	\$666,990	\$0	\$0	\$40,000	\$10,000	\$716,990	\$247	-\$7,500	\$280	1.8%	\$3,805	
8	Nova at Bedford - Woodside Homes	Bedford*	4,900	96	3.08	6.33	2,022	\$562,157	\$0	\$0	\$15,000	\$5,000	\$582,157	\$290	-\$5,000	\$231	1.9%	\$3,117	
9	Atwood at Bedford - Richmond American	Bedford*	5,000	59	3.47	3.33	2,067	\$608,657	\$295	\$0	\$30,000	\$5,000	\$643,657	\$312	-\$5,000	\$230	1.9%	\$3,421	
10	Aspen Spencers Crossing - Pulte Homes	Spencer's Crossing*	5,400	92	5.61	5.00	2,622	\$568,240	\$217	\$10,000	\$65,000	\$15,000	\$638,240	\$251	-\$7,000	\$130	2.0%	\$3,374	
11	Cortina at Terramor - Del Webb	Terramor*	5,500	173	3.34	3.33	2,076	\$588,323	\$283	\$0	\$45,000	\$5,000	\$638,323	\$308	-\$5,000	\$340	1.7%	\$3,425	
12	Belleue at The Promontory - Cornerstone Communities	The Promontory*	6,000	94	1.57	1.67	3,197	\$589,323	\$0	\$0	\$0	\$0	\$589,323	\$187	-\$8,000	\$90	1.7%	\$2,938	
13	Agave Spencers Crossing - Brookfield Residential	Spencer's Crossing*	6,000	119	2.99	2.00	3,227	\$697,397	\$0	\$7,500	\$75,000	\$20,000	\$784,897	\$245	-\$8,000	\$120	1.8%	\$3,979	
14	Oakton at Terramor - Van Daele Homes	Terramor*	6,500	83	3.16	2.33	2,746	\$768,990	\$0	\$0	\$0	\$0	\$768,990	\$281	\$0	\$335	1.8%	\$4,115	
15	Altis at Terramor 55+ - TRI Pointe Homes	Terramor*	7,000	75	21.65	21.65	2,152	\$577,333	\$0	\$7,650	\$70,000	\$25,000	\$664,683	\$309	-\$8,900	\$340	1.6%	\$3,478	
16	Carmel Ridge SMR - KB Home	Spring Mountain Ranch*	7,200	278	8.91	7.33	2,830	\$681,406	\$2,500	\$10,000	\$20,000	\$3,000	\$691,906	\$249	-\$7,500	\$0	2.0%	\$3,517	
17	Santa Barbara SMR - KB Home	Spring Mountain Ranch*	7,200	245	7.79	10.00	1,933	\$618,323	\$0	\$10,000	\$15,000	\$2,500	\$625,823	\$336	-\$7,500	\$0	2.0%	\$3,181	
18	Belcara SMR - KB Home	Spring Mountain Ranch*	7,200	119	9.56	8.67	2,899	\$710,590	\$0	\$10,000	\$20,000	\$2,500	\$723,090	\$252	-\$7,500	\$0	2.0%	\$3,675	
19	Overland Spencers Crossing - TRI Pointe Homes	Spencer's Crossing*	7,280	85	6.08	7.33	3,309	\$679,267	\$2,000	\$0	\$87,830	\$28,600	\$793,697	\$243	-\$8,000	\$128	1.8%	\$4,030	
20	Irontree at Terramor 55+ - Del Webb	Terramor*	7,350	78	5.44	5.00	1,725	\$546,657	\$0	\$0	\$85,000	\$28,000	\$659,657	\$384	-\$7,500	\$340	1.7%	\$3,528	
21	Toccatà at Sierra Bella - Lennar	Sierra Bella*	7,500	69	4.14	4.00	2,691	\$927,770	\$0	\$0	\$30,000	\$10,000	\$967,770	\$361	-\$10,000	\$335	1.9%	\$5,133	
22	Pomelo - Meritage Homes	Riverside	8,200	109	5.78	5.33	2,487	\$601,250	\$0	\$0	\$15,000	\$2,500	\$618,750	\$255	-\$8,000	\$0	1.9%	\$3,068	
23	Rosewood Spencers Crossing - Richmond American	Spencer's Crossing*	8,500	89	5.19	1.33	3,123	\$608,657	\$0	\$10,000	\$50,000	\$10,000	\$658,657	\$212	-\$10,000	\$128	1.8%	\$3,366	
24	Hamilton Court - GJH Development	Murrieta	9,000	8	2.97	2.97	2,935	\$693,567	\$0	\$0	\$0	\$5,000	\$698,567	\$240	-\$7,000	\$125	1.2%	\$3,210	
Total Units - CMA: 109				Average:	5.54	5.33	2,455	\$636,440	\$296	\$2,715	\$29,805	\$8,098	\$671,442	\$284	-\$6,721	\$192	1.8%	\$3,482	
				Median:	4.27	4.17	2,470	\$608,657	\$0	\$0	\$20,000	\$5,000	\$654,240	\$282	-\$7,500	\$187	1.8%	\$3,423	

# Competitive Project Location and Supply Summary

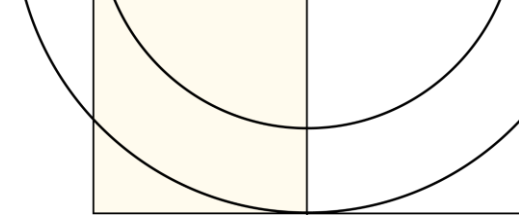
## Competitive Market Analysis

Zonda considered comparable detached communities in master planned communities in South Corona. Temescal Valley homes provide perspective on the lowest end of this Submarket, while Sierra Bella to the north achieves the top prices. Case studies include existing homes at Terramor, as well as Glen Eagle (built early 2000s), Sycamore Creek and Bedford which both sold out recently. Harmony Grove is an infill community by Griffin on small lots which also sold out in the last six months.



# South Corona Resale Case Studies

## Competitive Market Analysis



Zonda focused on similar communities developed since 2000 along the west side of the I-15 Corridor in South Corona. Price positioning is shown on the following page. An example of architectural elevation is shown below, from left to right, top to bottom.

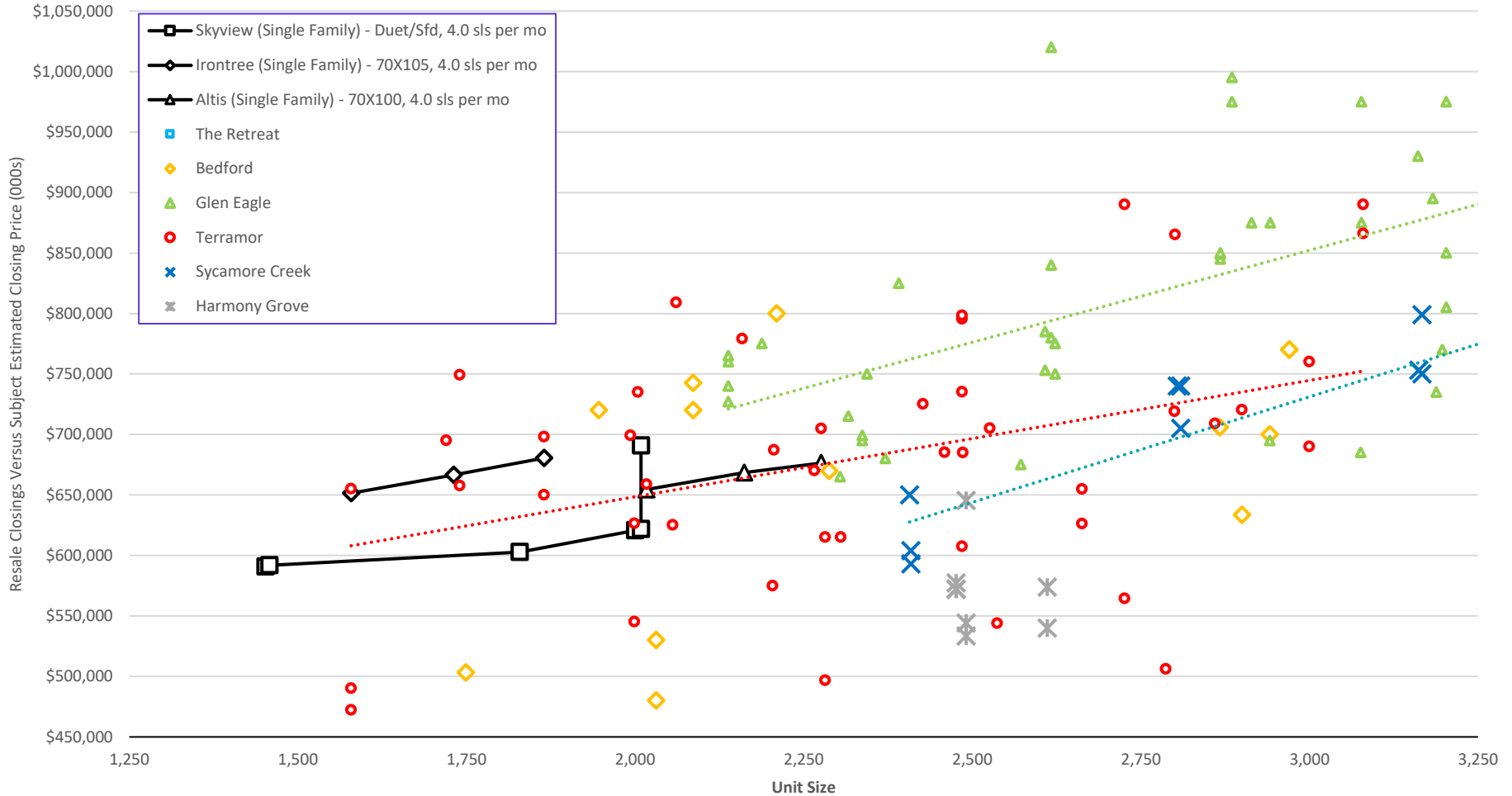
Reference Area	Date Range	Sales	Sales Pace Overall	Year Built	Lot Size	Bed	Bath	Avg. Sq. Ft.	Net Price	Price Per Square Foot
The Retreat	Jan-00 to Jul-21	29	0.02	2006	10,710	4.52	4.93	4,519	\$1,086,893	\$241
Bedford	Jan-00 to May-21	13	0.01	2020	4,498	3.54	3.00	2,390	\$672,701	\$287
Glen Eagle	Jan-00 to Aug-21	56	0.04	2001	9,982	4.27	3.21	2,998	\$851,937	\$289
Terramor	Jan-00 to Jul-21	45	0.03	2019	6,224	3.07	2.82	2,339	\$681,034	\$298
Sycamore Creek	Jan-00 to Jul-21	13	0.01	2019	6,993	4.38	3.38	3,041	\$738,212	\$245
Harmony Grove	Nov-20 to Apr-21	8	1.39	2020	4,249	3.75	2.81	2,515	\$569,662	\$227
Resale Market Average		Total Sales - 164		2011	8,173	3.91	3.39	3,018	\$809,598	\$276



# Terramor Pricing Versus South Corona Case Studies

## Competitive Market Analysis

It stands to reason that Skyview duets are priced below the exclusively single family detached Terramor trend line, while the detached homes at Skyview and Irontree are roughly \$50,000 above the trend line to account for newer product and rapid market appreciation. Altis appears to be somewhat underpriced compared to the resale market.







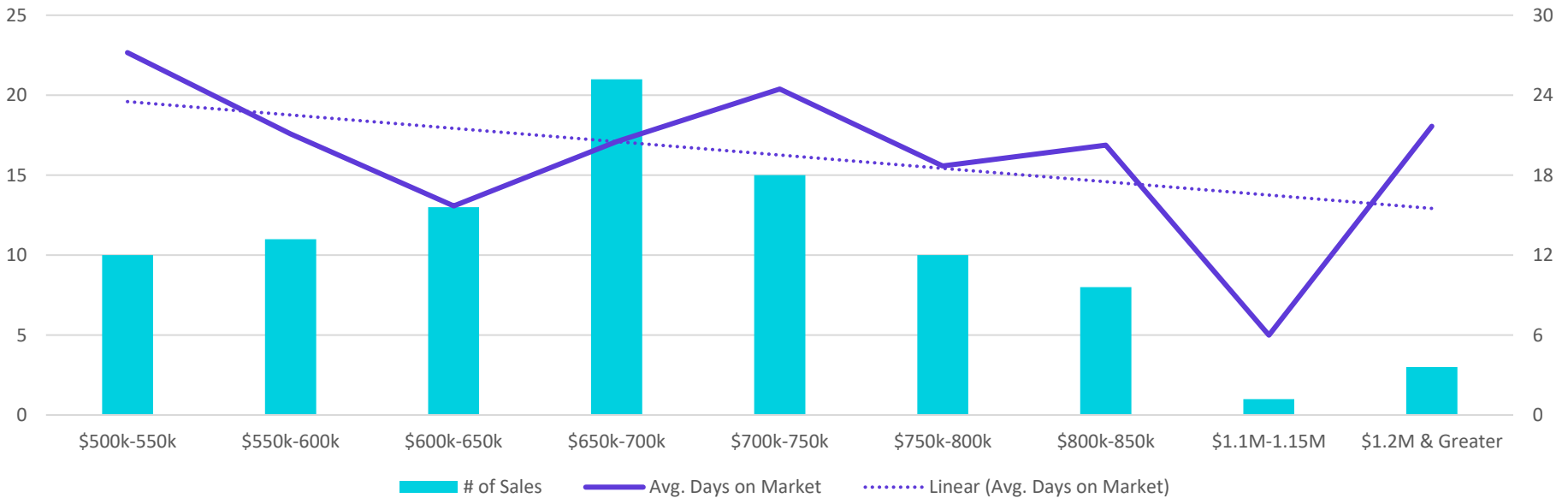
## Average Days on Market

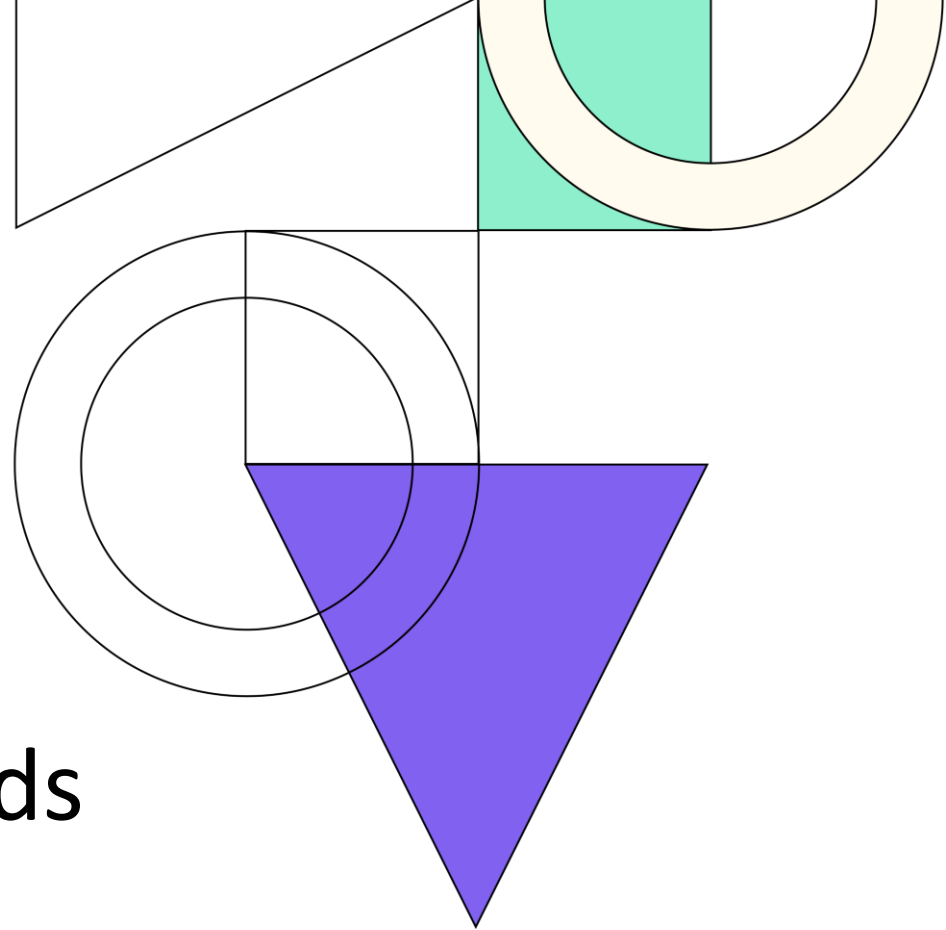
### Competitive Market Analysis

The bulk of the South Corona market is concentrated in the \$650,000 to \$700,000 price band. All days on market data points to extremely low inventory and very quick sales.

Avg. Year Built	Price Range	Avg. Days on Market	# of Sales	Sales Rate
2019	\$500k-550k	27	10	1.41
2019	\$550k-600k	21	11	1.55
2017	\$600k-650k	16	13	1.83
2016	\$650k-700k	21	21	2.96
2018	\$700k-750k	24	15	2.11
2016	\$750k-800k	19	10	1.41
2015	\$800k-850k	20	8	1.13
2020	\$1.1M-1.15M	6	1	0.14
2019	\$1.2M & Greater	22	3	0.42

Average Days On Market South Corona Built 2010+  
Last Six Months





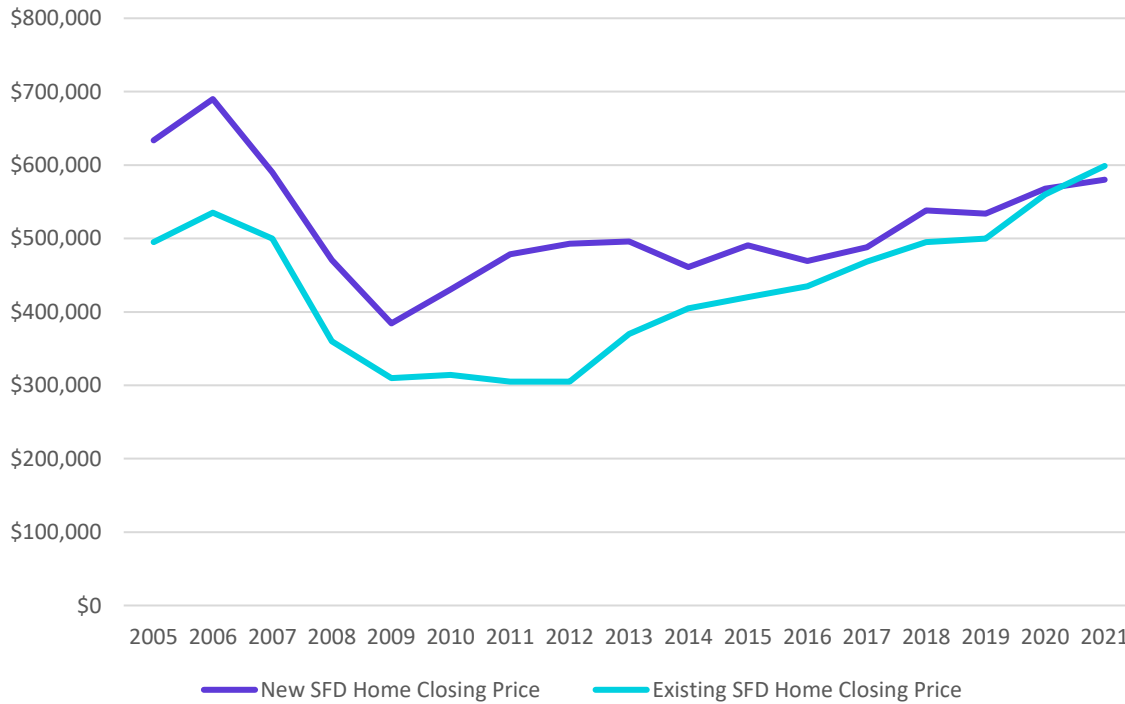
# Housing Market Trends

## Corona Housing Market – Closing Price Trend

### Housing Market Trends

**New home price in Corona increased by 2.1% over the past 12 months after significant jumps of 10.2% in 2018 and 6.4% in 2020.** The market slowed slightly in 2019 as consumer confidence dropped. Existing home price growth is very strong at 12% for 2020 and almost 7.0% over the past 12 months. Based on the current market trends, Zonda anticipates further appreciation in the short term followed by possible cooling in the outer years of the five-year forecast.

New vs. Existing Home Closing Price



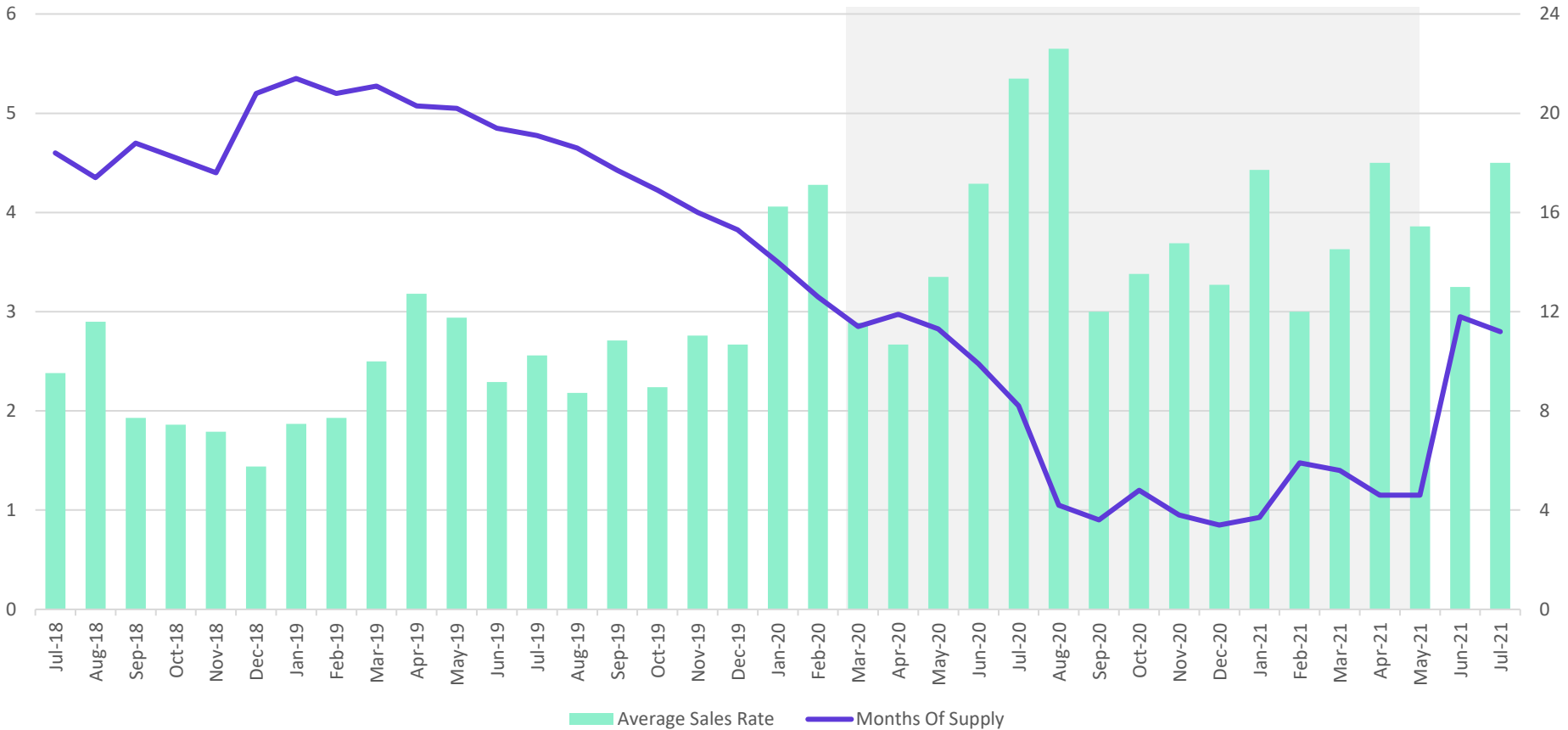
Year	New SFD		Existing SFD	
	Home Closing Price	% Change	Home Closing Price	% Change
2005	\$633,500		\$495,000	
2006	\$690,000	8.9%	\$535,000	8.1%
2007	\$590,250	-14.5%	\$500,000	-6.5%
2008	\$470,500	-20.3%	\$360,000	-28.0%
2009	\$384,500	-18.3%	\$310,000	-13.9%
2010	\$430,500	12.0%	\$314,000	1.3%
2011	\$478,500	11.1%	\$305,000	-2.9%
2012	\$493,000	3.0%	\$305,000	0.0%
2013	\$495,750	0.6%	\$370,000	21.3%
2014	\$461,000	-7.0%	\$405,000	9.5%
2015	\$490,500	6.4%	\$420,000	3.7%
2016	\$469,500	-4.3%	\$435,000	3.6%
2017	\$488,000	3.9%	\$468,500	7.7%
2018	\$538,000	10.2%	\$495,000	5.7%
2019	\$533,750	-0.8%	\$500,000	1.0%
2020	\$568,000	6.4%	\$560,000	12.0%
2021	\$580,136	2.1%	\$598,833	6.9%

# Corona Housing Market – Inventory and Sales Pace

## Housing Market Trends

**Inventory in Corona ebbed to a low of roughly 4 months supply from August 2020 to May 2021 in the wake of the pandemic which triggered a huge spike in demand for housing in the face of stalled housing production.** Inventory levels are rising again as new home production picks up, but for now, average sales pace remains relatively high, bouncing between 3 and 4.5 units per month.

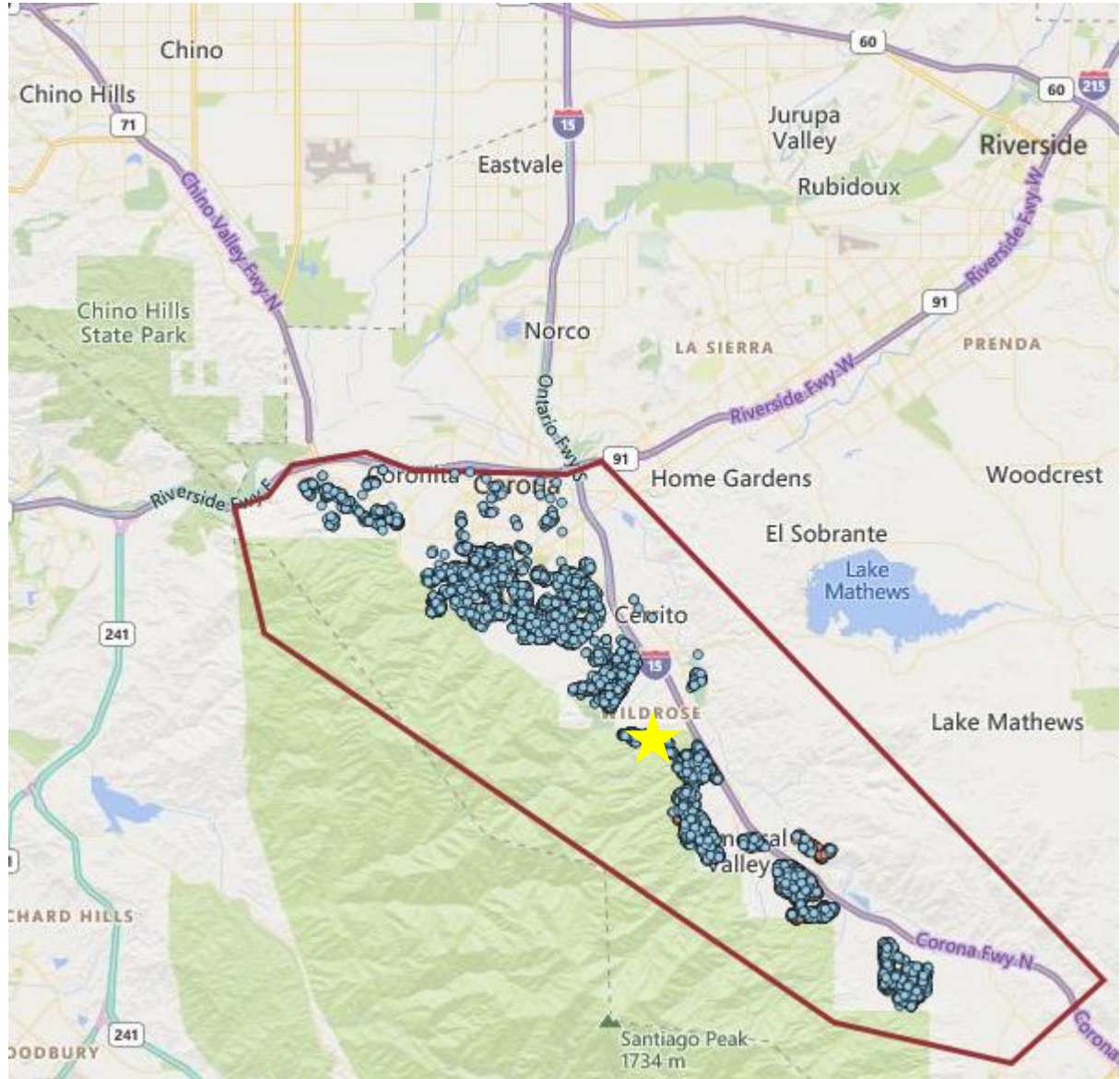
Sales Pace & Months of Supply



## CMA Map – South Corona/Temescal Valley

Housing Market Trends

Zonda also drilled deeper into the more detailed housing market trends specifically in South Corona. The trends for this Submarket are shown in the following pages.

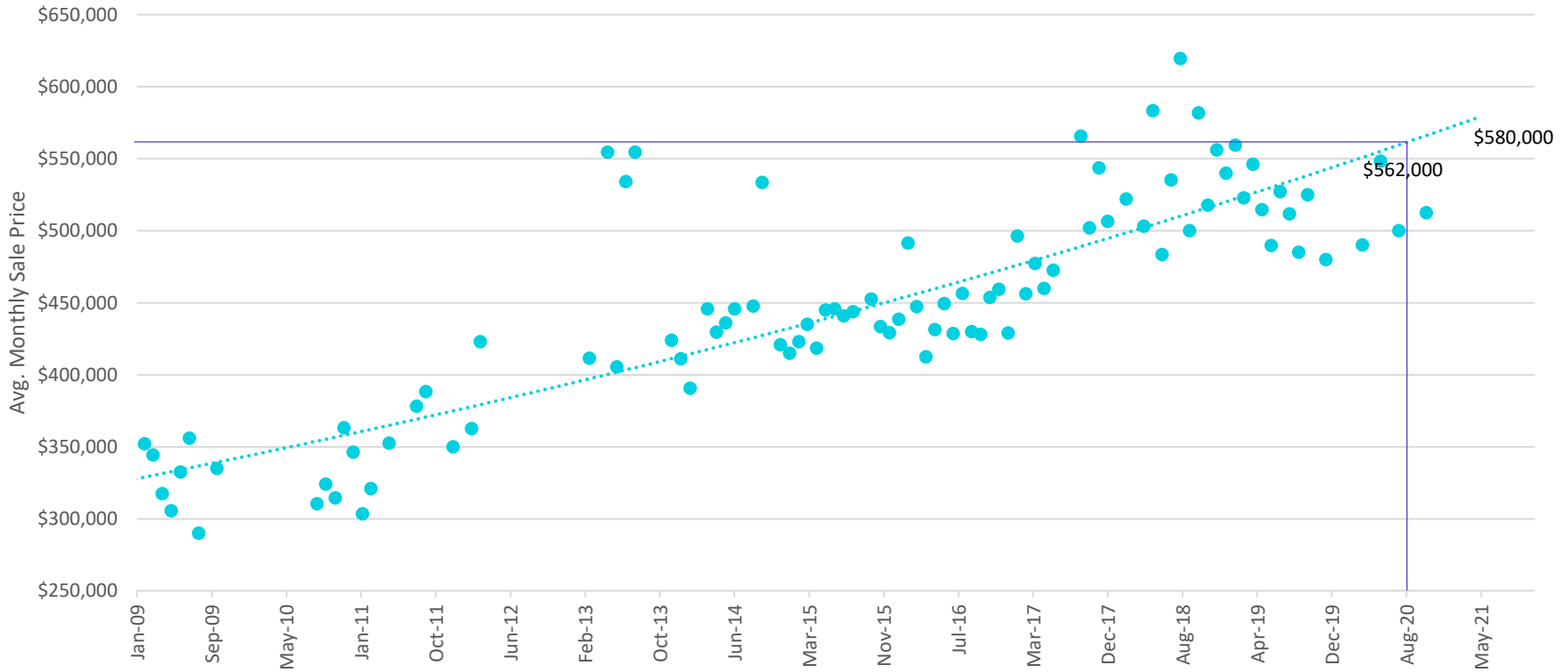


# Detached New Home Price Trends: South Corona

## Housing Market Trends

Average sales price for new detached homes in the South Corona zip codes of 92883 and 92881 represents a trendline increase of 3.2% over the past year. New home price is skewed by whatever type and size of product is currently on the market at any given time, and in the absence of truncations after November 2020, we are compelled to look at the existing market for clarity on price increase.

Detached New Avg. Monthly Sale Price

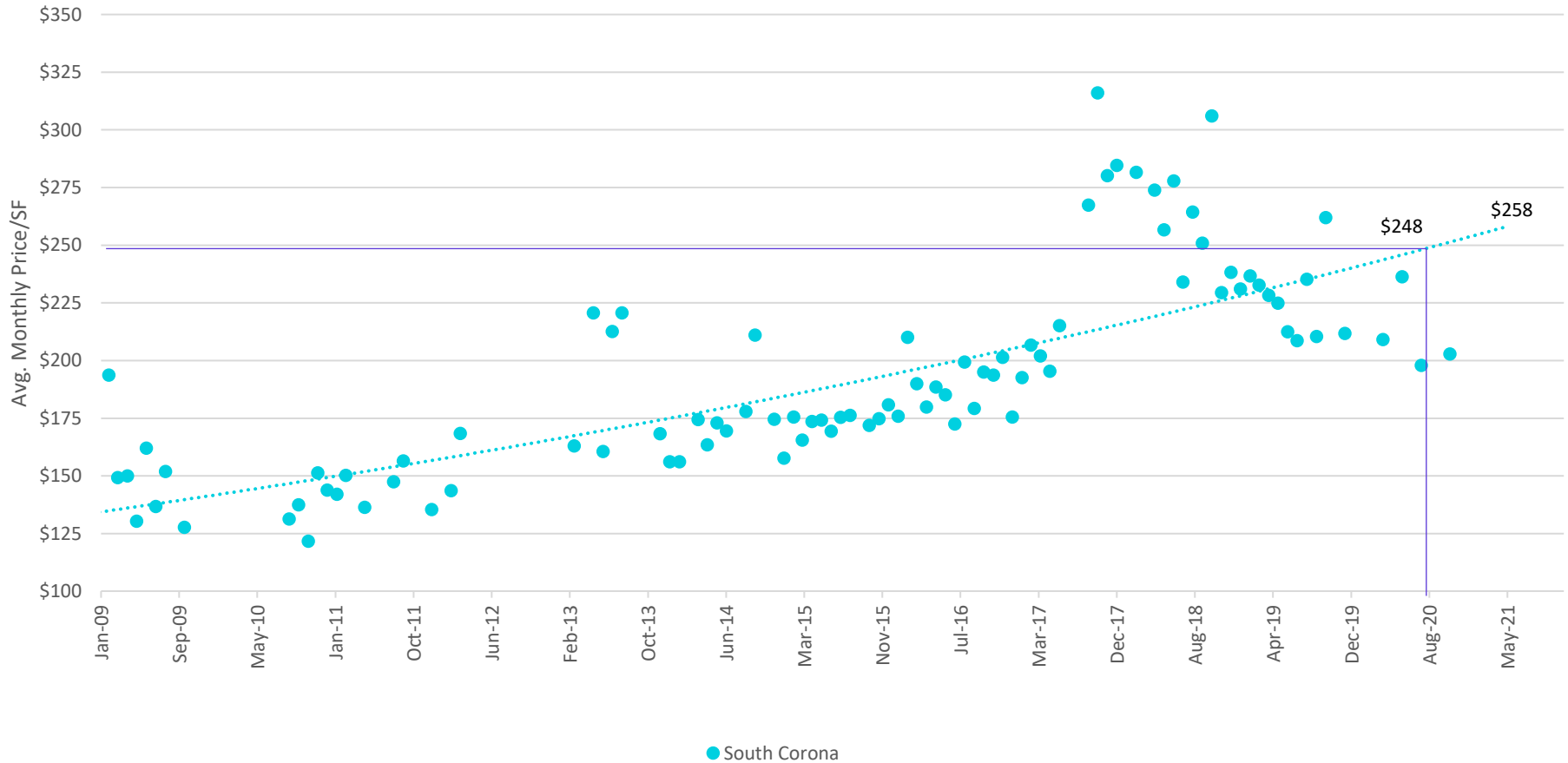


# Detached New Home Price Per Square Foot Trends: South Corona

## Housing Market Trends

Average sales price per square foot for new homes appreciated by 4.0% over the past year, but again, data beyond Fall 2020 is limited. Refer to the following pages for existing home trends which firmly establish price growth over the past year.

Detached New Avg. Monthly Price/SF

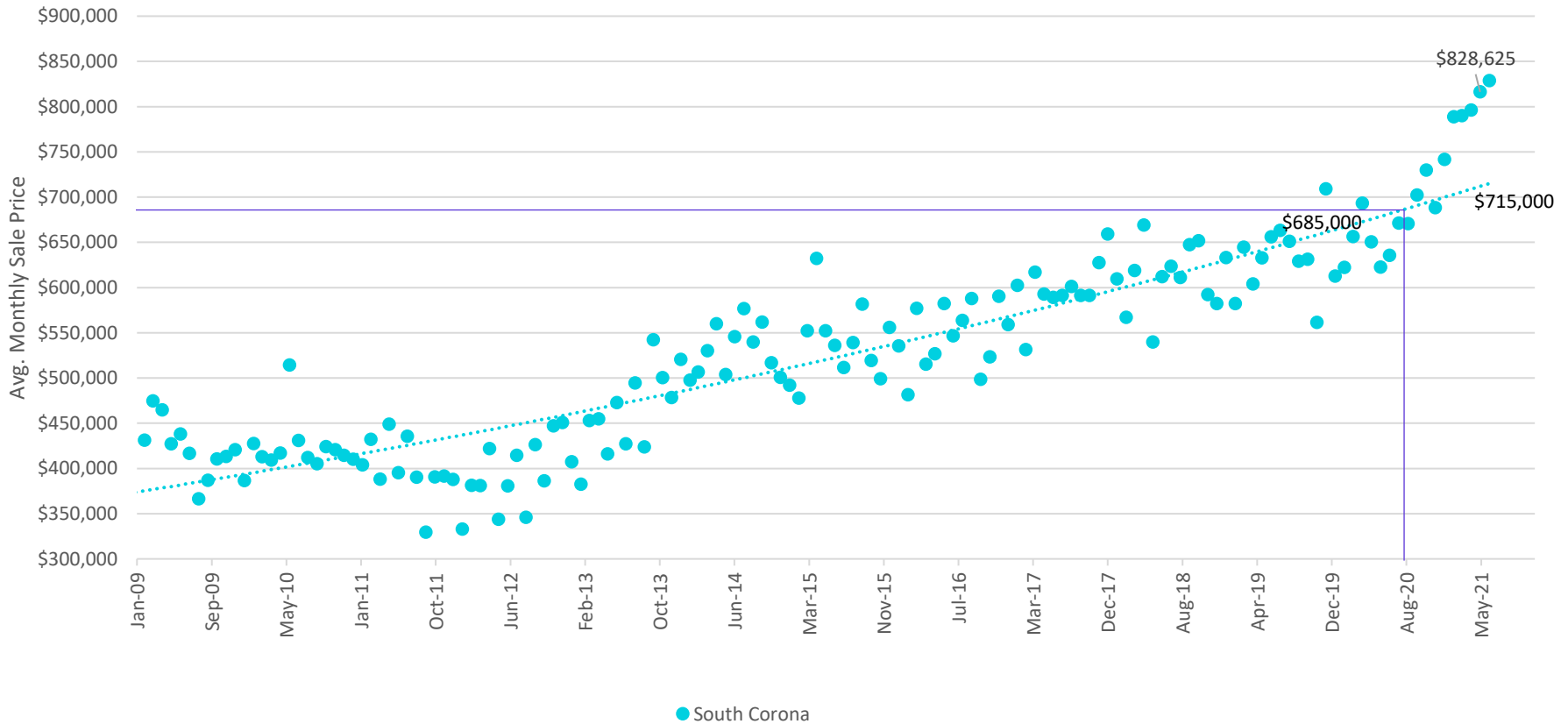


## Detached New Home Price Per Square Foot Trends: South Corona

### Housing Market Trends

The trend for average existing sales price per appreciated by 4.4% over the past year, but actual prices escalated far more sharply into the low \$800,000s, passing the \$750,000 mark in October 2020. The top price one year ago was \$709,000 and is now \$828,625, representing appreciation of 16.8%.

Detached Existing Avg. Monthly Sale Price



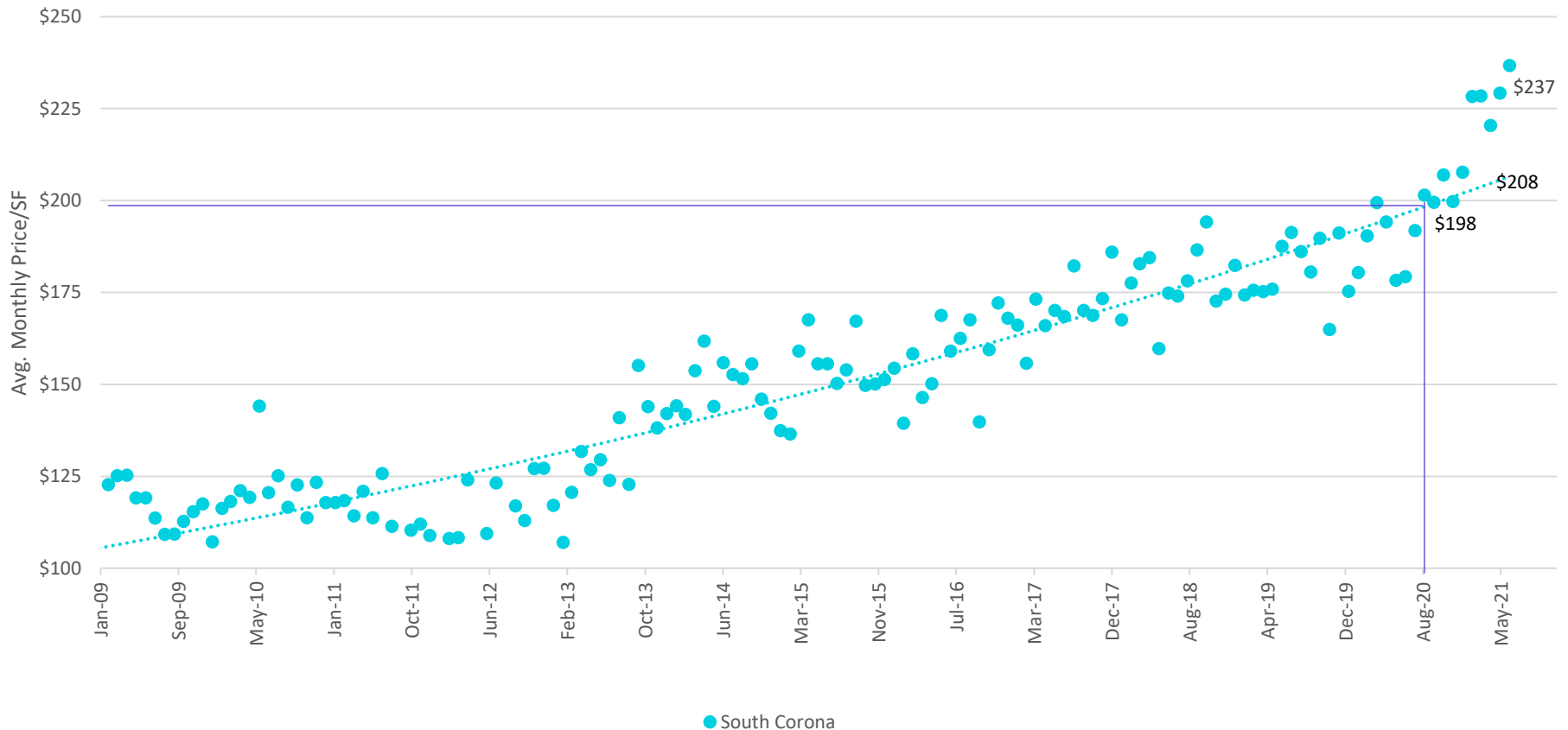


## Detached New Home Price Per Square Foot Trends: South Corona

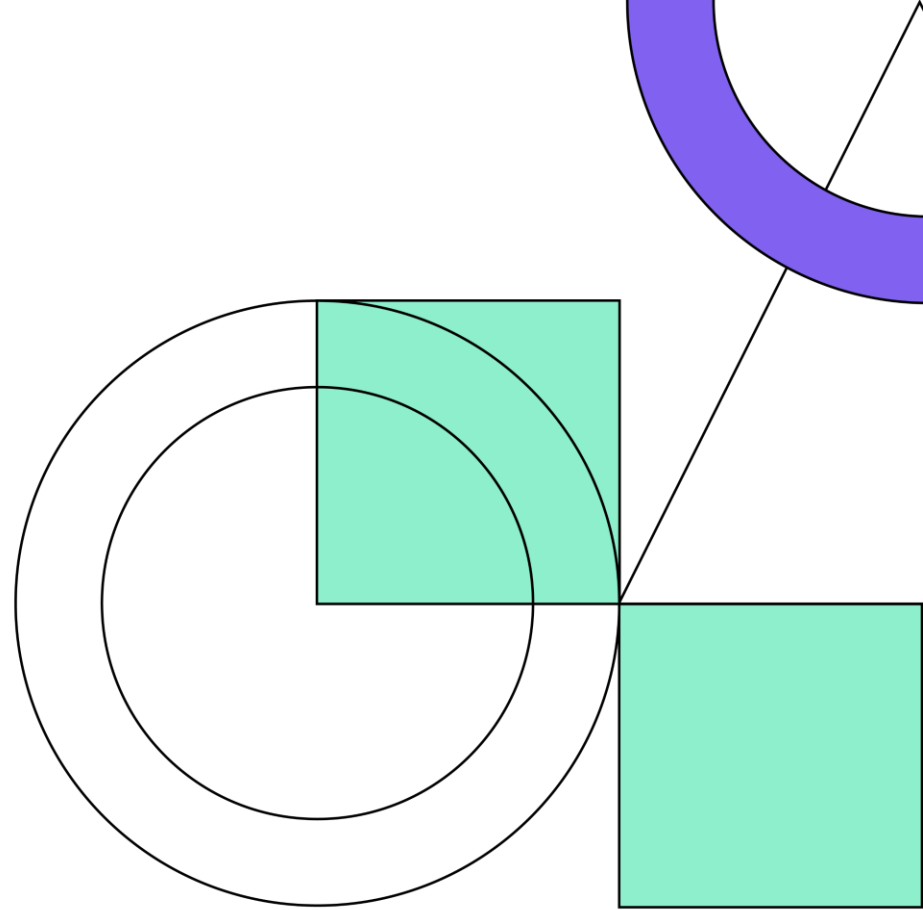
### Housing Market Trends

The average sales price per square foot trend for existing homes appreciated by 5.0% over the past year, but as with absolute price, actuals saw far steeper price growth over the past year of 20%. Although these numbers are governed by what inventory is available at any given time, the volume of the existing market gives a much clearer trend of price growth which we can apply to our appreciation forecast on page 17.

Detached Existing Avg. Monthly Price/SF



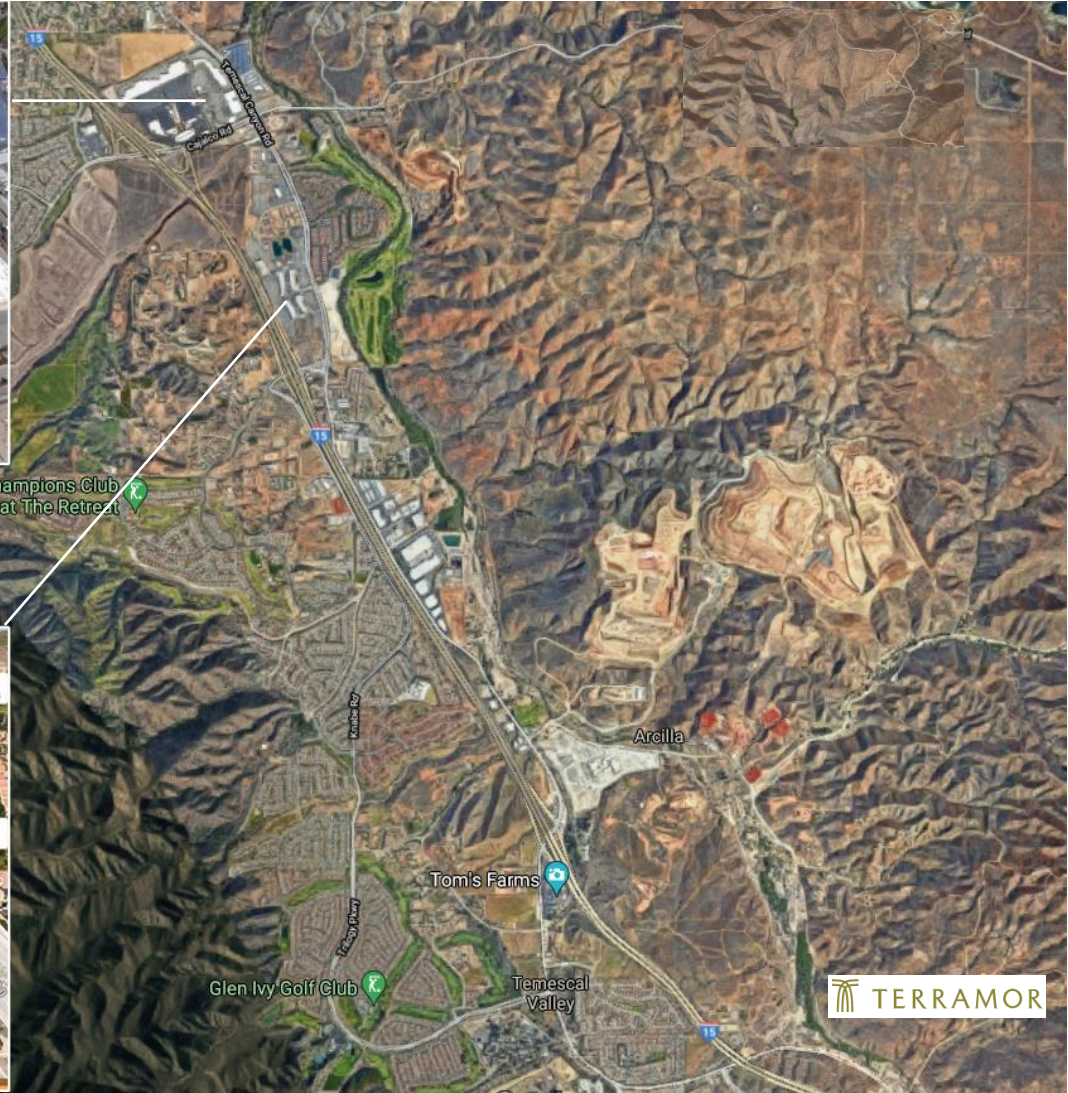
# Location Analysis



# Location Map - Shopping and Recreation

## Location Analysis

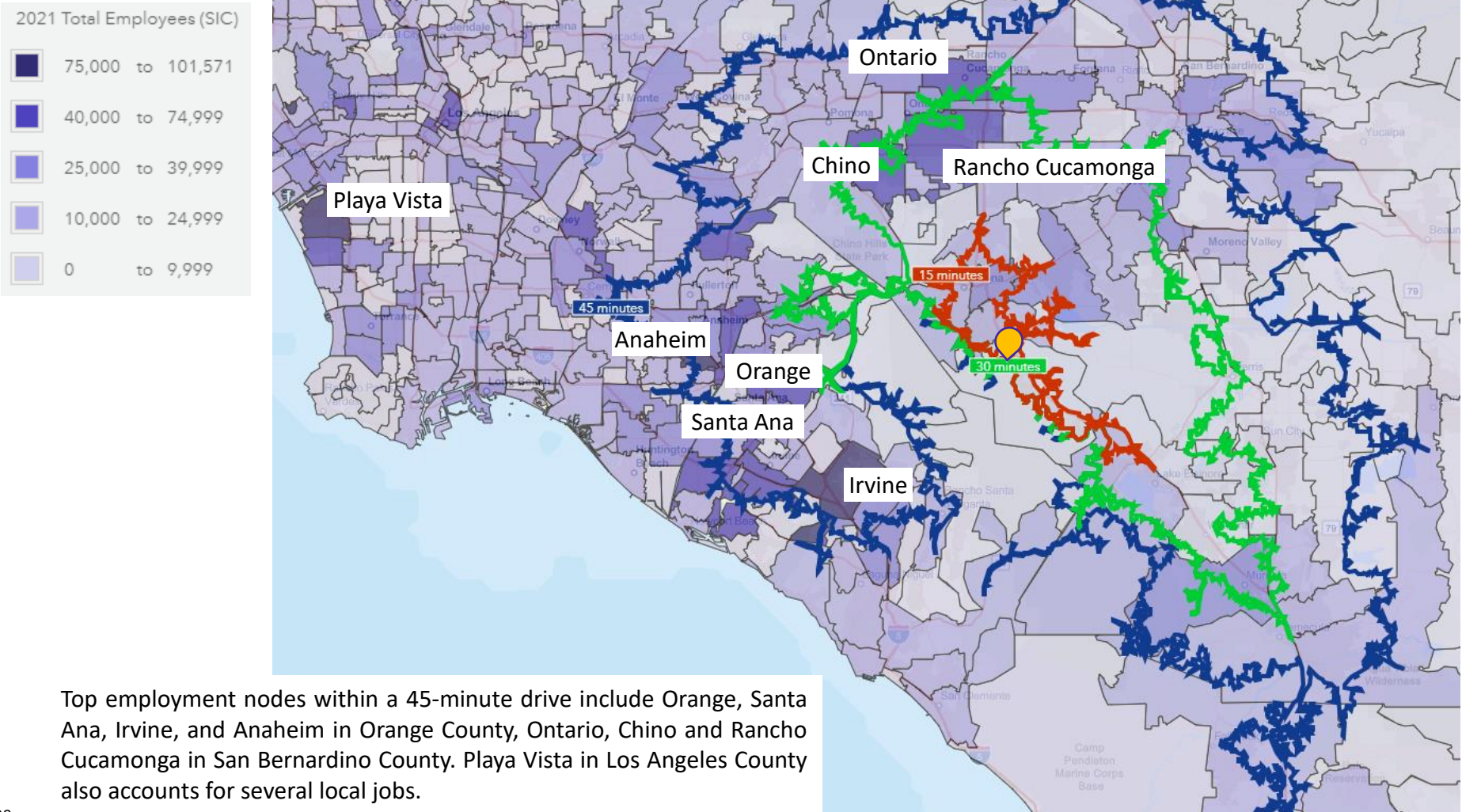
The shops at Sycamore Creek offer local retail, and there are have several additional options for shopping and entertainment at The Shops at Dos Lagos (anchored by Trader Joes), and The Crossings at Corona with its Regal Edwards Movie Theater.



# Employment Concentration by Drive Time

## Location Analysis

Terramor is located within reach of a wide range of major employment nodes (darker areas) in Riverside, San Bernardino, Orange and Los Angeles Counties.



Top employment nodes within a 45-minute drive include Orange, Santa Ana, Irvine, and Anaheim in Orange County, Ontario, Chino and Rancho Cucamonga in San Bernardino County. Playa Vista in Los Angeles County also accounts for several local jobs.

# Employee Commute Concentration from Subject Zip Code

## Location Analysis

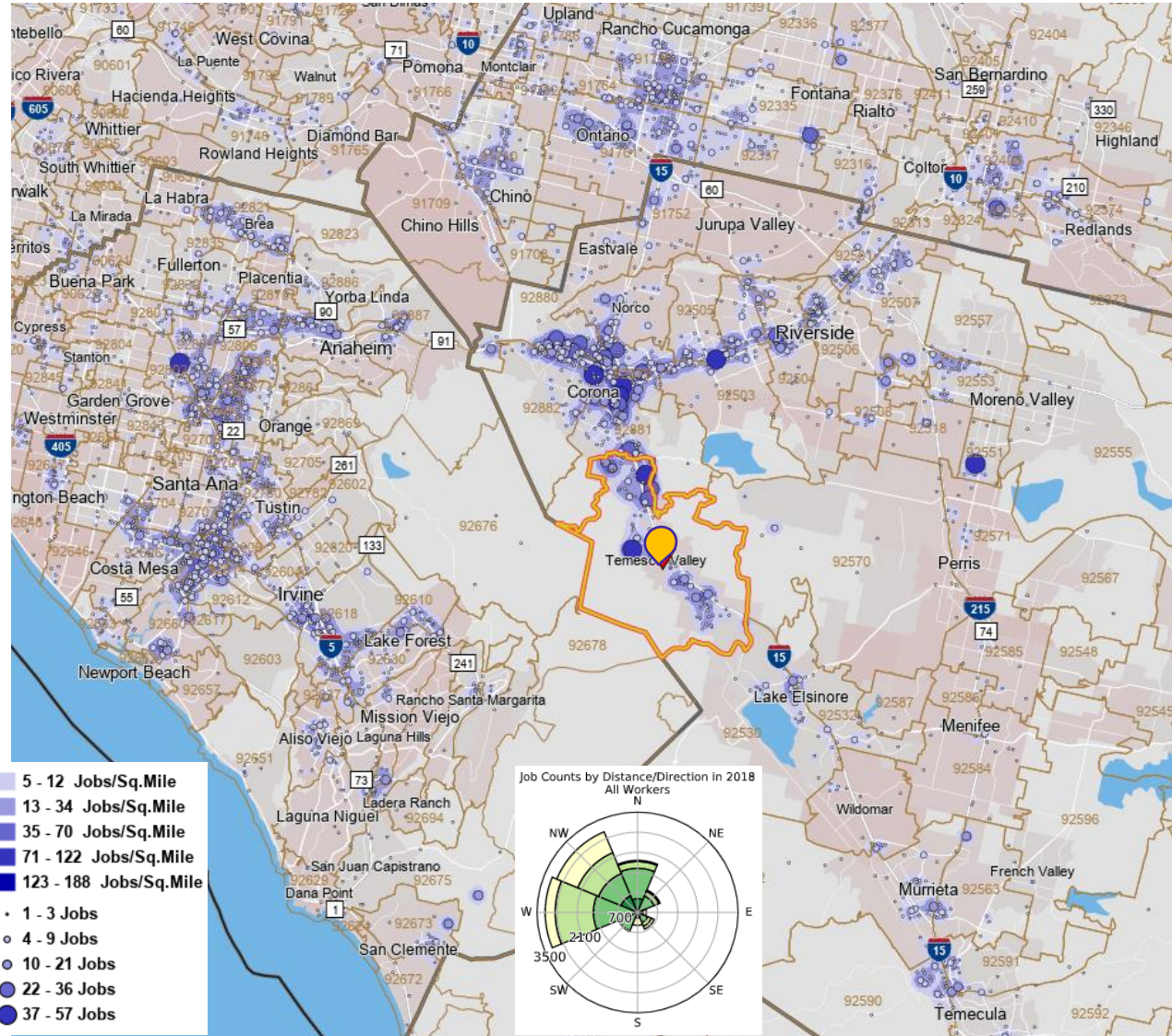
Employment is located west and north of Corona itself which accounts for over 10% of the local residential commuters. The Inland Empire cities of Riverside and Ontario account for over 9% of commuter concentration, while Orange County employment nodes attract over 15% of workers living in the Subject zip code 92883. Commute distances are typically between 10 and 24 miles each way each day.

### Jobs by Distance - Home Census Block to Work Census Block

	2018	
	Count	Share
<b>Total Private Primary Jobs</b>	11,016	100.0%
<b>Less than 10 miles</b>	1,471	13.4%
<b>10 to 24 miles</b>	5,015	45.5%
<b>25 to 50 miles</b>	2,845	25.8%
<b>Greater than 50 miles</b>	1,685	15.3%

### Where Workers are Employed - Private Primary Jobs

	2018	
	Count	Share
<b>All Places (Cities, CDPs, etc.)</b>	11,016	100.0%
<b>Corona city, CA</b>	1,161	10.5%
<b>Riverside city, CA</b>	628	5.7%
<b>Irvine city, CA</b>	620	5.6%
<b>Los Angeles city, CA</b>	474	4.3%
<b>Anaheim city, CA</b>	452	4.1%
<b>Ontario city, CA</b>	394	3.6%
<b>Orange city, CA</b>	314	2.9%
<b>Temescal Valley CDP, CA</b>	314	2.9%
<b>Santa Ana city, CA</b>	277	2.5%
<b>San Diego city, CA</b>	214	1.9%
<b>All Other Locations</b>	6,168	56.0%





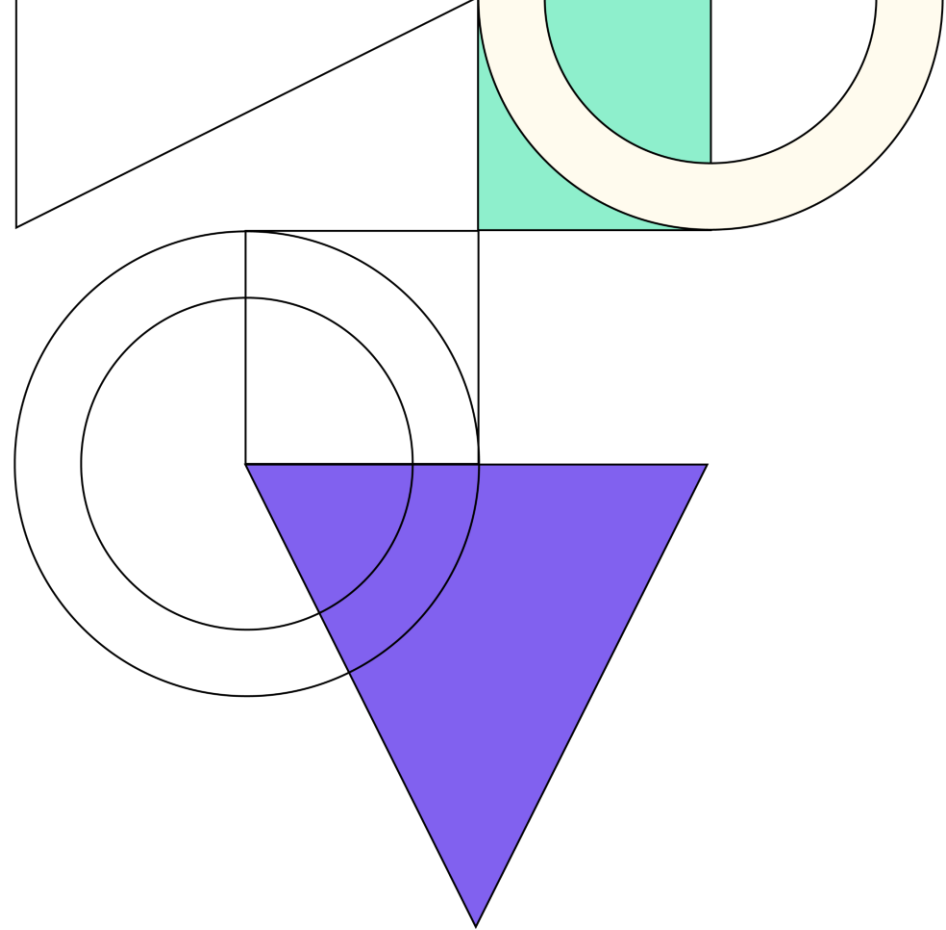
## Assigned Public School Rankings

### Location Analysis

**Terramor is assigned to the Todd Elementary (K-8) and Centennial High Schools in the Corona-Norco Unified School District, both of which are the highest ranked in this District.** This is a lucrative draw for families with school aged children looking to move to Skyview.

Middle Schools		
	GreatSchool Score	Rank
Todd Elementary	8	1
El Cerrito Middle School	8	2
River Heights Intermediate School	7	3
Norco Intermediate School	7	4
Dr. Augustine Ramirez Intermediate School	7	5
Corona Fundamental Intermediate School	6	6
Citrus Hills Intermediate School	6	7
Cesar Chavez Academy	6	8
Home Gardens Academy	5	9
Letha Raney Intermediate School	5	10
Auburndale Intermediate School	3	11
Corona-Norco Alternative School	2	12

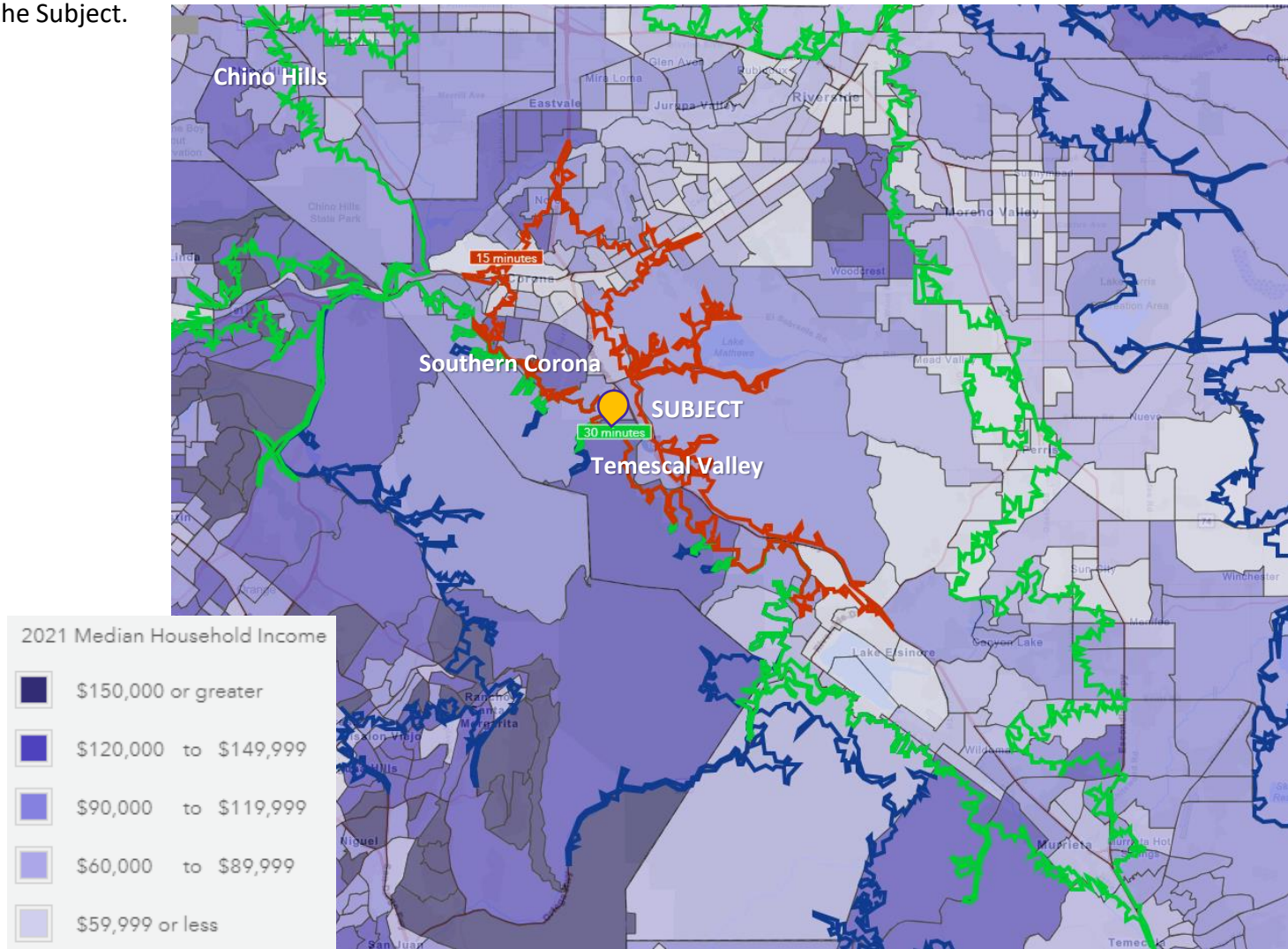
High Schools		
	GreatSchool Score	Rank
Centennial High School	8	1
Santiago High School	8	2
Eleanor Roosevelt High School	8	3
Norco High School	7	4
John F. Kennedy High School	7	5
Corona High School	5	6
Corona-Norco Alternative School	2	7
Corona Vista High School		
Lee V. Pollard High School		



# Demographics

## Area Median Income Demographics & Buyer Profile

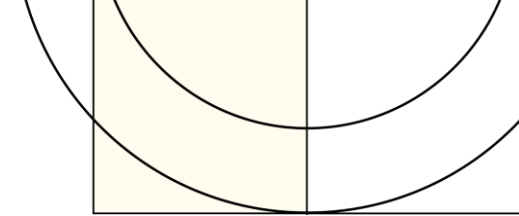
Existing owners at Terramor make roughly \$120,000, and Zonda’s proposed prices are attainable to local residents in Southern Corona and Murrieta. Chino Hills and the Temecula-Murrieta area which also have large concentrations of these upper middle class households, could draw home buyers to the Subject.



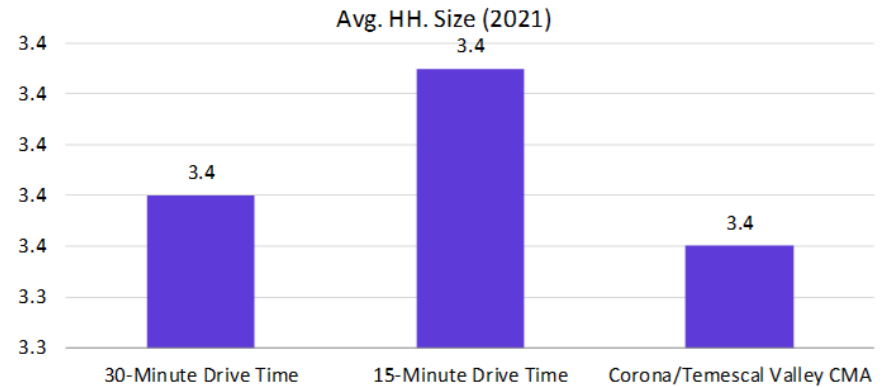
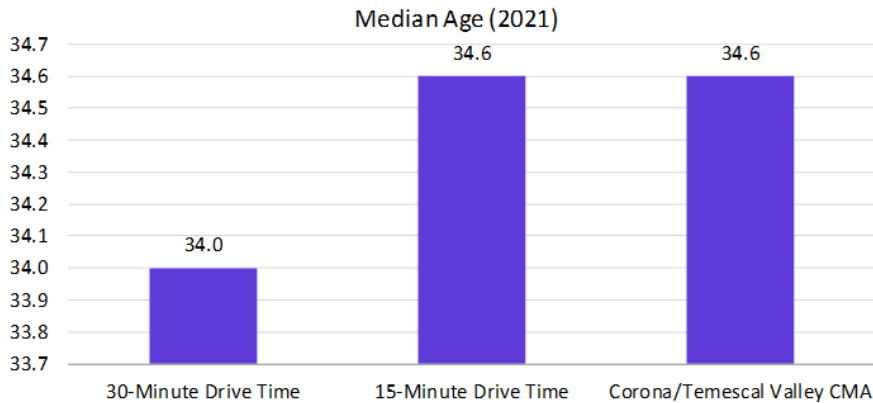
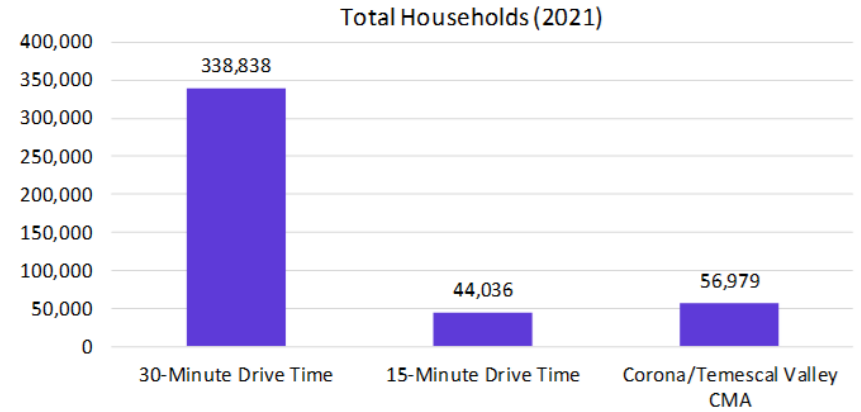
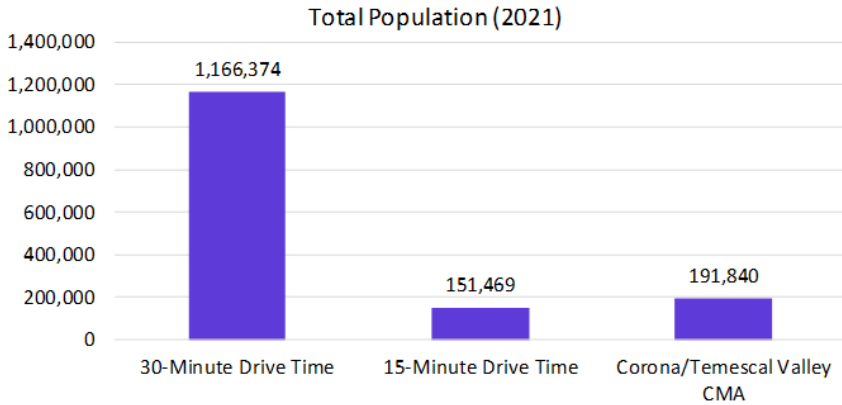


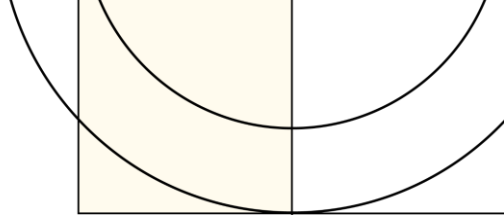
# Population & Household Trends

## Demographics & Buyer Profile



Corona and the Temescal Valley Corridor share a similar demographic profile to the larger 30-minute drive time area, which has a significant population of 1.166 million people in 338,838 households. Average household size is on the larger side at 3.4 people, implying that bedroom count and home size is important to this demographic. Average age is 34 across the board, and is analyzed in further detail on the following pages.



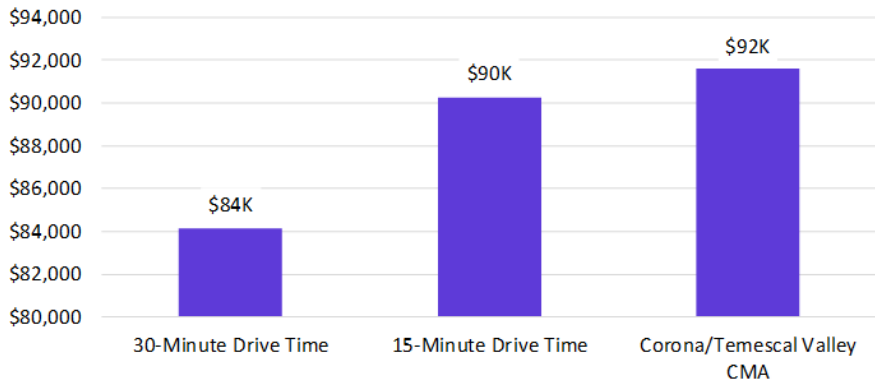


# Income, Education & Net Worth

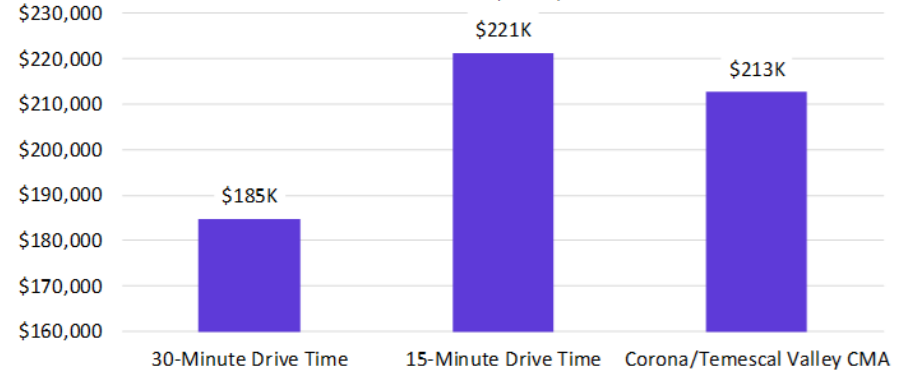
## Demographics & Buyer Profile

The Corona and the Temescal Valley Corridor is similar to the 15-minute drive time with higher incomes, education levels and net worth than the greater 30-minute drive time. Median income is \$90,000+ (average income is higher, at around \$120,000), and net worth is in the low \$200,000s. Roughly 65% of the households in both these areas hold white collar jobs. These takeaways all suggest that Terramor should continue to sell well at the proposed pricing.

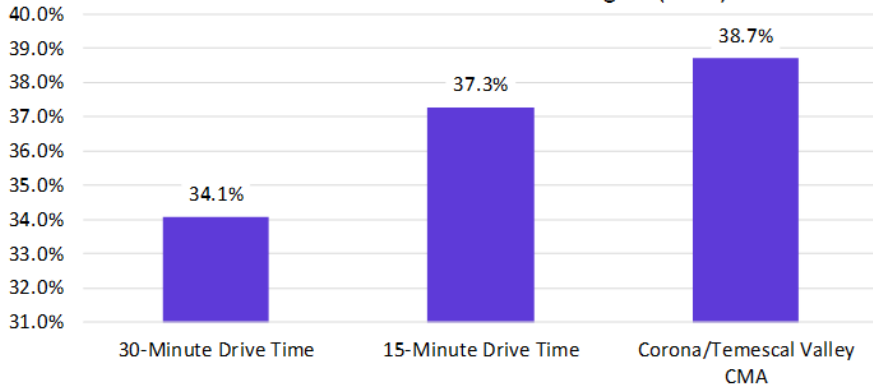
HH. Income (2021)



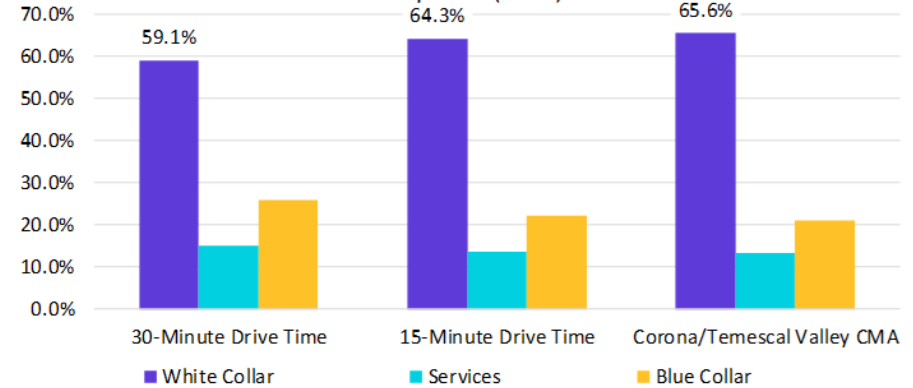
Net Worth (2021)

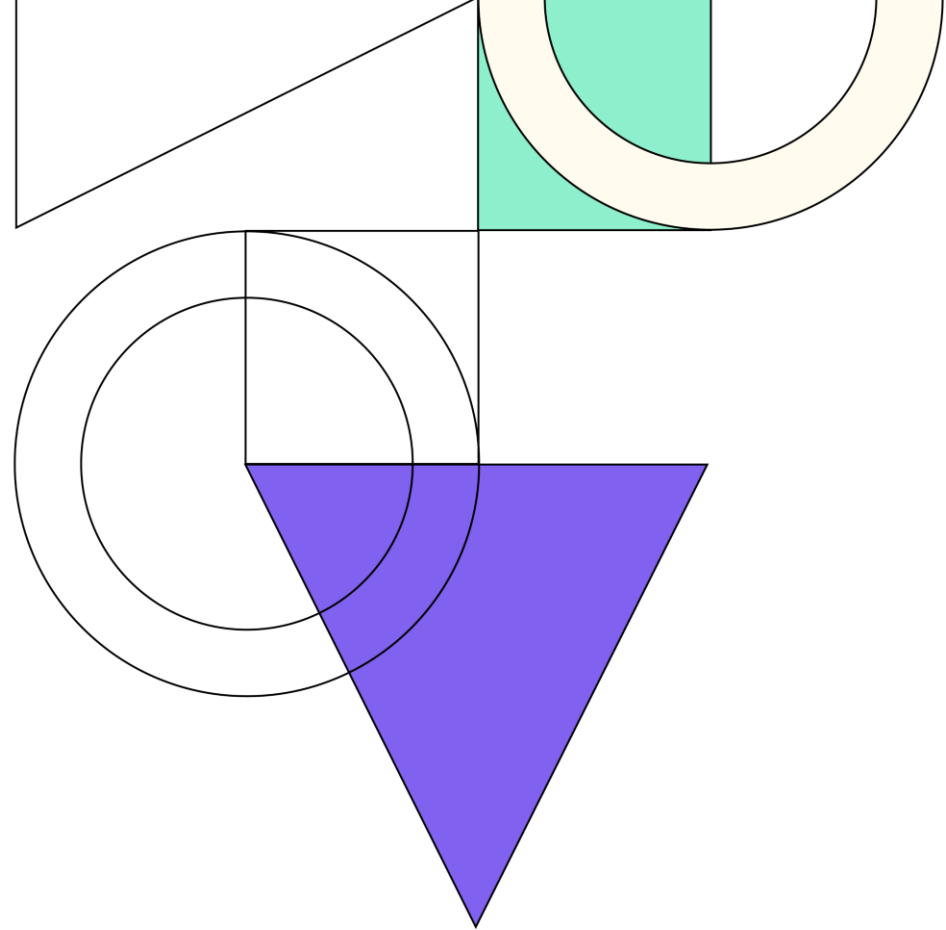


Educational Attainment - Bachelor's or Higher (2021)



Occupation (2021)



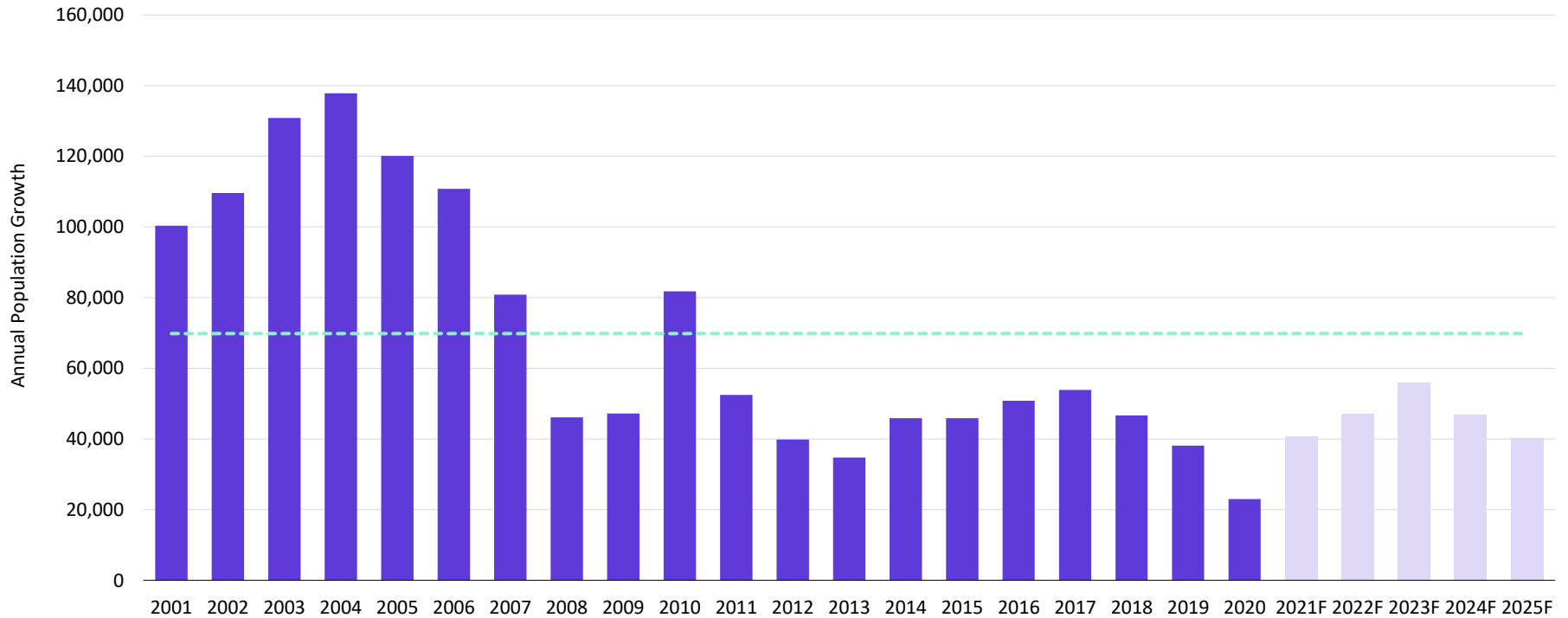


# Economic Overview

# Annual Household Growth – Riverside-San Bernardino MSA

## Economic Overview

The Riverside-San Bernardino MSA population is forecast to grow by roughly 1.0% annually over the next couple of years, implying the need for more housing. Population growth was only half that for 2020 as a result of the pandemic, setting a 20-year record low.



Source: Moody's Analytics; U.S. Census Bureau (BOC)

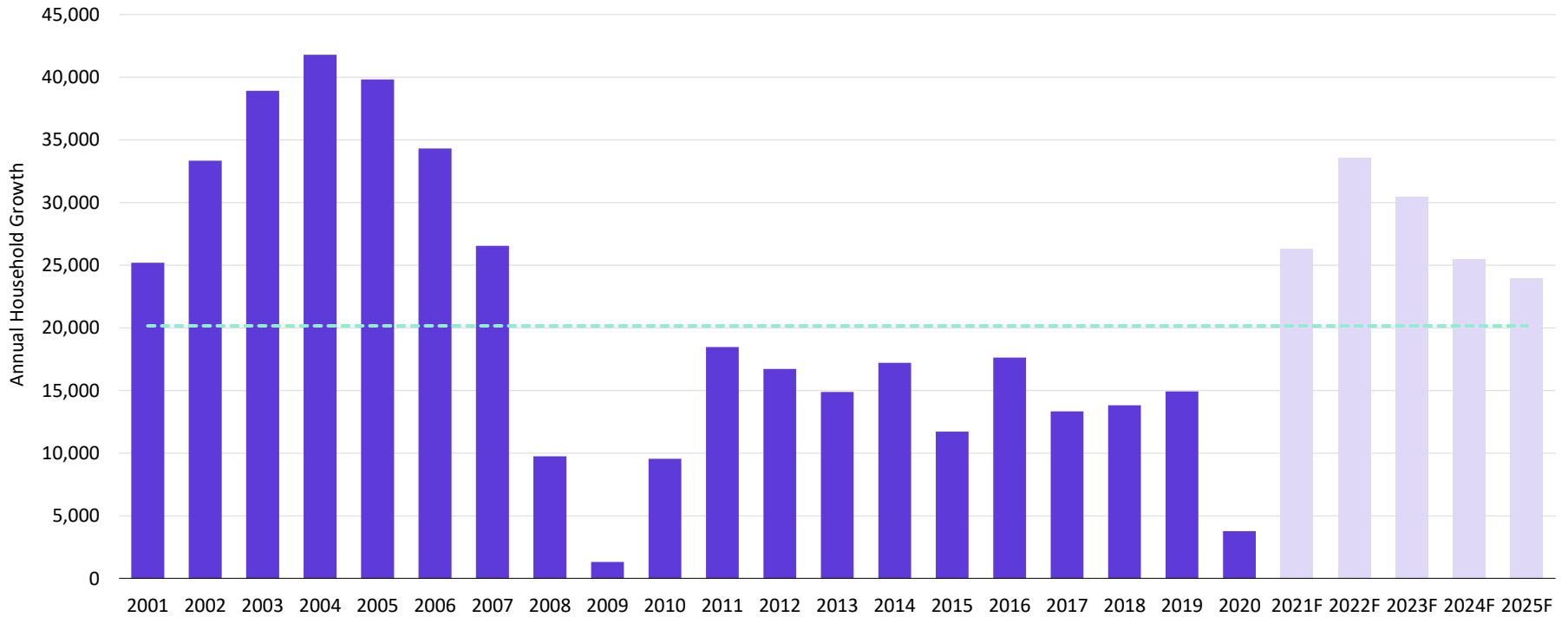
### Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area - Moody's Analytics Five-Year Forecast

Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Total Population	4,294,897	4,334,716	4,369,493	4,415,343	4,461,227	4,512,041	4,565,909	4,612,542	4,650,631	4,673,605	4,714,319	4,761,395	4,817,279	4,864,235	4,904,487
Prior Year Change	52,473	39,819	34,777	45,850	45,884	50,814	53,868	46,633	38,089	22,974	40,714	47,076	55,884	46,956	40,252
<b>Annual % Change</b>	<b>1.2%</b>	<b>0.9%</b>	<b>0.8%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.1%</b>	<b>1.2%</b>	<b>1.0%</b>	<b>0.8%</b>	<b>0.5%</b>	<b>0.9%</b>	<b>1.0%</b>	<b>1.2%</b>	<b>1.0%</b>	<b>0.8%</b>

# Annual Household Growth – Riverside-San Bernardino MSA

## Economic Overview

Population growth translates to household growth which is expected to be strong at 2.0%+ for 2022 and 2023. Moody’s Economy.com forecasts annual household growth of 26,300 or 1.8% in 2021, fueling additional demand for new housing. Household growth has a direct positive impact on the absorption of new units at Terramor.



Source: Moody's Analytics; U.S. Census Bureau (BOC)

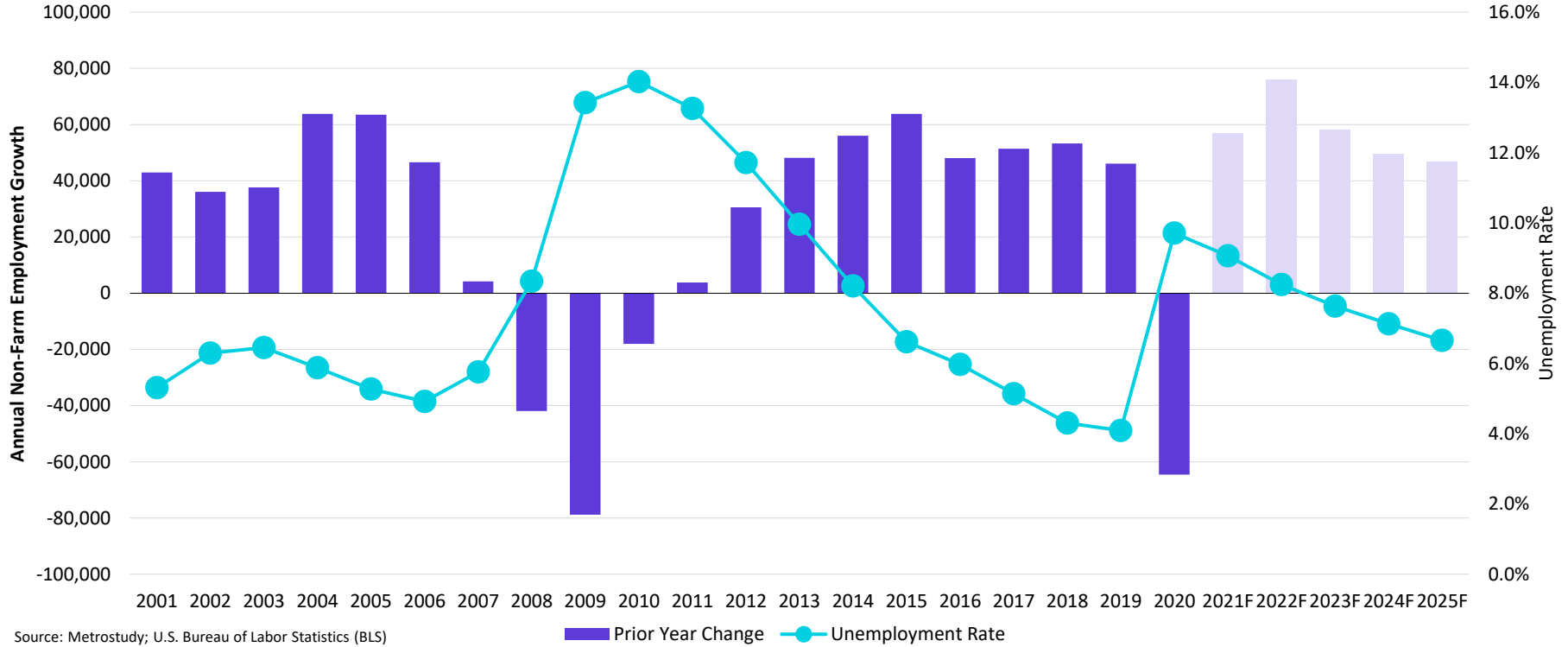
### Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area - Moody's Analytics Five-Year Forecast

Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Total Households	1,323,141	1,339,866	1,354,752	1,371,956	1,383,677	1,401,305	1,414,631	1,428,457	1,443,375	1,447,146	1,473,448	1,506,996	1,537,473	1,562,981	1,586,913
Prior Year Change	18,468	16,725	14,885	17,204	11,721	17,628	13,325	13,827	14,918	3,771	26,302	33,548	30,477	25,508	23,932
<b>Annual % Change</b>	<b>1.4%</b>	<b>1.3%</b>	<b>1.1%</b>	<b>1.3%</b>	<b>0.9%</b>	<b>1.3%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>0.3%</b>	<b>1.8%</b>	<b>2.3%</b>	<b>2.0%</b>	<b>1.7%</b>	<b>1.5%</b>

# Annual Employment Growth vs. Unemployment – Riverside-San Bernardino MSA

## Economic Overview

After nearly a decade of strong growth, the number of new jobs added each year in the Riverside-San Bernardino MSA declined sharply in 2020 due to COVID-19. This year, Moody’s Economy.com anticipates the recovery of 89% of the 64,000 jobs lost in 2020, with a bumper year in 2022. Continued strong job growth, at a slowing rate, is projected through 2025.



Source: Metrostudy; U.S. Bureau of Labor Statistics (BLS)

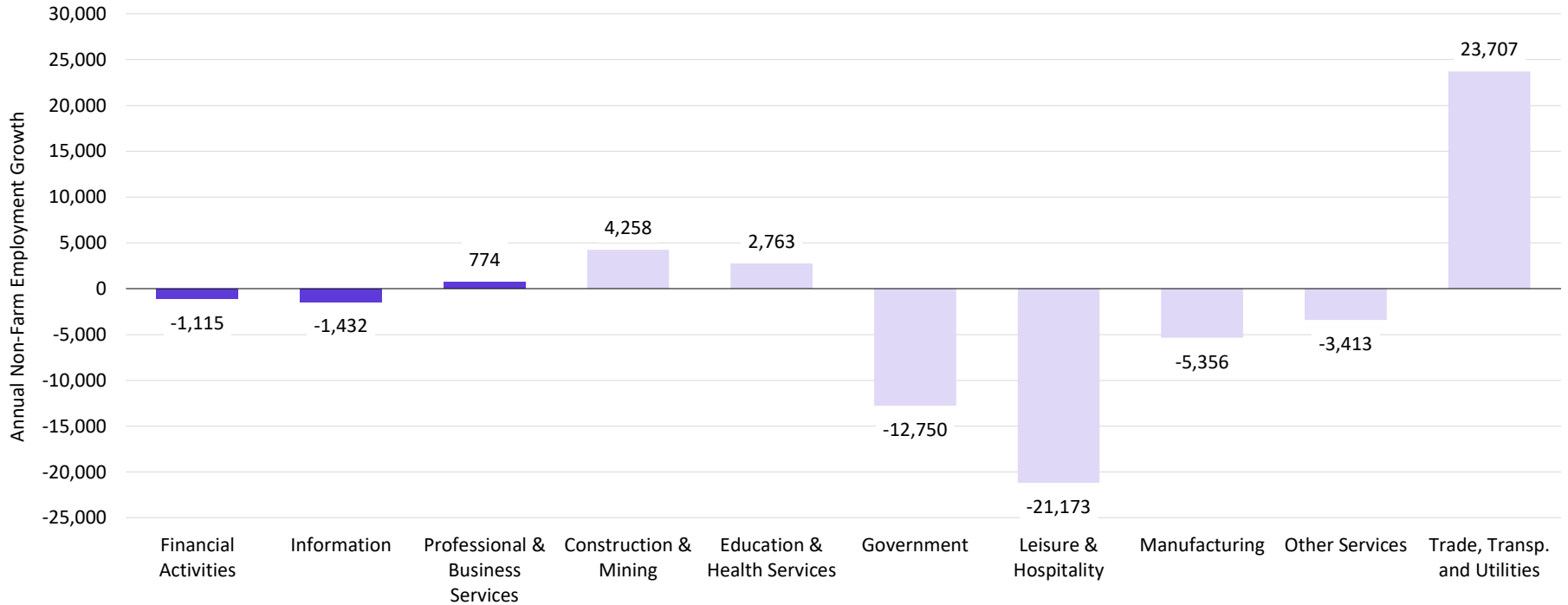
### Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area - Metrostudy Five-Year Forecast

Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Non-Farm Employment	1,154,725	1,185,308	1,233,442	1,289,500	1,353,317	1,401,325	1,452,758	1,506,042	1,552,083	1,487,517	1,544,665	1,620,780	1,679,105	1,728,656	1,775,637
Prior Year Change	3,783	30,583	48,133	56,058	63,817	48,008	51,433	53,283	46,042	(64,567)	57,148	76,115	58,325	49,552	46,981
Annual % Change	0.3%	2.6%	4.1%	4.5%	4.9%	3.5%	3.7%	3.7%	3.1%	-4.2%	3.8%	4.9%	3.6%	3.0%	2.7%
<b>Unemployment Rate</b>	<b>13.3%</b>	<b>11.7%</b>	<b>10.0%</b>	<b>8.2%</b>	<b>6.6%</b>	<b>6.0%</b>	<b>5.1%</b>	<b>4.3%</b>	<b>4.1%</b>	<b>9.7%</b>	<b>9.1%</b>	<b>8.2%</b>	<b>7.6%</b>	<b>7.1%</b>	<b>6.7%</b>

# Employment Growth by Sector – Riverside-San Bernardino MSA

## Economic Overview

Month over month employment continues to bounce back after the 2020 recession, with the strongest gains in the Trade, Transport and Utilities Sector. Construction and Education and Health Services also continue to post job gains, and Financial Services is starting to turn the corner. Government positions and the Leisure and Hospitality sectors continue to lag, but the overall employment status is very different from one year ago when the negative effects of the pandemic were in full swing.



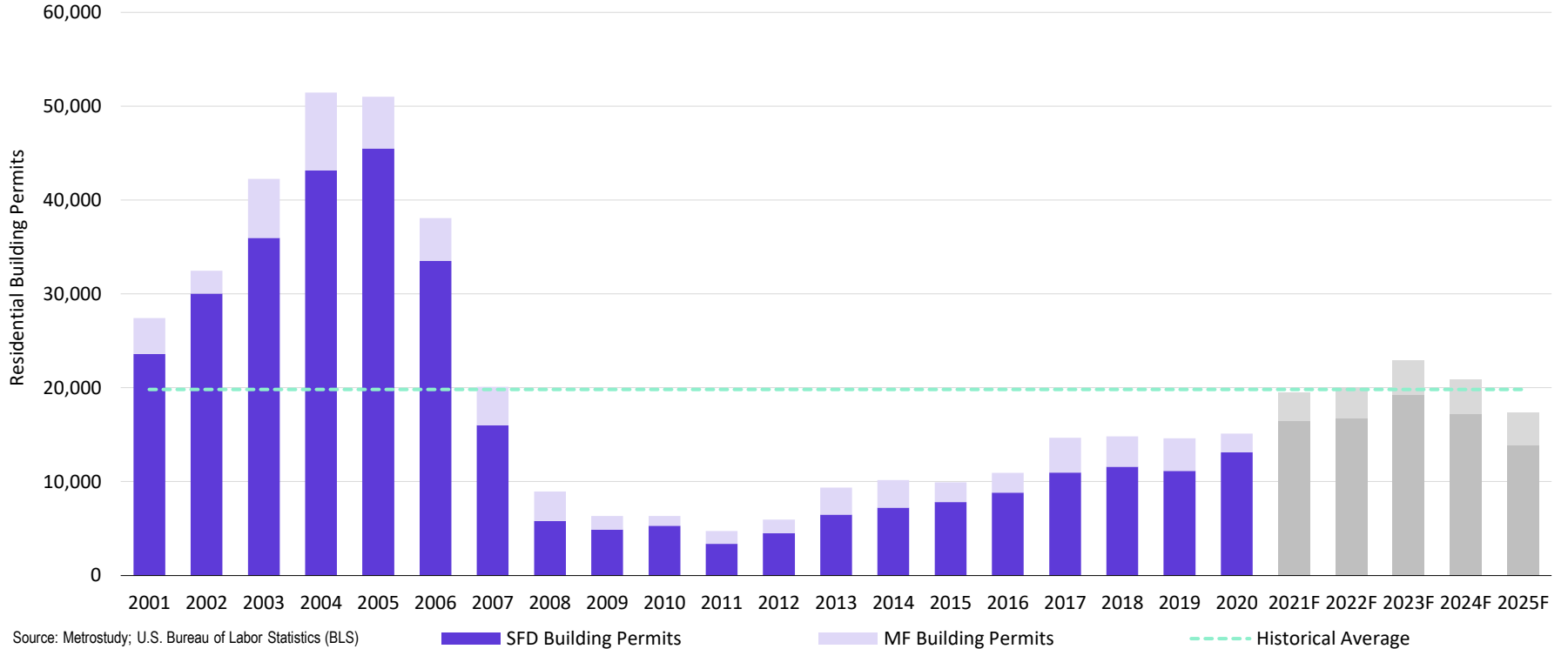
Source: Moody's Analytics; U.S. Bureau of Labor Statistics (BLS)

Category	Financial Activities	Information	Professional & Business Services	Construction & Mining	Education & Health Services	Government	Leisure & Hospitality	Manufacturing	Other Services	Trade, Transp. and Utilities
Current Month (Jan-2021)	43,145	8,748	155,936	108,697	251,732	242,170	131,209	91,554	38,500	420,490
Current Month (Jan-2020)	44,261	10,179	155,161	104,440	248,969	254,920	152,382	96,910	41,913	396,783
<b>12-Month Change</b>	<b>-1,115</b>	<b>-1,432</b>	<b>774</b>	<b>4,258</b>	<b>2,763</b>	<b>-12,750</b>	<b>-21,173</b>	<b>-5,356</b>	<b>-3,413</b>	<b>23,707</b>

# Building Permit Activity – Riverside-San Bernardino MSA

## Economic Overview

Building permit activity picked up this year, and is expected to maintain strong activity throughout the five-year forecast, as the construction industry continues to meet demand in an undersupplied market.



### Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area - Metrostudy Five-Year Forecast

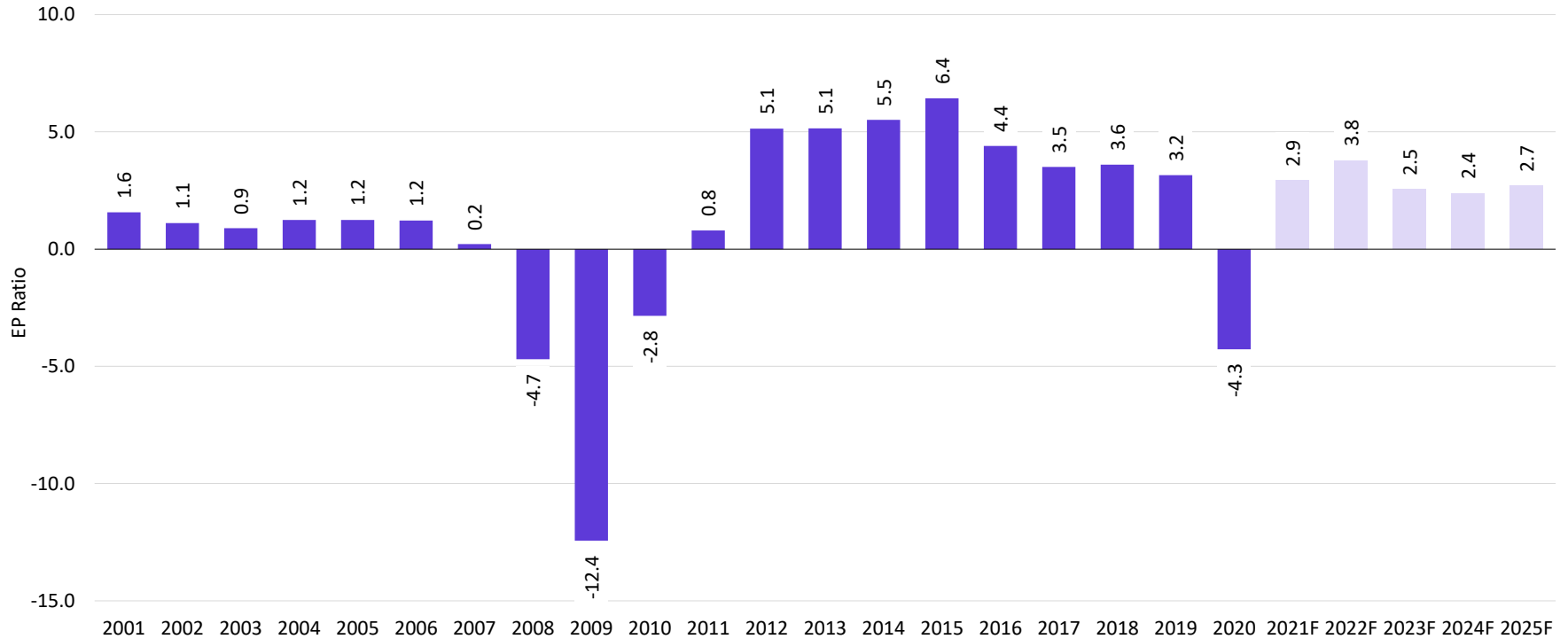
Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Total Building Permits	4,736	5,949	9,348	10,166	9,926	10,921	14,676	14,809	14,599	15,120	19,495	20,108	22,922	20,808	17,351
Annual % Change	-25.3%	25.6%	57.1%	8.8%	-2.4%	10.0%	34.4%	0.9%	-1.4%	3.6%	28.9%	3.1%	14.0%	-9.2%	-16.6%
SFD Building Permits	3,378	4,488	6,472	7,222	7,816	8,837	10,955	11,591	11,147	13,130	16,525	16,774	19,251	17,183	13,861
Annual % Change	-36.1%	32.9%	44.2%	11.6%	8.2%	13.1%	24.0%	5.8%	-3.8%	17.8%	25.9%	1.5%	14.8%	-10.7%	-19.3%
MF Building Permits	1,358	1,461	2,876	2,944	2,110	2,084	3,721	3,218	3,452	1,990	2,970	3,333	3,671	3,624	3,490
Annual % Change	29.5%	7.6%	96.9%	2.4%	-28.3%	-1.2%	78.6%	-13.5%	7.3%	-42.4%	49.2%	12.2%	10.1%	-1.3%	-3.7%



# E/P Ratio – Riverside-San Bernardino MSA

## Economic Overview

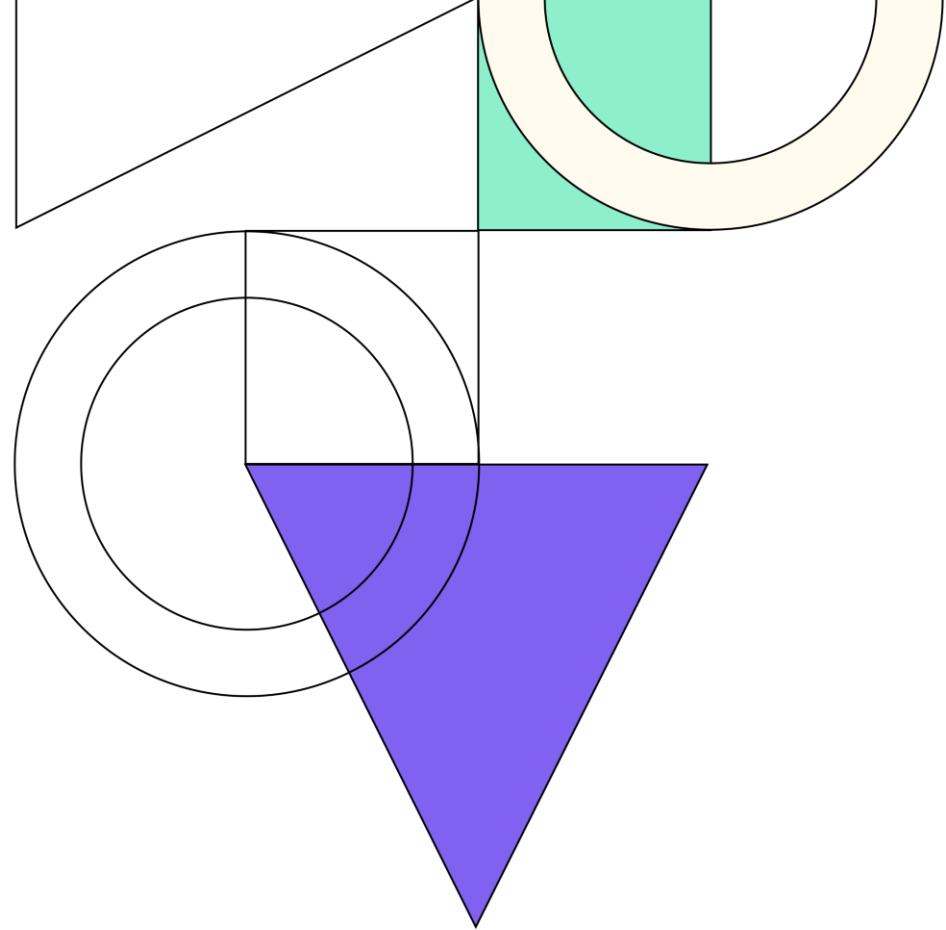
An E/P ratio of roughly 1.2 is considered normal for a housing market, and ratios in excess of this indicate lack of affordability. Moody’s Economy.com forecasts that housing will continue to remain less attainably priced than area incomes can sustain.



Source: Metrostudy; U.S. Bureau of Labor Statistics (BLS)

### Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area - Metrostudy Five-Year Forecast

Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Non-Farm Employment	1,154,725	1,185,308	1,233,442	1,289,500	1,353,317	1,401,325	1,452,758	1,506,042	1,552,083	1,487,517	1,544,665	1,620,780	1,679,105	1,728,656	1,775,637
Prior Year Change	3,783	30,583	48,133	56,058	63,817	48,008	51,433	53,283	46,042	(64,567)	57,148	76,115	58,325	49,552	46,981
Building Permits	4,736	5,949	9,348	10,166	9,926	10,921	14,676	14,809	14,599	15,120	19,495	20,108	22,922	20,808	17,351
Employment/Housing	0.8	5.1	5.1	5.5	6.4	4.4	3.5	3.6	3.2	-4.3	2.9	3.8	2.5	2.4	2.7



# Appendix

# Competitive Market Detail – Small Lots

## Appendix

Project Project Detail	Size				Base Price	— Incentives —		— Typical Spending —			Estimated Closing Price	Est. Closing \$/SF	Closing \$/ Incentive	— Pymt Impacting —			80.0% 3.1% Mo.Pmt.	35.0% Qualifying Income
	(SF)	Bd/Ba	Level	Pkg		Price Reduction	Options/ Upgrades	Options / Upgrades	Lot Premiums	Mo. HOA				Base Tax	Addl Taxes			
<b>1 Parson at Bedford   The New Home Company   Bedford   Corona   Detached Condos - 3,000 OR 30x100   Expected Sell-Out By 08/21 at 3.96 per mo.</b>																		
Total Units/Remaining: 96 / 0	1,631	2.5/3	2	2	\$513,463	\$0	\$0	\$15,000	\$0	\$528,463	\$324	-\$5,000	\$269	1.2%	0.7%	\$2,889	\$99,052	
Contracts: 96	1,632	2.5/3	2	2	\$516,002	\$0	\$0	\$15,000	\$0	\$531,002	\$325	-\$5,000	\$269	1.2%	0.7%	\$2,902	\$99,483	
Sales Pace Overall: 4.0	2,031	3.5/3	2	1	\$562,990	\$0	\$0	\$15,000	\$0	\$577,990	\$285	-\$5,000	\$269	1.2%	0.7%	\$3,135	\$107,471	
Sales Pace L3M: 3.7																		
	1,765				\$530,818	\$0	\$0	\$15,000	\$0	\$545,818	\$311	-\$5,000	\$269	1.2%	0.7%	\$2,975	\$102,002	
<b>2 Brighton at The Promontory   Cornerstone Communities   The Promontory   Murrieta   Single Family - 3,200 OR 32x100   Expected Sell-Out By 10/21 at 1.50 per mo.</b>																		
Total Units/Remaining: 59 / 3	2,200	3/3	2	2	\$667,990	\$0	\$0	\$0	\$0	\$667,990	\$304	-\$7,000	\$143	1.2%	0.5%	\$3,371	\$115,586	
Contracts: 56	2,427	2.5/3	2	2	\$689,990	\$0	\$0	\$0	\$0	\$689,990	\$284	-\$7,000	\$143	1.2%	0.5%	\$3,478	\$119,231	
Sales Pace Overall: 1.5	2,732	2.5/3	2	2	\$715,990	\$0	\$0	\$0	\$0	\$715,990	\$262	-\$7,000	\$143	1.2%	0.5%	\$3,603	\$123,539	
Sales Pace L3M: 0.0																		
	2,453				\$691,323	\$0	\$0	\$0	\$0	\$691,323	\$283	-\$7,000	\$143	1.2%	0.5%	\$3,484	\$119,452	
<b>3 Calistoga at The Promontory   Cornerstone Communities   The Promontory   Murrieta   Single Family - 3,500 OR 35x100   Expected Sell-Out By 11/21 at 1.91 per mo.</b>																		
Total Units/Remaining: 115 / 5	1,771	2.5/3	2	2	\$567,990	\$0	\$0	\$0	\$0	\$567,990	\$321	-\$7,000	\$113	1.2%	0.5%	\$2,858	\$97,988	
Contracts: 110	1,899	2.5/3	2	2	\$589,990	\$0	\$0	\$0	\$0	\$589,990	\$311	-\$7,000	\$113	1.2%	0.5%	\$2,964	\$101,633	
Sales Pace Overall: 1.9	2,032	2.5/3	2	2	\$615,990	\$0	\$0	\$0	\$0	\$615,990	\$303	-\$7,000	\$113	1.2%	0.5%	\$3,090	\$105,941	
Sales Pace L3M: 3.3																		
	1,901				\$591,323	\$0	\$0	\$0	\$0	\$591,323	\$312	-\$7,000	\$113	1.2%	0.5%	\$2,971	\$101,854	
<b>4 Skyview at Terramor   Richmond American   Terramor   Temescal Valley   Attached - Duet/SFD   Expected Sell-Out By 08/22 at 11.26 per mo.</b>																		
Total Units/Remaining: 162 / 138	1,450	2/2	1	2	\$536,990	\$0	\$0	\$37,500	\$9,750	\$584,240	\$403	-\$7,400	\$315	1.2%	0.5%	\$3,139	\$107,606	
Contracts: 24	1,460	2/2	1	2	\$537,990	\$0	\$0	\$37,500	\$9,750	\$585,240	\$401	-\$7,400	\$315	1.2%	0.5%	\$3,143	\$107,772	
Sales Pace Overall: 11.3	2,010	2.5/3	2	2	\$566,990	\$0	\$0	\$37,500	\$9,750	\$614,240	\$306	-\$7,400	\$315	1.2%	0.5%	\$3,283	\$112,577	
Sales Pace L3M: 11.3	2,010	2.5/3	2	2	\$566,990	\$0	\$0	\$37,500	\$9,750	\$614,240	\$306	-\$7,400	\$315	1.2%	0.5%	\$3,283	\$112,577	
	1,733				\$552,240	\$0	\$0	\$37,500	\$9,750	\$599,490	\$354	-\$7,400	\$315	1.2%	0.5%	\$3,212	\$110,133	

# Competitive Market Detail – 4000s

## Appendix

Project	Size				— Incentives —			— Typical Spending —			Estimated	Est.	Closing \$/ Incentive	— Pymt Impacting —			80.0%	35.0%
	Project Detail	(SF)	Bd/Ba	Level	Pkg	Base Price	Price Reduction	Options/ Upgrades	Options / Upgrades	Lot Premiums	Closing Price	Closing \$/SF		Closing \$/ HOA	Base Tax	Addl Taxes	3.1% Mo.Pmt.	Qualifying Income
<b>5 Ardena at Terramor 55+   Del Webb   Terramor   Temescal Valley   Single Family - 4,500 OR 50x90   Expected Sell-Out By 08/21 at 2.93 per mo.</b>																		
Total Units/Remaining: 135 / 0	1,579	2.5/2	1	2	\$564,900	\$0	\$0	\$0	\$0	\$564,900	\$358	\$0	\$340	1.2%	0.5%	\$3,070	\$105,259	
Contracts: 135	1,731	2.5/2	1	2	\$554,990	\$0	\$0	\$0	\$0	\$554,990	\$321	\$0	\$340	1.2%	0.5%	\$3,022	\$103,617	
Sales Pace Overall: 2.9	1,865	2.5/2	1	2	\$595,050	\$0	\$0	\$0	\$0	\$595,050	\$319	\$0	\$340	1.2%	0.5%	\$3,216	\$110,255	
Sales Pace L3M: 1.7	1,725				\$571,647	\$0	\$0	\$0	\$0	\$571,647	\$332	\$0	\$340	1.2%	0.5%	\$3,103	\$106,377	
<b>6 Olivine at Terramor   Richmond American   Terramor   Temescal Valley   Single Family - 4,800 OR 50x90   Expected Sell-Out By 08/21 at 6.21 per mo.</b>																		
Total Units/Remaining: 87 / 0	27	2,180	2.5/3	2	2	\$633,990	\$0	\$0	\$0	\$7,500	\$641,490	\$294	-\$7,500	\$270	1.2%	0.6%	\$3,424	\$117,382
Contracts: 87	27	2,370	2.5/3	2	2	\$637,990	\$0	\$0	\$0	\$7,500	\$645,490	\$272	-\$7,500	\$270	1.2%	0.6%	\$3,443	\$118,056
Sales Pace Overall: 6.2	27	2,640	2.5/4	2	2	\$654,990	\$0	\$0	\$0	\$7,500	\$662,490	\$251	-\$7,500	\$270	1.2%	0.6%	\$3,527	\$120,922
Sales Pace L3M: 6.2	2,397				\$642,323	\$0	\$0	\$0	\$7,500	\$649,823	\$273	-\$7,500	\$270	1.2%	0.6%	\$3,465	\$118,787	
<b>7 Fieldcrest at Terramor   Richmond American   Terramor   Temescal Valley   Single Family - 4,850 OR 48x100   Expected Sell-Out By 08/21 at 4.40 per mo.</b>																		
Total Units/Remaining: 93 / 0	31	2,800	2.5/3	2	2	\$661,990	\$0	\$0	\$40,000	\$10,000	\$711,990	\$254	-\$7,500	\$280	1.2%	0.6%	\$3,780	\$129,608
Contracts: 93	31	2,900	2.5/4	2	3	\$666,990	\$0	\$0	\$40,000	\$10,000	\$716,990	\$247	-\$7,500	\$280	1.2%	0.6%	\$3,805	\$130,451
Sales Pace Overall: 4.4	31	3,000	2.5/4	2	3	\$671,990	\$0	\$0	\$40,000	\$10,000	\$721,990	\$241	-\$7,500	\$280	1.2%	0.6%	\$3,829	\$131,294
Sales Pace L3M: 4.3	2,900				\$666,990	\$0	\$0	\$40,000	\$10,000	\$716,990	\$247	-\$7,500	\$280	1.2%	0.6%	\$3,805	\$130,451	
<b>8 Nova at Bedford   Woodside Homes   Bedford   Corona   Single Family - 4,900 OR 49x100   Expected Sell-Out By 08/21 at 3.08 per mo.</b>																		
Total Units/Remaining: 96 / 0	1,751	2.5/3	2	2	\$549,490	\$0	\$0	\$15,000	\$5,000	\$569,490	\$325	-\$5,000	\$231	1.2%	0.7%	\$3,054	\$104,723	
Contracts: 96	2,088	2.5/3	2	2	\$562,490	\$0	\$0	\$15,000	\$5,000	\$582,490	\$279	-\$5,000	\$231	1.2%	0.7%	\$3,119	\$106,933	
Sales Pace Overall: 3.1	2,228	2.5/3	2	2	\$574,490	\$0	\$0	\$15,000	\$5,000	\$594,490	\$267	-\$5,000	\$231	1.2%	0.7%	\$3,178	\$108,972	
Sales Pace L3M: 6.3	2,022				\$562,157	\$0	\$0	\$15,000	\$5,000	\$582,157	\$290	-\$5,000	\$231	1.2%	0.7%	\$3,117	\$106,876	

# Competitive Market Detail – 5000s

## Appendix

Project Project Detail	Size				— Incentives —			— Typical Spending —			Estimated	Est.	Closing \$/ Incentive	— Pymt Impacting —			80.0%	35.0%
	(SF)	Bd/Ba	Level	Pkg	Base Price	Price Reduction	Options/ Upgrades	Options / Upgrades	Lot Premiums	Closing Price	Closing \$/SF	Mo. HOA		Base Tax	Addl Taxes	3.1% Mo.Pmt.	Qualifying Income	
<b>9 Atwood at Bedford   Richmond American   Bedford   Corona   Single Family - 5,000 OR 50x100   Expected Sell-Out By 08/21 at 3.47 per mo.</b>																		
Total Units/Remaining: 59 / 0	1,940	2/3	1	2	\$598,990	\$0	\$0	\$30,000	\$5,000	\$633,990	\$327	-\$5,000	\$230	1.2%	0.7%	\$3,373	\$115,652	
Contracts: 59	2,050	2.5/3	1	2	\$605,990	\$0	\$0	\$30,000	\$5,000	\$640,990	\$313	-\$5,000	\$230	1.2%	0.7%	\$3,408	\$116,842	
Sales Pace Overall: 3.5	2,210	3/4	1	2	\$620,990	\$0	\$0	\$30,000	\$5,000	\$655,990	\$297	-\$5,000	\$230	1.2%	0.7%	\$3,482	\$119,392	
Sales Pace L3M: 3.3					2,067	\$608,657	\$0	\$0	\$30,000	\$5,000	\$643,657	\$312	-\$5,000	\$230	1.2%	0.7%	\$3,421	\$117,296
<b>10 Aspen Spencers Crossing   Pulte Homes   Spencer's Crossing   Murrieta   Single Family - 5,400 OR 54x100   Expected Sell-Out By 09/21 at 5.61 per mo.</b>																		
Total Units/Remaining: 92 / 8	1,959	2/3	2	2	\$535,990	\$0	\$10,000	\$65,000	\$15,000	\$605,990	\$309	-\$7,000	\$130	1.2%	0.8%	\$3,210	\$110,061	
Contracts: 84	2,404	2.5/4	2	2	\$550,990	\$0	\$10,000	\$65,000	\$15,000	\$620,990	\$258	-\$7,000	\$130	1.2%	0.8%	\$3,286	\$112,675	
Sales Pace Overall: 5.6	2,824	3/5	2	2	\$582,990	\$0	\$10,000	\$65,000	\$15,000	\$652,990	\$231	-\$7,000	\$130	1.2%	0.8%	\$3,449	\$118,252	
Sales Pace L3M: 5.0	3,301	2.5/4	2	3	\$602,990	\$0	\$10,000	\$65,000	\$15,000	\$672,990	\$204	-\$7,000	\$130	1.2%	0.8%	\$3,551	\$121,737	
					2,622	\$568,240	\$0	\$10,000	\$65,000	\$15,000	\$638,240	\$251	-\$7,000	\$130	1.2%	0.8%	\$3,374	\$115,682
<b>11 Cortina at Terramor   Del Webb   Terramor   Temescal Valley   Single Family - 5,500 OR 55x100   Expected Sell-Out By 08/21 at 3.34 per mo.</b>																		
Total Units/Remaining: 173 / 1	1,999	2/2	1	2	\$578,990	\$0	\$0	\$45,000	\$5,000	\$628,990	\$315	-\$5,000	\$340	1.2%	0.5%	\$3,380	\$115,878	
Contracts: 172	2,056	2/2	1	2	\$586,990	\$0	\$0	\$45,000	\$5,000	\$636,990	\$310	-\$5,000	\$340	1.2%	0.5%	\$3,418	\$117,204	
Sales Pace Overall: 3.3	2,172	2/3	1	2	\$598,990	\$0	\$0	\$45,000	\$5,000	\$648,990	\$299	-\$5,000	\$340	1.2%	0.5%	\$3,476	\$119,192	
Sales Pace L3M: 3.3					2,076	\$588,323	\$0	\$0	\$45,000	\$5,000	\$638,323	\$308	-\$5,000	\$340	1.2%	0.5%	\$3,425	\$117,425

# Competitive Market Detail – 6000s

## Appendix



Project Project Detail	Size				— Incentives —			— Typical Spending —			Estimated	Est.	Closing \$/ Incentive	— Pymt Impacting —			80.0%	35.0%
	(SF)	Bd/Ba	Level	Pkg	Base Price	Price Reduction	Options/ Upgrades	Options / Upgrades	Lot Premiums	Closing Price	Closing \$/SF	Mo. HOA		Base Tax	Addl Taxes	3.1% Mo.Pmt.	Qualifying Income	
<b>12</b> <b>Bellevue at The Promontory   Cornerstone Communities   The Promontory   Murrieta   Single Family - 6,000 OR 60x100   Expected Sell-Out By 07/22 at 1.57 per mo.</b>																		
Total Units/Remaining: 94 / 18	2,603	2.5/3	2	2	\$560,990	\$0	\$0	\$0	\$0	\$560,990	\$216	-\$8,000	\$90	1.2%	0.5%	\$2,801	\$96,039	
Contracts: 76	3,359	2.5/3	2	2	\$595,990	\$0	\$0	\$0	\$0	\$595,990	\$177	-\$8,000	\$90	1.2%	0.5%	\$2,970	\$101,839	
Sales Pace Overall: 1.6	3,629	2.5/4	2	2	\$610,990	\$0	\$0	\$0	\$0	\$610,990	\$168	-\$8,000	\$90	1.2%	0.5%	\$3,043	\$104,324	
Sales Pace L3M: 1.7	3,197				\$589,323	\$0	\$0	\$0	\$0	\$589,323	\$187	-\$8,000	\$90	1.2%	0.5%	\$2,938	\$100,734	
<b>13</b> <b>Agave Spencers Crossing   Brookfield Residential   Spencer's Crossing   Murrieta   Single Family - 6,000 OR 60x100   Expected Sell-Out By 09/21 at 2.99 per mo.</b>																		
Total Units/Remaining: 119 / 2	2,818	2/4	1	2	\$675,000	\$0	\$7,500	\$75,000	\$20,000	\$762,500	\$271	-\$8,000	\$120	1.2%	0.6%	\$3,869	\$132,636	
Contracts: 117	3,410	2.5/4	2	3	\$705,900	\$0	\$7,500	\$75,000	\$20,000	\$793,400	\$233	-\$8,000	\$120	1.2%	0.6%	\$4,020	\$137,844	
Sales Pace Overall: 3.0	3,453	2.5/4	2	2	\$711,290	\$0	\$7,500	\$75,000	\$20,000	\$798,790	\$231	-\$8,000	\$120	1.2%	0.6%	\$4,047	\$138,753	
Sales Pace L3M: 2.0	3,227				\$697,397	\$0	\$7,500	\$75,000	\$20,000	\$784,897	\$245	-\$8,000	\$120	1.2%	0.6%	\$3,979	\$136,411	
<b>14</b> <b>Oakton at Terramor   Van Daele Homes   Terramor   Temescal Valley   Single Family - 6,500 OR 65x100   Expected Sell-Out By 08/21 at 3.16 per mo.</b>																		
Total Units/Remaining: 83 / 0	2,485	3.5/3	2	2	\$720,990	\$0	\$0	\$0	\$0	\$720,990	\$290	\$0	\$335	1.2%	0.6%	\$3,879	\$133,011	
Contracts: 83	2,663	3/3	1	2	\$761,990	\$0	\$0	\$0	\$0	\$761,990	\$286	\$0	\$335	1.2%	0.6%	\$4,081	\$139,921	
Sales Pace Overall: 3.2	2,726	3.5/4	2	2	\$781,990	\$0	\$0	\$0	\$0	\$781,990	\$287	\$0	\$335	1.2%	0.6%	\$4,179	\$143,293	
Sales Pace L3M: 2.3	3,111	4.5/5	2	3	\$810,990	\$0	\$0	\$0	\$0	\$810,990	\$261	\$0	\$335	1.2%	0.6%	\$4,322	\$148,181	
	2,746				\$768,990	\$0	\$0	\$0	\$0	\$768,990	\$281	\$0	\$335	1.2%	0.6%	\$4,115	\$141,101	

# Competitive Market Detail – 7000s

## Appendix

Project	Size				— Incentives —			— Typical Spending —		Estimated Closing Price	Est. Closing \$/SF	Closing \$/ Incentive	— Pymt Impacting —			80.0% 3.1% Mo.Pmt.	35.0% Qualifying Income
	(SF)	Bd/Ba	Level	Pkg	Base Price	Price Reduction	Options/ Upgrades	Options / Upgrades	Lot Premiums				Mo. HOA	Base Tax	Addl Taxes		
<b>15</b>	<b>Altis at Terramor 55+   TRI Pointe Homes   Terramor   Temescal Valley   Single Family - 7,000 OR 70x100</b>																
Total Units/Remaining: 75 / 53	2,017	2/2	1	2	\$562,000	\$0	\$7,650	\$70,000	\$25,000	\$649,350	\$322	-\$8,900	\$340	1.1%	0.5%	\$3,411	\$116,965
Contracts: 22	2,162	2.5/3	1	2	\$575,000	\$0	\$7,650	\$70,000	\$25,000	\$662,350	\$306	-\$8,900	\$340	1.1%	0.4%	\$3,468	\$118,904
Sales Pace Overall: 21.6	2,276	2.5/3	1	2	\$595,000	\$0	\$7,650	\$70,000	\$25,000	\$682,350	\$300	-\$8,900	\$340	1.1%	0.4%	\$3,555	\$121,887
Sales Pace L3M: 21.6	2,152				\$577,333	\$0	\$7,650	\$70,000	\$25,000	\$664,683	\$309	-\$8,900	\$340	1.1%	0.4%	\$3,478	\$119,252
<b>16</b>	<b>Carmel Ridge SMR   KB Home   Spring Mountain Ranch   Riverside   Single Family - 7,200 OR 72x100   Expected Sell-Out By 12/21 at 8.91 per mo.</b>																
Total Units/Remaining: 278 / 34	2,206	2/4	1	2	\$630,990	\$2,500	\$10,000	\$20,000	\$3,000	\$641,490	\$291	-\$7,500	\$0	1.2%	0.8%	\$3,261	\$111,791
Contracts: 244	2,329	2/3	1	2	\$638,990	\$2,500	\$10,000	\$20,000	\$3,000	\$649,490	\$279	-\$7,500	\$0	1.2%	0.8%	\$3,301	\$113,185
Sales Pace Overall: 8.9	2,628	2/4	1	2	\$664,990	\$2,500	\$10,000	\$20,000	\$3,000	\$675,490	\$257	-\$7,500	\$0	1.2%	0.8%	\$3,433	\$117,716
Sales Pace L3M: 7.3	2,909	2.5/4	2	2	\$685,990	\$2,500	\$10,000	\$20,000	\$3,000	\$696,490	\$239	-\$7,500	\$0	1.2%	0.8%	\$3,540	\$121,375
	2,913	2.5/4	1	2	\$696,990	\$2,500	\$10,000	\$20,000	\$3,000	\$707,490	\$243	-\$7,500	\$0	1.2%	0.8%	\$3,596	\$123,292
	3,228	3.5/5	2	2	\$711,900	\$2,500	\$10,000	\$20,000	\$3,000	\$722,400	\$224	-\$7,500	\$0	1.2%	0.8%	\$3,672	\$125,891
	3,595	2.5/4	2	2	\$739,990	\$2,500	\$10,000	\$20,000	\$3,000	\$750,490	\$209	-\$7,500	\$0	1.2%	0.8%	\$3,815	\$130,786
	2,830				\$681,406	\$2,500	\$10,000	\$20,000	\$3,000	\$691,906	\$249	-\$7,500	\$0	1.2%	0.8%	\$3,517	\$120,577
<b>17</b>	<b>Santa Barbara SMR   KB Home   Spring Mountain Ranch   Riverside   Single Family - 7,200 OR 72x100   Expected Sell-Out By 12/21 at 7.79 per mo.</b>																
Total Units/Remaining: 245 / 31	1,392	2/3	1	2	\$555,990	\$0	\$10,000	\$15,000	\$2,500	\$563,490	\$405	-\$7,500	\$0	1.2%	0.8%	\$2,864	\$98,198
Contracts: 214	1,479	2/3	1	2	\$574,990	\$0	\$10,000	\$15,000	\$2,500	\$582,490	\$394	-\$7,500	\$0	1.2%	0.8%	\$2,961	\$101,509
Sales Pace Overall: 7.8	1,625	2/3	1	2	\$590,990	\$0	\$10,000	\$15,000	\$2,500	\$598,490	\$368	-\$7,500	\$0	1.2%	0.8%	\$3,042	\$104,297
Sales Pace L3M: 10.0	1,750	2/4	1	2	\$609,990	\$0	\$10,000	\$15,000	\$2,500	\$617,490	\$353	-\$7,500	\$0	1.2%	0.8%	\$3,139	\$107,608
	1,779	2/3	1	2	\$610,990	\$0	\$10,000	\$15,000	\$2,500	\$618,490	\$348	-\$7,500	\$0	1.2%	0.8%	\$3,144	\$107,783
	1,860	2/4	1	2	\$617,990	\$0	\$10,000	\$15,000	\$2,500	\$625,490	\$336	-\$7,500	\$0	1.2%	0.8%	\$3,179	\$109,002
	2,091	2/3	1	2	\$638,990	\$0	\$10,000	\$15,000	\$2,500	\$646,490	\$309	-\$7,500	\$0	1.2%	0.8%	\$3,286	\$112,662
	2,528	2.5/5	2	2	\$675,990	\$0	\$10,000	\$15,000	\$2,500	\$683,490	\$270	-\$7,500	\$0	1.2%	0.8%	\$3,474	\$119,110
	2,889	2.5/5	2	2	\$688,990	\$0	\$10,000	\$15,000	\$2,500	\$696,490	\$241	-\$7,500	\$0	1.2%	0.8%	\$3,540	\$121,375
	1,933				\$618,323	\$0	\$10,000	\$15,000	\$2,500	\$625,823	\$336	-\$7,500	\$0	1.2%	0.8%	\$3,181	\$109,061
<b>18</b>	<b>Belcara SMR   KB Home   Spring Mountain Ranch   Riverside   Single Family - 7,200 OR 72x100   Expected Sell-Out By 12/21 at 9.56 per mo.</b>																
Total Units/Remaining: 119 / 35	2,387	2/4	1	2	\$654,990	\$0	\$10,000	\$20,000	\$2,500	\$667,490	\$280	-\$7,500	\$0	1.2%	0.8%	\$3,393	\$116,322
Contracts: 84	2,625	2/4	1	2	\$687,990	\$0	\$10,000	\$20,000	\$2,500	\$700,490	\$267	-\$7,500	\$0	1.2%	0.8%	\$3,560	\$122,073
Sales Pace Overall: 9.6	2,910	2.5/4	1	2	\$710,990	\$0	\$10,000	\$20,000	\$2,500	\$723,490	\$249	-\$7,500	\$0	1.2%	0.8%	\$3,677	\$126,081
Sales Pace L3M: 8.7	3,132	3/5	2	2	\$731,990	\$0	\$10,000	\$20,000	\$2,500	\$744,490	\$238	-\$7,500	\$0	1.2%	0.8%	\$3,784	\$129,740
	3,443	3.5/5	2	2	\$766,990	\$0	\$10,000	\$20,000	\$2,500	\$779,490	\$226	-\$7,500	\$0	1.2%	0.8%	\$3,962	\$135,840
	2,899				\$710,590	\$0	\$10,000	\$20,000	\$2,500	\$723,090	\$252	-\$7,500	\$0	1.2%	0.8%	\$3,675	\$126,011

# Competitive Market Detail – 7500s

## Appendix



Project Project Detail	Size				— Incentives —			— Typical Spending —			Estimated	Est.	Closing \$/ Incentive	— Pymt Impacting —			80.0%	35.0%
	(SF)	Bd/Ba	Level	Pkg	Base Price	Price Reduction	Options/ Upgrades	Options / Upgrades	Lot Premiums	Closing Price	Closing \$/SF	Mo. HOA		Base Tax	Addl Taxes	3.1% Mo.Pmt.	Qualifying Income	
<b>19</b> Overland Spencers Crossing   TRI Pointe Homes   Spencer's Crossing   Murrieta   Single Family - 7,280 OR 65x112   Expected Sell-Out By 11/21 at 6.08 per mo.																		
Total Units/Remaining: 85 / 19	2,806	2.5/4	1	3	\$662,822	\$2,000	\$0	\$87,830	\$28,600	\$777,252	\$277	-\$8,000	\$128	1.2%	0.6%	\$3,949	\$135,397	
Contracts: 66	3,381	3/5	2	3	\$674,990	\$2,000	\$0	\$87,830	\$28,600	\$789,420	\$233	-\$8,000	\$128	1.2%	0.6%	\$4,009	\$137,448	
Sales Pace Overall: 6.1	3,741	3/5	2	3	\$699,990	\$2,000	\$0	\$87,830	\$28,600	\$814,420	\$218	-\$8,000	\$128	1.2%	0.6%	\$4,132	\$141,662	
Sales Pace L3M: 7.3					3,309	\$679,267	\$2,000	\$0	\$87,830	\$28,600	\$793,697	\$243	-\$8,000	\$128	1.2%	0.6%	\$4,030	\$138,169
<b>20</b> Irontree at Terramor 55+   Del Webb   Terramor   Temescal Valley   Single Family - 7,350 OR 70x105   Expected Sell-Out By 12/21 at 5.44 per mo.																		
Total Units/Remaining: 78 / 24	1,579	2/2	1	2	\$531,990	\$0	\$0	\$85,000	\$28,000	\$644,990	\$408	-\$7,500	\$275	1.2%	0.5%	\$3,392	\$116,301	
Contracts: 54	1,731	2/2	1	2	\$546,990	\$0	\$0	\$85,000	\$28,000	\$659,990	\$381	-\$7,500	\$275	1.2%	0.5%	\$3,465	\$118,786	
Sales Pace Overall: 5.4	1,865	2/2	1	2	\$560,990	\$0	\$0	\$85,000	\$28,000	\$673,990	\$361	-\$7,500	\$275	1.2%	0.5%	\$3,532	\$121,106	
Sales Pace L3M: 5.0					1,725	\$546,657	\$0	\$0	\$85,000	\$28,000	\$659,657	\$384	-\$7,500	\$275	1.2%	0.5%	\$3,463	\$118,731
<b>21</b> Toccata at Sierra Bella   Lennar   Sierra Bella   Corona   Single Family - 7,500 OR 75x100   Expected Sell-Out By 07/22 at 4.14 per mo.																		
Total Units/Remaining: 69 / 44	2,365	2.5/3	1	2	\$884,590	\$0	\$0	\$30,000	\$10,000	\$924,590	\$391	-\$10,000	\$335	1.2%	0.7%	\$4,919	\$168,649	
Contracts: 25	2,765	2.5/4	1	2	\$930,360	\$0	\$0	\$30,000	\$10,000	\$970,360	\$351	-\$10,000	\$335	1.2%	0.7%	\$5,146	\$176,429	
Sales Pace Overall: 4.1	2,944	3/4	1	2	\$968,360	\$0	\$0	\$30,000	\$10,000	\$1,008,360	\$343	-\$10,000	\$335	1.2%	0.7%	\$5,334	\$182,888	
Sales Pace L3M: 4.0					2,691	\$927,770	\$0	\$0	\$30,000	\$10,000	\$967,770	\$361	-\$10,000	\$335	1.2%	0.7%	\$5,133	\$175,989



# Competitive Market Detail – 8000+

## Appendix



Project Project Detail	Size				— Incentives —			— Typical Spending —			Estimated	Est.	Closing \$/ Incentive	— Pymt Impacting —			80.0%	35.0%
	(SF)	Bd/Ba	Level	Pkg	Base Price	Price Reduction	Options/ Upgrades	Options / Upgrades	Lot Premiums	Closing Price	Closing \$/SF	Mo. HOA		Base Tax	Addl Taxes	3.1% Mo.Pmt.	Qualifying Income	
<b>22 Pomelo   Meritage Homes   Riverside   Single Family - 8,200 OR 82x100   Expected Sell-Out By 02/22 at 5.78 per mo.</b>																		
Total Units/Remaining: 109 / 37	1,910	2/4	1	2	\$569,000	\$0	\$0	\$15,000	\$2,500	\$586,500	\$307	-\$8,000	\$0	1.2%	0.7%	\$2,908	\$99,694	
Contracts: 72	2,320	3/4	2	2	\$601,000	\$0	\$0	\$15,000	\$2,500	\$618,500	\$267	-\$8,000	\$0	1.2%	0.7%	\$3,066	\$105,134	
Sales Pace Overall: 5.8	2,771	3/4	2	2	\$611,000	\$0	\$0	\$15,000	\$2,500	\$628,500	\$227	-\$8,000	\$0	1.2%	0.7%	\$3,116	\$106,833	
Sales Pace L3M: 5.3	2,948	3/5	2	2	\$624,000	\$0	\$0	\$15,000	\$2,500	\$641,500	\$218	-\$8,000	\$0	1.2%	0.7%	\$3,180	\$109,043	
	2,487				\$601,250	\$0	\$0	\$15,000	\$2,500	\$618,750	\$255	-\$8,000	\$0	1.2%	0.7%	\$3,068	\$105,176	
<b>23 Rosewood Spencers Crossing   Richmond American   Spencer's Crossing   Murrieta   Single Family - 8,500   Expected Sell-Out By 08/21 at 5.19 per mo.</b>																		
Total Units/Remaining: 89 / 0	2,800	2.5/3	1	3	\$599,990	\$0	\$10,000	\$50,000	\$10,000	\$649,990	\$232	-\$10,000	\$128	1.2%	0.6%	\$3,323	\$113,946	
Contracts: 89	3,050	2.5/3	2	3	\$598,990	\$0	\$10,000	\$50,000	\$10,000	\$648,990	\$213	-\$10,000	\$128	1.2%	0.6%	\$3,319	\$113,778	
Sales Pace Overall: 5.2	3,520	3.5/4	2	3	\$626,990	\$0	\$10,000	\$50,000	\$10,000	\$676,990	\$192	-\$10,000	\$128	1.2%	0.6%	\$3,456	\$118,497	
Sales Pace L3M: 1.3																		
	3,123				\$608,657	\$0	\$10,000	\$50,000	\$10,000	\$658,657	\$212	-\$10,000	\$128	1.2%	0.6%	\$3,366	\$115,407	
<b>24 Hamilton Court   GJH Development   Murrieta   Single Family - 9,000 OR 60x150   Expected Sell-Out By 08/21 at 2.97 per mo.</b>																		
Total Units/Remaining: 8 / 1	2,490	3.5/5	2	2	\$662,900	\$0	\$0	\$0	\$5,000	\$667,900	\$268	-\$7,000	\$125	1.2%	0.0%	\$3,075	\$105,413	
Contracts: 7	2,998	3.5/4	2	2	\$699,900	\$0	\$0	\$0	\$5,000	\$704,900	\$235	-\$7,000	\$125	1.2%	0.0%	\$3,238	\$111,015	
Sales Pace Overall: 3.0	3,317	4.5/5	2	2	\$717,900	\$0	\$0	\$0	\$5,000	\$722,900	\$218	-\$7,000	\$125	1.2%	0.0%	\$3,317	\$113,740	
Sales Pace L3M: 3.0																		
	2,935				\$693,567	\$0	\$0	\$0	\$5,000	\$698,567	\$240	-\$7,000	\$125	1.2%	0.0%	\$3,210	\$110,056	



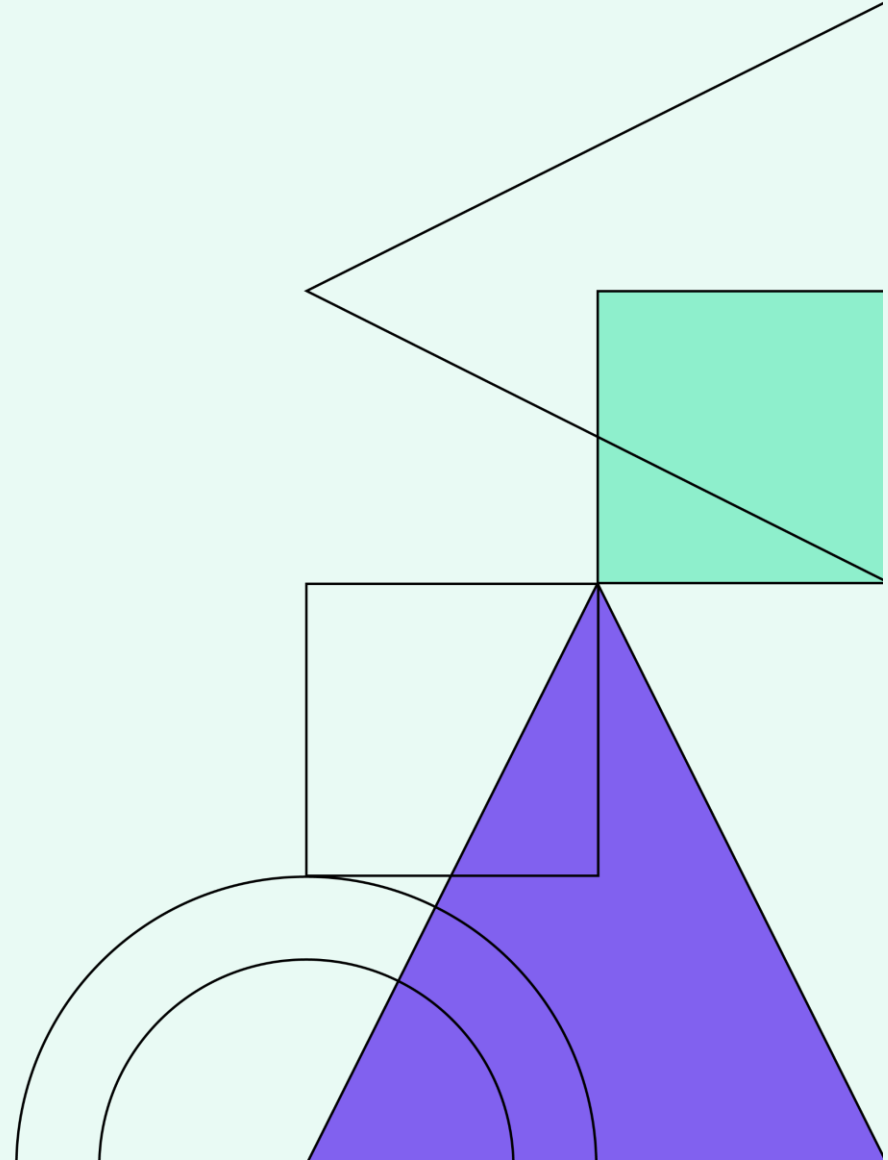
# Thank you!

Zonda

3200 Bristol Street, Suite 640

Costa Mesa, CA 92626

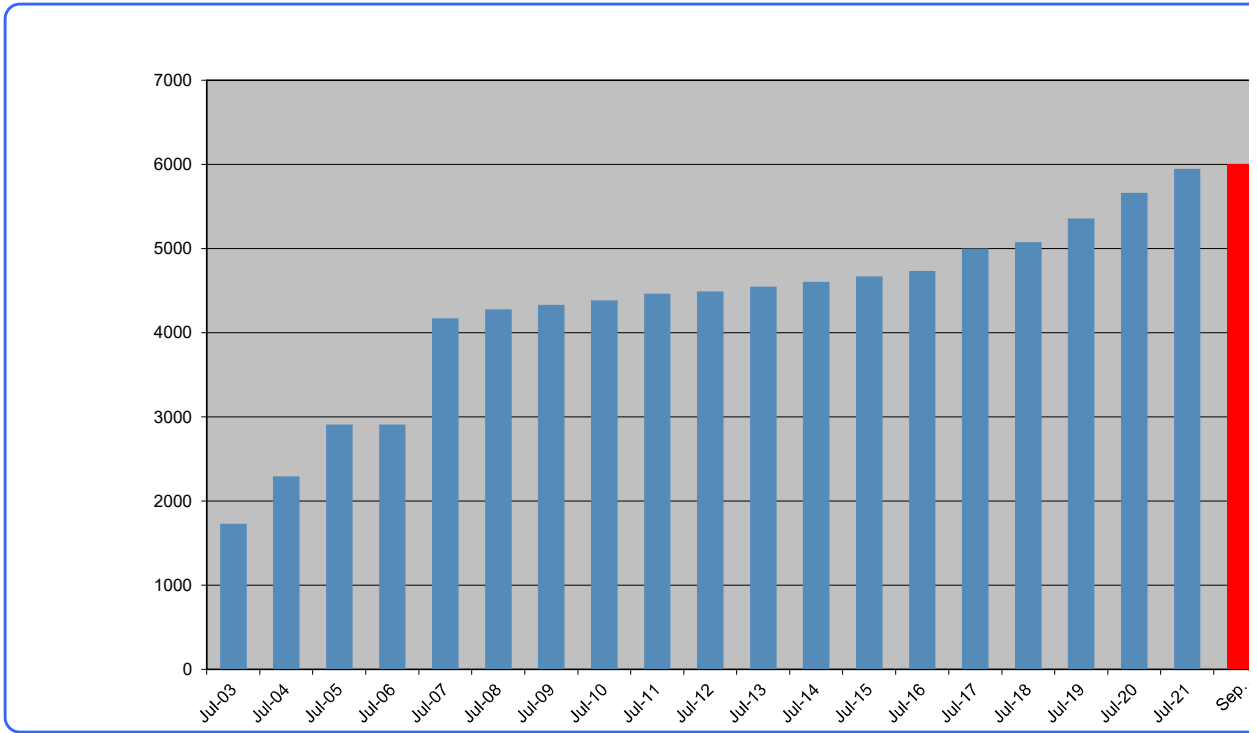
(877) 966-3210



## TEMESCAL VALLEY WATER DISTRICT CUSTOMER COUNT PER YEAR(RESIDENTIAL)

(Excludes SID#1 and SID#2 sewer customers)

DATE	Jul-03	Jul-04	Jul-05	Jul-06	Jul-07	Jul-08	Jul-09	Jul-10	Jul-11	Jul-12	Jul-13	Jul-14	Jul-15	Jul-16	Jul-17	Jul-18	Jul-19	Jul-20	Jul-21
CUSTOMERS	1729	2295	2910	2910	4173	4279	4332	4386	4463	4492	4547	4605	4670	4736	5000	5076	5358	5662	5948



RESIDENTIAL	Total Homes	Completed Homes	
Wildrose Ranch	1043	1043	100%
Trilogy at Glen Ivy	1317	1317	100%
Painted Hills	204	204	100%
Canyon Oaks	26	26	100%
Montecito Ranch	306	306	100%
Sycamore Creek	1735	1735	100%
The Retreat	525	525	100%
Terramor	1443	793	55% 15 MODELS
Harmony Grove	50	50	100%
	<u>6649</u>	<u>5999</u>	90%

## TOTAL CUSTOMER COUNT REPORT

August 31, 2021

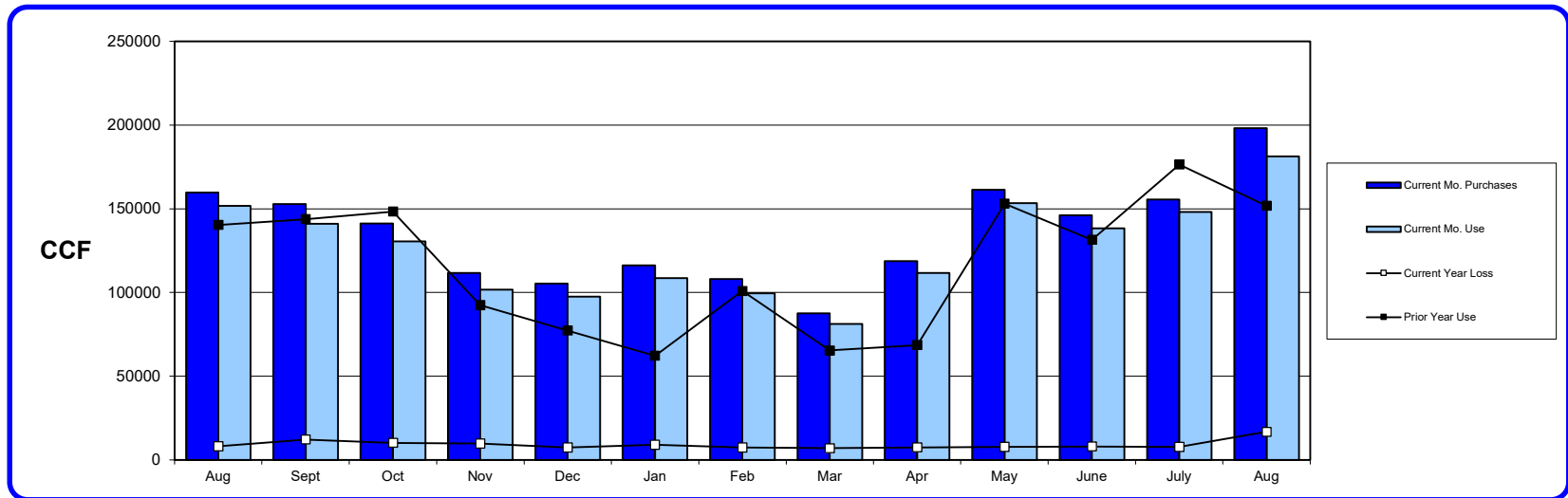
	Water & Sewer	Water Only	Sewer Only	Count
New homes added <span style="color: blue;">28</span> Accts closed/transf <span style="color: blue;">37</span> Empty Homes <span style="color: blue;">0</span>			Butterfield (305) Calif. Meadows (345)	
Residential	5940	2	650	6592
Commercial	97	0	2	99
Commercial-fireheld inactive	41			41
Public Govt	4	1	0	5
Irrigation-Industrial	0	68	0	68
Non-Potable Water other	0	158	0	158
Construction-Bulk Sales	0	16	0	16
<b>Total Active Customers</b>	<b>6082</b>	<b>245</b>	<b>652</b>	<b>6979</b>

## DELINQUENT REPORT

Meters Read - Customers Billed	<b>6286</b>	
Received Delinquent Notice on current bill	396	
Turned Off for lack of payment	0	0.00%
Customers turned back on, amount paid	0	0.00%

## WATER USAGE REPORT FOR THIRTEEN MONTHS

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	TOTAL
Beg Water Levels	12949	12811	12481	13198	13498	13953	12583	13762	13202	12786	12967	12886	12791	
Ending Water Levels	12811	12481	13198	13498	13953	12583	13762	13202	12786	12967	12886	12791	13105	
Cur Yearly Purchases	159742	152858	141244	111645	107974	116252	107974	87618	118676	161255	155626	155626	198282	1774772
Cur Yr Monthly Use	151828	141011	130445	101649	99436	108646	99436	81228	111662	153372	148077	148077	181209	1656076
Prior Yr Monthly Use	140366	143820	148423	92435	100925	62210	100925	65393	68501	153127	131536	176462	151828	1535951



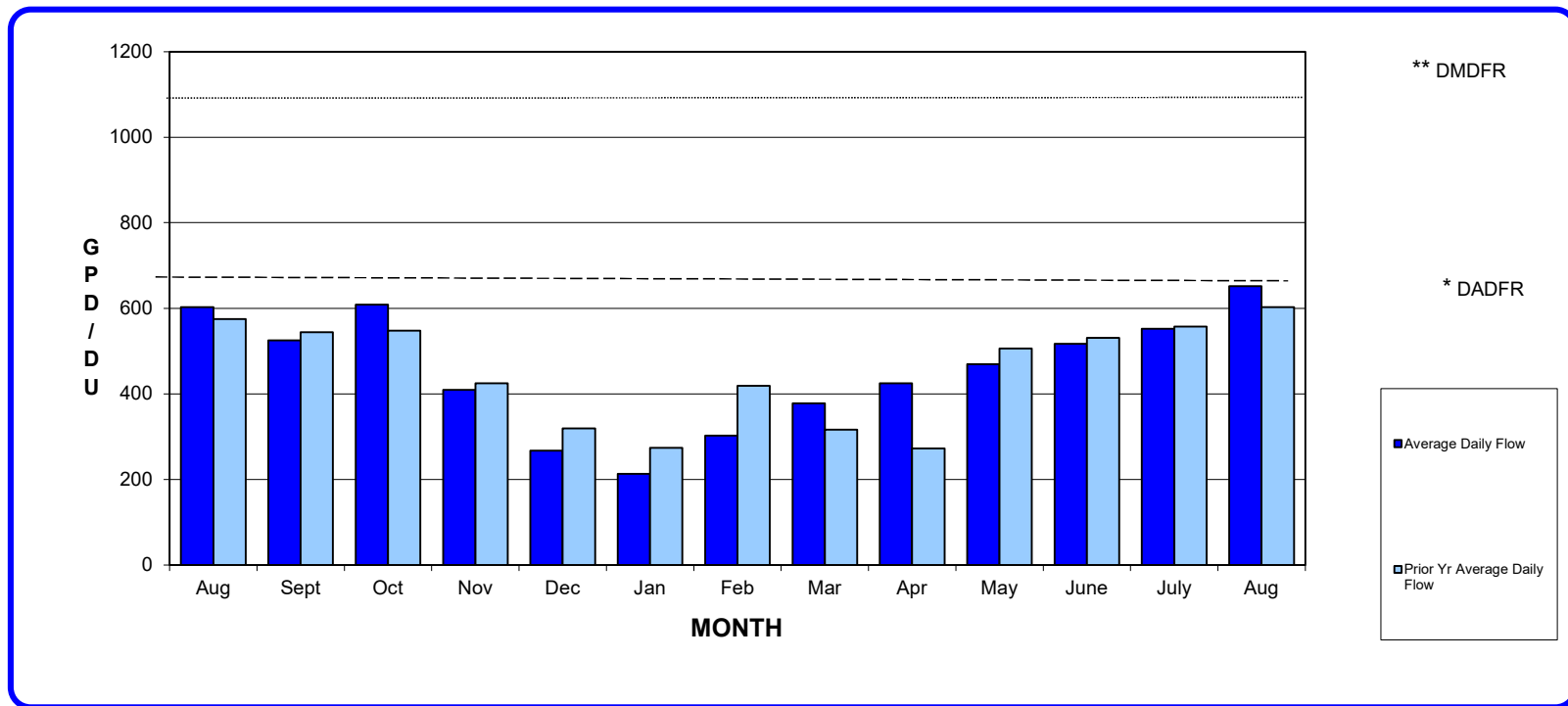
**KEY**

2018-2019
2019-2020
2020-2021
2021-2022

SUMMARY	
0	12949 CCF
Water Used in last 13 months	1774772 CCF
Water Remaining in System	1656076 CCF
(Loss)/Gain over last 13 months	13105 CCF
	(118540) CCF
	<b>-6.68%</b>

## RESIDENTIAL WATER USAGE AVERAGE DAILY FLOW

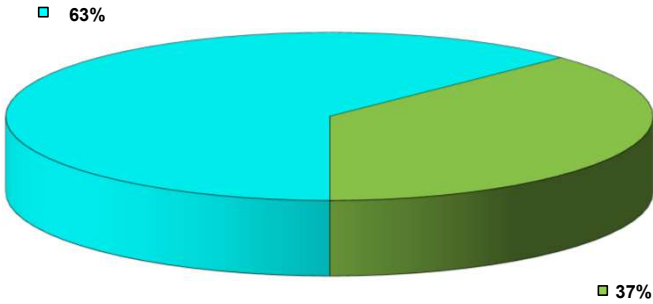
	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	YEARLY AVERAGE
Average Daily Flow	603	525	608	409	267	213	302	378	425	470	517	552	652	443
Prior Yr Average Daily Flow	575	544	547	424	319	274	419	316	272	506	531	557	603	443



Key
2019-2020
2020-2021
2021-2022

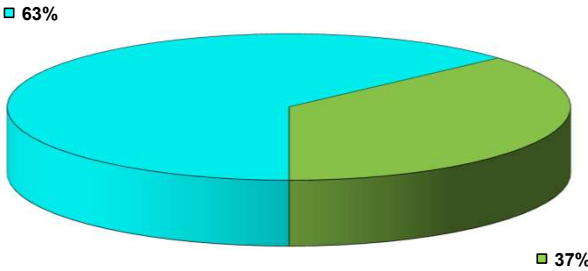
- \* DESIGN AVERAGE DAILY FLOW RATE IN GPD (650)
- \*\* DESIGN MAXIMUM DAILY FLOW RATE IN GPD (1140)

**Temescal Valley Water District  
Volume of Water Sold  
For Two Month Ending August 31, 2021  
F/Y 2021-2022**



POTABLE NON-POTABLE

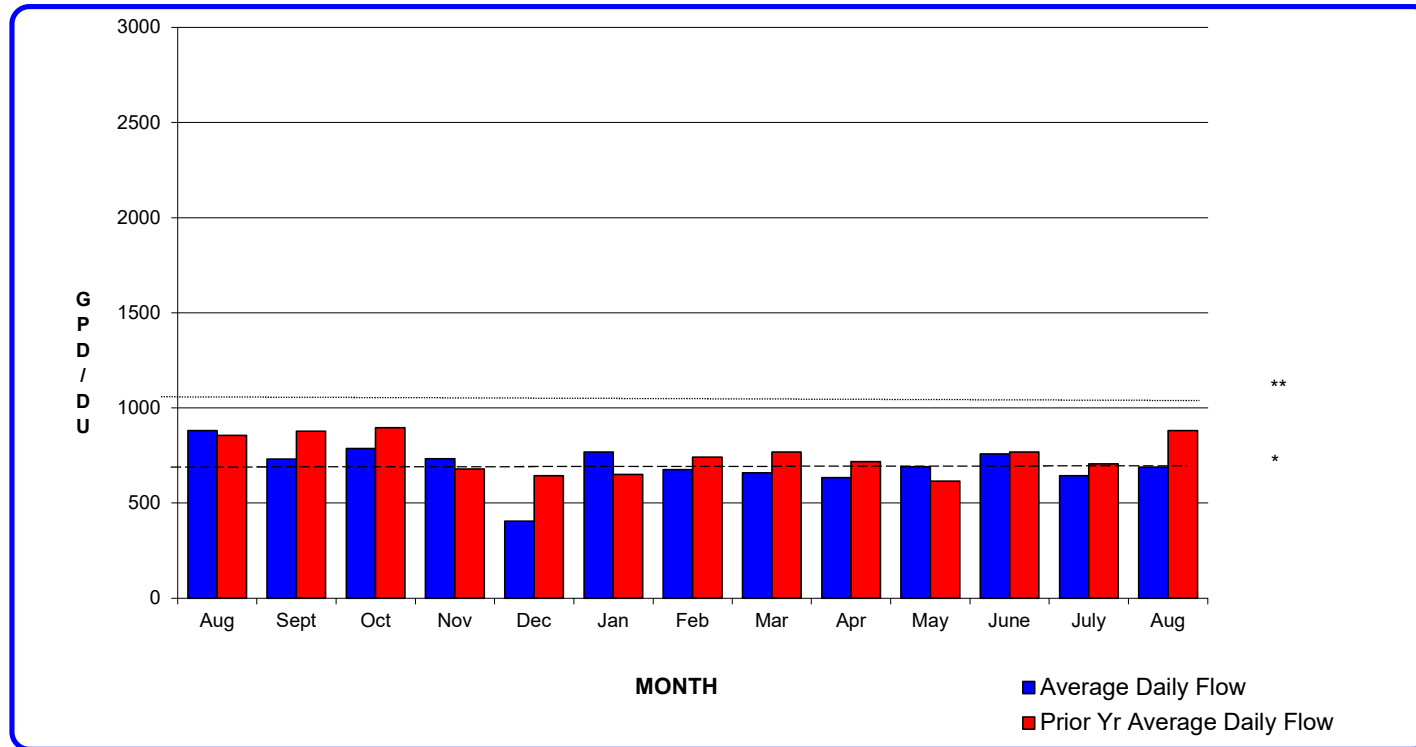
**Temescal Valley Water District  
Water Volume Sold  
For F/Y 2020-2021  
Twelve Months**



POTABLE NON-POTABLE

## COMMERCIAL WATER USAGE AVERAGE DAILY FLOW

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	YEARLY AVERAGE
Average Daily Flow	881	730	788	732	405	768	676	660	634	691	758	643	689	681
Prior Yr Average Daily Flow	856	877	896	679	644	651	742	769	717	615	769	705	881	1278



Key
2019-2020
2020-2021
2021-2022

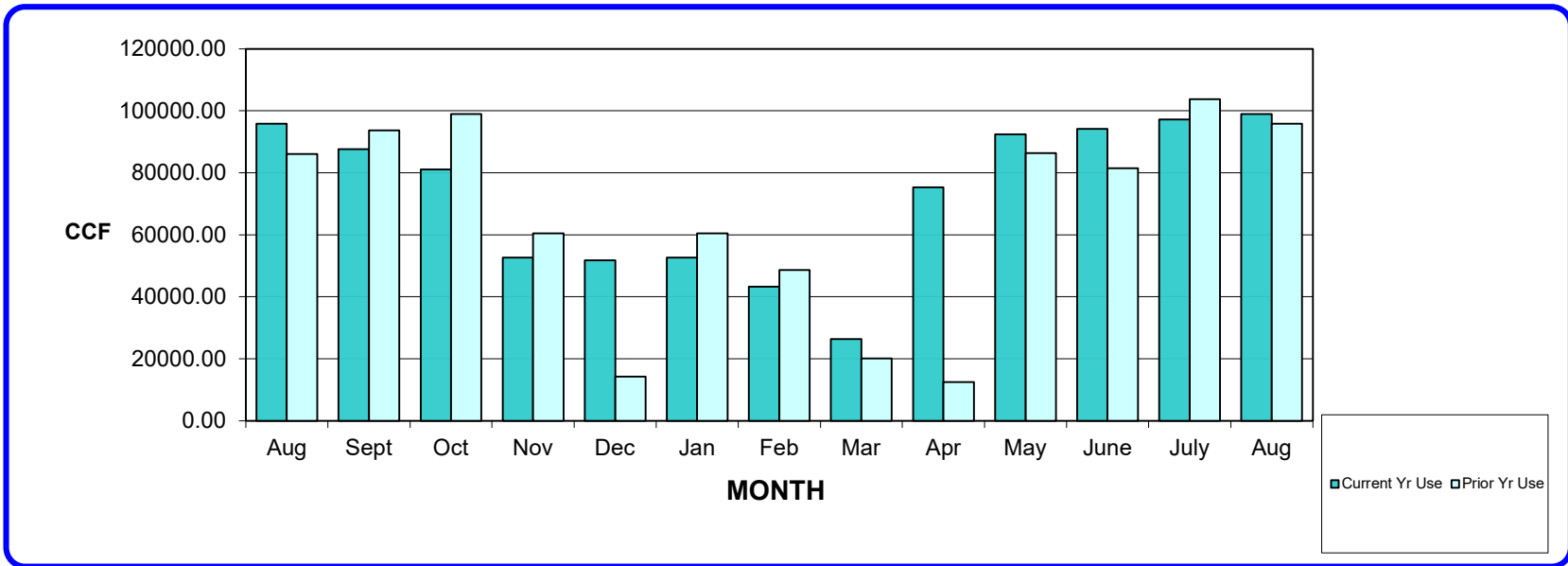
\* DESIGN AVERAGE DAILY FLOW RATE IN GPD (650)

\*\* DESIGN MAXIMUM DAILY FLOW RATE IN GPD (1140)



## RECYCLED AND NON-POTABLE WELL WATER MONTHLY FLOW (ccf) FOR THE MONTH OF JUNE 2021

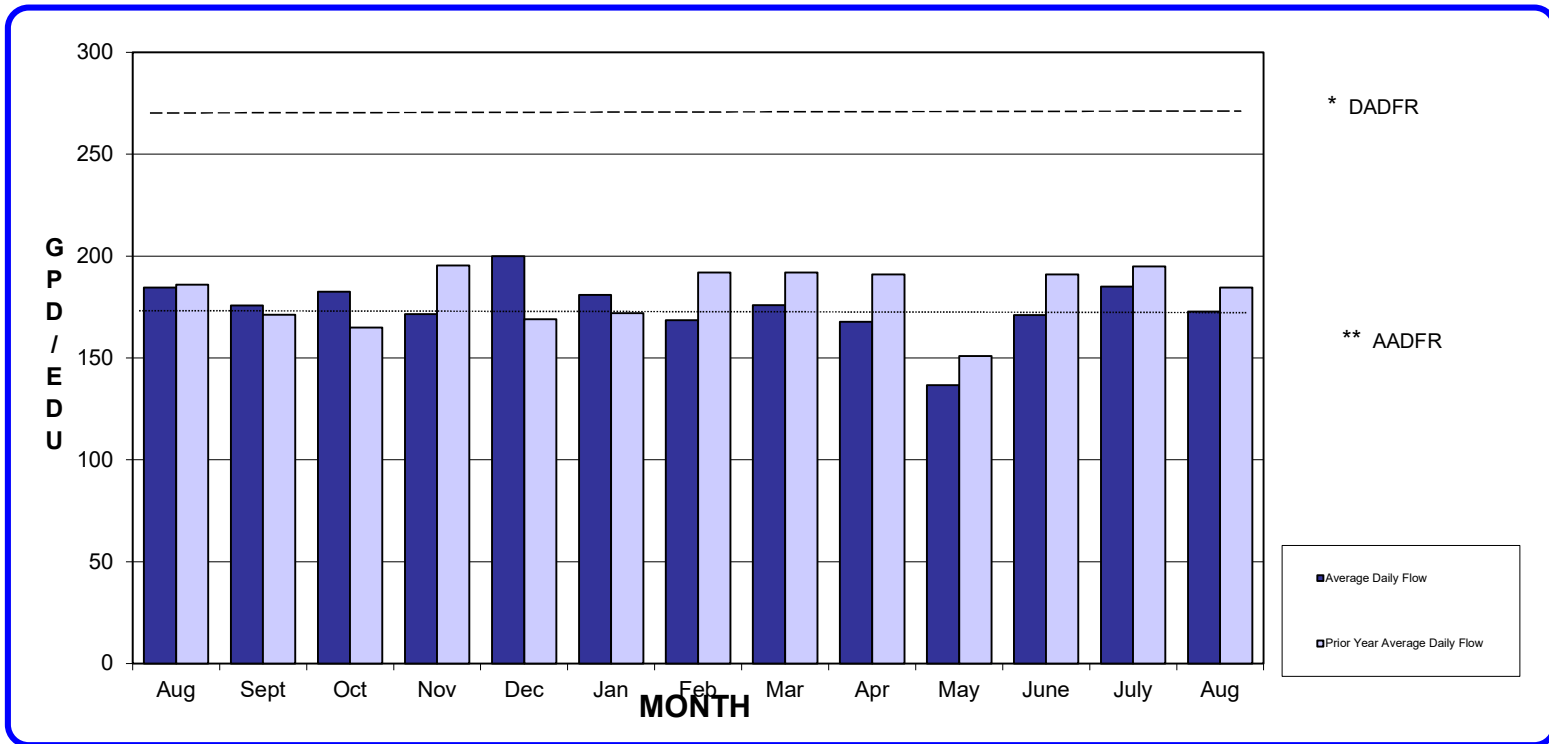
	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
<b>Current Yr Use</b>	95840.25	87622.51	81051.36	52720.00	51836.00	52720.00	43322.39	26400.23	75335.76	92363.00	94145.68	97230.00	98914.00
<b>Prior Yr Use</b>	86056.00	93701.87	99015.59	60473.74	14232.16	60473.74	48679.88	20213.59	12552.04	86301.85	81489.94	103731.39	95840.25
<b>Revenue</b>	\$266,435	\$243,411	\$238,273	\$182,589	\$174,764	\$182,589.00	\$136,309	\$136,464	\$221,743	\$265,178	\$268,857	\$306,524	\$311,579



Key
2019-2020
2020-2021
2021-2022

## RESIDENTIAL & COMMERCIAL SEWER USAGE AVERAGE DAILY FLOW (GALLONS per DAY per DWELLING UNIT)

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	12-Month Average
Average Daily Flow	185	176	183	172	200	181	169	176	168	137	171	185	173	189
Prior Year Average Daily Flow	186	171	165	195	169	172	192	192	191	151	191	195	185	181



\*\* ACTUAL AVERAGE DAILY FLOW RATE IN GPD

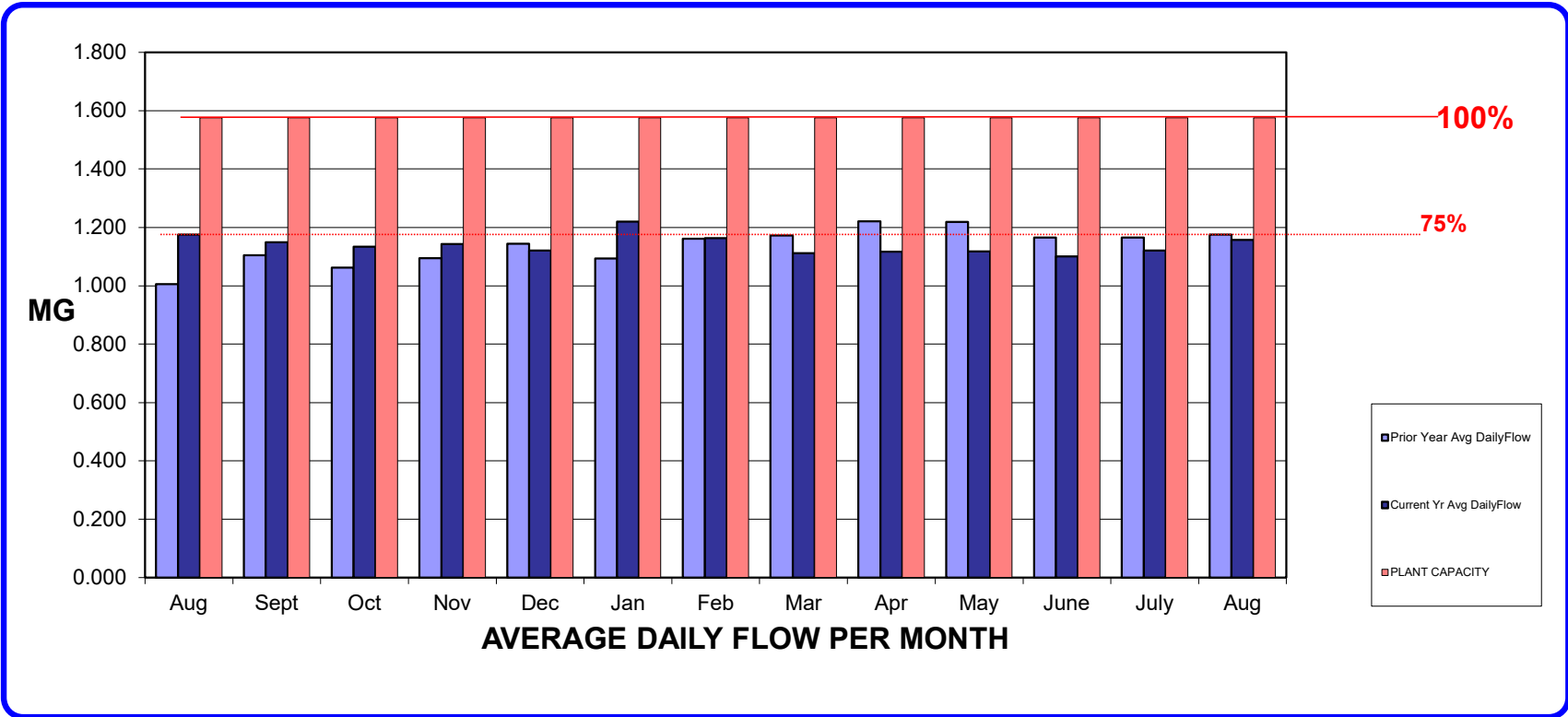
# RECLAMATION PLANT FLOW REPORT

## AVERAGE DAILY FLOW (Million Gallons)

Key	
2019-2020	█
2020-2021	█
2021-2022	█

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Current Yr Avg DailyFlow	1.1750	1.1490	1.1340	1.1430	1.1210	1.2200	1.1630	1.1110	1.1170	1.1180	1.1000	1.1210	1.1570
Prior Year Avg DailyFlow	1.0050	1.1050	1.0620	1.0950	1.1440	1.0930	1.1610	1.1720	1.2210	1.2190	1.1650	1.1650	1.1750

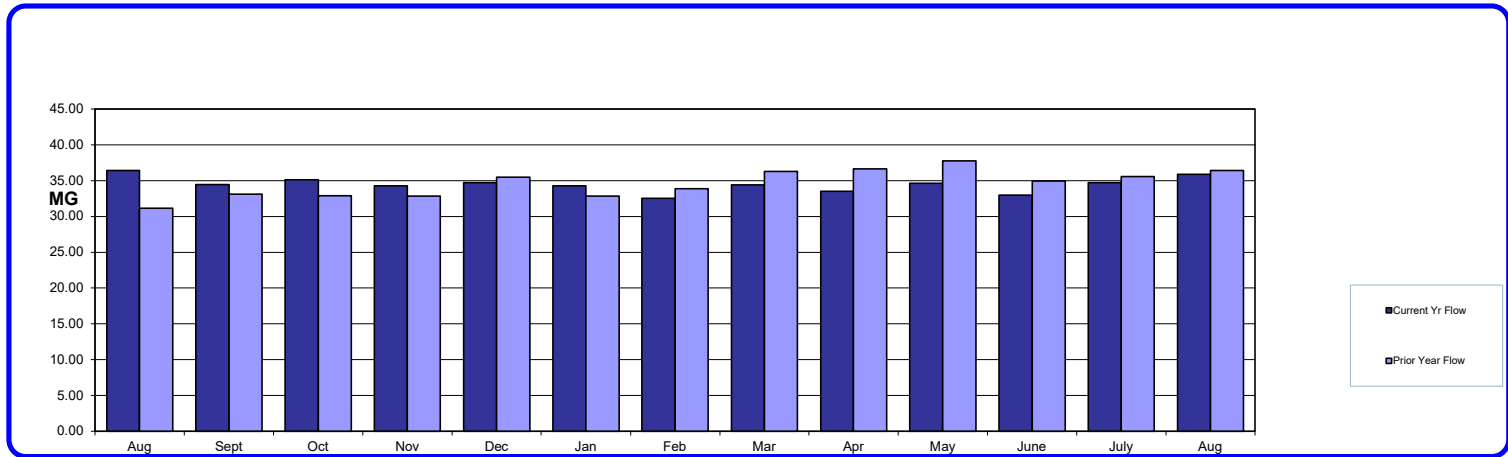
**PLANT CAPACITY**      1.575    1.575    1.575    1.575    1.575    1.575    1.575    1.575    1.575    1.575    1.575    1.575    1.575    1.575



## RECLAMATION PLANT DISCHARGE REPORT MONTHLY FLOW (Million Gallons)

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Total/yr
<b>Current Yr Flow</b>	36.44	34.47	35.14	34.28	34.75	34.28	32.56	34.44	33.50	34.66	33.00	34.76	35.87	411.70
<b>Prior Year Flow</b>	31.16	33.15	32.92	32.84	35.47	32.84	33.87	36.30	36.65	37.78	34.95	35.59	36.44	418.79

**Potential Revenue**      \$141,648    \$145,031    \$145,031    \$145,031    \$145,031    \$145,031    \$145,031    \$145,031    \$136,310    \$133,906    \$138,527    \$131,912    \$138,935    \$143,388    \$1,693,165

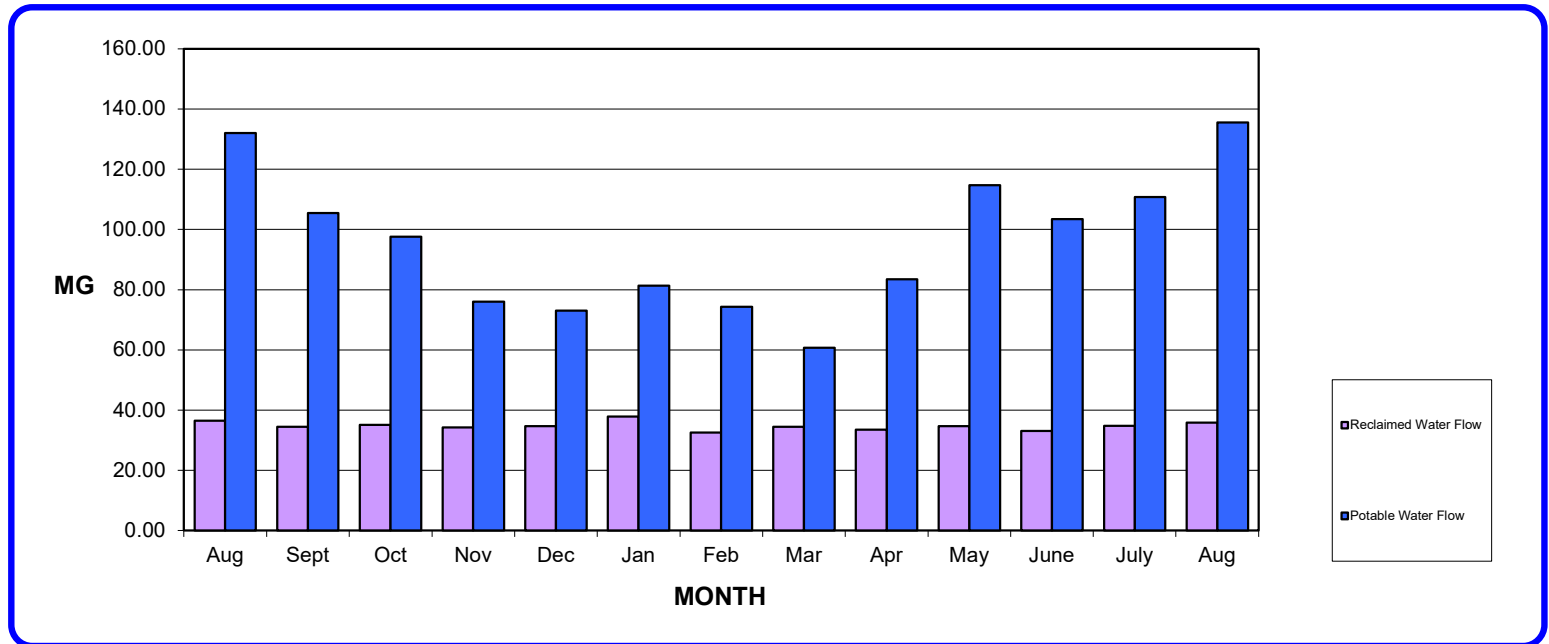


Key	
■	2019-22020
■	2020-2021
■	2021-2020

Note - recycled water only

## RECLAIMED WATER VERSUS POTABLE WATER MONTHLY FLOW (Million Gallons)

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
<b>No. of Sewer Dwelling Units Connected</b>	6658	6667	6687	6708	6751	6753	6793	6807	6798	6884	6896	6923	6923
<b>Reclaimed Water Flow</b>	36.44	34.47	35.14	34.28	34.75	37.81	32.56	34.44	33.50	34.66	33.00	34.76	35.87
<b>Potable Water Flow</b>	131.99	105.48	97.57	76.03	72.98	81.27	74.38	60.76	83.52	114.72	103.44	110.76	135.54

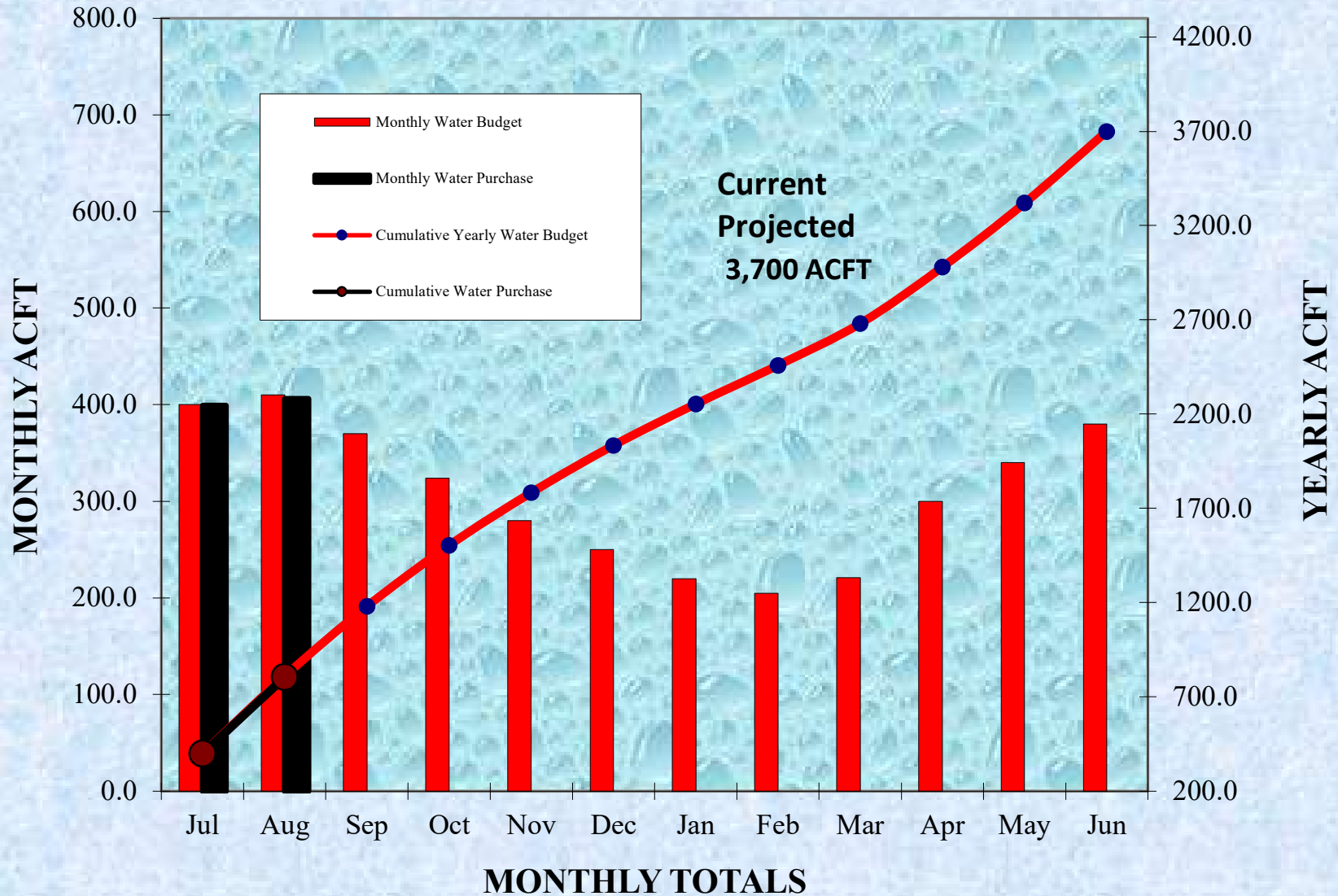




# WHOLESALE BUDGET vs PURCHASE

## Water Year July 2021 through June 2022

**3700 ACFT PROJECTION )**





## **Finance Committee Meeting Agenda**

12:00 PM – 3:00 PM  
August 21, 2021

- I. Review of Draft 5-Year Reserve and Rate Study by IB Consultants.
- II. Status of TWC Potable System Study.
- III. TVWD CFD 4 Bond Issuance documents update
- IV. General Discussion.





September 28, 2021

Board of Directors  
Temescal Valley Water District

RE: General Manager's Report

Dear Board:

The following is a brief status report on several issues that I have been involved in since the last meeting.

- Water Supply Availability - Restrictions
  - New access to Local Water with Sterling Pump Station – Western Letter
  - 7-29-2021 Western's Water Resource Manager – indicated MWD has more water in storage than in any time in its history, approx. 3 million acre feet. As of now there is no pressure from MWD to restrict water demands. They will illustrate alignment with the Governor's request for 15% voluntary reduction with increased marketing for efficient water use and participation in rebate programs. Western will be rolling out a regional outreach effort in partnership with Eastern MWD, Inland Empire UA, and Valley District. We will make these messages/materials available to you when available.
  - 8-19-2021 MWD has a current message that requests a voluntary 15% reduction
- Working on non-potable water supply improvements
  - Park Canyon Drive RW line – Property owner has agreed to build the RW line along Park Canyon to our existing pipeline from the sump well.
- Working on Conservation opportunities and RW/NP conversion locations
  - Will start the conversation with Corona once the Knabe loop is in place to take certain customers and extend the RW system – that will provide conversion opportunities.
  - Reviewing all 2" potable irrigation meters for potential conversion to RW.
- Working with Land Developers on water and sewer fees for multiple infill projects.
  - Deleo adjacent to Tom's Farms – no news
  - Retreat Infill – Kiley Court – Plans signed – new Will Serve sent
  - Temescal Canyon Road at Campbell Ranch Road – Taylor Morris purchased property, Received a construction meter for grading. Grading started. Signed plans for water, sewer, and RW.
  - Kiley Family Trust Property – Tract Map Stage - Public Hearing scheduled – W & S plans submitted – Requested water system study. Plans ready for signature
- Terramor CFD – CFD 4 annexation of Phase 2 completed - Constructing the WRF expansion. Annexation of final PA in Phase 2 completed – Working on Phase 3 Water, Sewer and RW plans. Working on second Bond issuance for IA 2.
- Terramor Review:
  - Phase 3 –Reviewed phase 3 water and sewer plans – ready for signature..

Temescal Valley Water District

22646 Temescal Canyon Road | Temescal Valley, CA 92883-4106 | tel: 951.277.1414 | fax: 951.277.1419  
www.temescalvwd.com



- Terramor Onsite Water, Sewer and RW improvements
  - Work continues Improvement Area 2 – Richmond America, Pardee and Pulte. Grading of Phase 3 pads will be complete in August. Developer currently building the upper zone booster.
- WRF 225K GPD upgrade
  - Submittal review continues and contractor on site –new electrical feed completed, Bypass Vault completed, Digester walls are complete, SBR floors and walls poured, West Influent lift station complete. Electrical duct banks 60%. Piping and equipment beginning to be installed. Work started on EQ lift Station and East Wet Well. New sand filter walls being constructed – blowers and odor control installation continues. EQ PS complete. Critical tie- in of pipelines completed – we are now on the new EQ lift station and the grit chamber can be demolished. Grit chamber demolished – Primary Sludge Floor and walls poured – Stormwater pump station CO approved – work continues on odor control piping and wire termination. Primary decks poured, New SBR program installed and running. Getting ready to test run new pumps and systems. New primary coated and the equipment is being installed.
  - Contractor is working on the electrical power and control for the primary's. We are scheduled to pave the site at the end of the month
- Trilogy Parkway Road Looping:
  - Design in process – potholing of existing facilities complete and design 100% - ready for bidding. Bidding in process. Bidding complete proposal will be on the August meeting for approval.
  - Signs are up and the contractor is waiting for the permit from the County of Riverside to start

# MEMORANDUM

DATE: September 28, 2021

TO: Board of Directors  
Temescal Valley Water District

FROM: General Manager

SUBJECT: Project: Phase IV Water Reclamation Facility Expansion Project –Payment Request 22  
Contractor: PACIFIC HYDROTECH CORPORATION  
TVWD CAP Project No. S-1-2015

## BACKGROUND

The District approved the bid with Pacific Hydrotech Corporation in the amount of \$16,444,500.00

## Project Summary

Contract -	\$16,444,500.00
Change Orders Approved to Date	<u>\$529,981.22</u>
Current Contract Amount	\$16,974,481.22

Earned this Period -	\$275,647.89
5% retention -	\$ 13,782.39
Earned less retention -	\$261,865.50


**DUE - Contractor      \$261,865.50**

## RECOMMENDATION

It is recommended that the Board of Directors:

1. Authorize the payment of \$275,647.89 which is a current payment of \$261,865.50 to the Contractor and a retention payment of \$13,782.39 to be deposited in an Escrow Account.

Respectfully submitted,



Jeff Pape  
General Manager

**Pacific Hydrotech Payment Requests**

Period Thru	Date Submitted	Date Approved	Date Paid	Payment Request No.	Total Comp to Date	Approved this Period	COST RESPONSIBILITY		PAYMENT SOURCE (see notes)				Math Check	
							33.33% TVWD	66.67% FORESTAR	TVWD Retainage PHC		FORESTAR Retainage PHC		Retainage 5.00%	PHC 95.00%
11/30/2019	12/9/2019	12/10/2019	12/17/2019	Request No. 1	\$ 638,750.00	\$ 638,750.00	\$ 212,916.67	\$ 425,833.33	\$ 10,645.83	\$ 202,270.83	\$ 21,291.67	\$ 404,541.67	\$ 31,937.50	\$ 606,812.50
12/31/2019	1/6/2020	1/14/2020	1/28/2020	Request No. 2	\$ 942,930.00	\$ 304,180.00	\$ 101,393.33	\$ 202,786.67	\$ 5,069.67	\$ 96,323.67	\$ 10,139.33	\$ 192,647.33	\$ 15,209.00	\$ 288,971.00
1/31/2020	2/21/2020	3/17/2020	3/24/2020	Request No. 3	\$ 1,864,845.00	\$ 921,915.00	\$ 307,305.00	\$ 614,610.00	\$ 15,365.25	\$ 291,939.75	\$ 30,730.50	\$ 583,879.50	\$ 46,095.75	\$ 875,819.25
2/29/2020	3/19/2020	4/2/2020	4/28/2020	Request NO. 4	\$ 2,690,745.00	\$ 825,900.00	\$ 275,300.00	\$ 550,600.00	\$ 13,765.00	\$ 261,535.00	\$ 27,530.00	\$ 523,070.00	\$ 41,295.00	\$ 784,605.00
3/31/2020	4/13/2020	4/16/2020	4/28/2020	Request No. 5	\$ 3,124,195.00	\$ 433,450.00	\$ 144,483.33	\$ 288,966.67	\$ 7,224.17	\$ 137,259.17	\$ 14,448.33	\$ 274,518.33	\$ 21,672.50	\$ 411,777.50
4/30/2020	5/14/2020	5/19/2020	5/26/2020	Request No. 6	\$ 4,108,360.00	\$ 984,165.00	\$ 328,055.00	\$ 656,110.00	\$ 16,402.75	\$ 311,652.25	\$ 32,805.50	\$ 623,304.50	\$ 49,208.25	\$ 934,956.75
5/31/2020	6/1/2020	6/11/2020	6/23/2020	Request No. 7	\$ 5,208,145.00	\$ 1,099,785.00	\$ 366,595.00	\$ 733,190.00	\$ 18,329.75	\$ 348,265.25	\$ 36,659.50	\$ 696,530.50	\$ 54,989.25	\$ 1,044,795.75
6/30/2020	7/2/2020	7/9/2020	7/28/2020	Request No. 8	\$ 6,094,655.00	\$ 886,510.00	\$ 295,503.33	\$ 591,006.67	\$ 14,775.17	\$ 280,728.17	\$ 29,550.33	\$ 561,456.33	\$ 44,325.50	\$ 842,184.50
7/31/2020	8/6/2020	8/13/2020	8/25/2020	Request No. 9	\$ 7,545,125.00	\$ 1,450,470.00	\$ 483,490.00	\$ 966,980.00	\$ 24,174.50	\$ 459,315.50	\$ 48,349.00	\$ 918,631.00	\$ 72,523.50	\$ 1,377,946.50
8/31/2020	9/9/2020	9/10/2020	9/27/2020	Request No. 10	\$ 8,585,310.00	\$ 1,040,185.00	\$ 346,728.33	\$ 693,456.67	\$ 17,336.42	\$ 329,391.92	\$ 34,672.83	\$ 658,783.83	\$ 52,009.25	\$ 988,175.75
9/30/2020	10/7/2020	10/15/2020	10/27/2020	Request No. 11	\$ 9,534,865.00	\$ 949,555.00	\$ 316,518.33	\$ 633,036.67	\$ 15,825.92	\$ 300,692.42	\$ 31,651.83	\$ 601,384.83	\$ 47,477.75	\$ 902,077.25
10/31/2020	11/3/2020	11/5/2020	11/24/2020	Request No. 12	\$ 9,859,110.00	\$ 324,245.00	\$ 108,081.67	\$ 216,163.33	\$ 5,404.08	\$ 102,677.58	\$ 10,808.17	\$ 205,355.17	\$ 16,212.25	\$ 308,032.75
11/30/2020	12/4/2020	12/10/2020	12/22/2020	Request No. 13	\$ 10,305,970.00	\$ 446,860.00	\$ 148,953.33	\$ 297,906.67	\$ 7,447.67	\$ 141,505.67	\$ 14,895.33	\$ 283,011.33	\$ 22,343.00	\$ 424,517.00
12/31/2020	1/8/2021	1/12/2021	1/26/2021	Request No. 14	\$ 11,067,728.27	\$ 761,758.27	\$ 253,919.42	\$ 507,838.85	\$ 12,695.97	\$ 241,223.45	\$ 25,391.94	\$ 482,446.90	\$ 38,087.91	\$ 723,670.36
1/31/2021	2/12/2021	2/16/2021	2/23/2021	Request No. 15	\$ 12,281,663.27	\$ 1,213,935.00	\$ 404,645.00	\$ 809,290.00	\$ 20,232.25	\$ 384,412.75	\$ 40,464.50	\$ 768,825.50	\$ 60,696.75	\$ 1,153,238.25
2/28/2021	3/5/2021	3/16/2021	3/23/2021	Request No. 16	\$ 13,215,227.35	\$ 933,564.08	\$ 311,188.03	\$ 622,376.05	\$ 15,559.40	\$ 295,628.63	\$ 31,118.80	\$ 591,257.25	\$ 46,678.20	\$ 886,885.88
3/31/2021	4/1/2021	4/8/2021	4/27/2021	Request No. 17	\$ 14,020,942.35	\$ 805,715.00	\$ 268,571.67	\$ 537,143.33	\$ 13,428.58	\$ 255,143.08	\$ 26,857.17	\$ 510,286.17	\$ 40,285.75	\$ 765,429.25
4/30/2021	5/17/2021	5/18/2021	5/25/2021	Request No. 18	\$ 14,789,331.35	\$ 768,389.00	\$ 256,129.67	\$ 512,259.33	\$ 12,806.48	\$ 243,323.18	\$ 25,612.97	\$ 486,646.37	\$ 38,419.45	\$ 729,969.55
5/31/2021	6/9/2021	6/15/2021	6/22/2021	Request No. 19	\$ 15,043,094.01	\$ 253,762.66	\$ 84,587.55	\$ 169,175.11	\$ 4,229.38	\$ 80,358.18	\$ 8,458.76	\$ 160,716.35	\$ 12,688.13	\$ 241,074.53
6/31/2021	7/2/2021	7/22/2021	7/27/2021	Request No. 20	\$ 15,443,515.16	\$ 400,421.15	\$ 133,473.72	\$ 266,947.43	\$ 6,673.69	\$ 126,800.03	\$ 13,347.37	\$ 253,600.06	\$ 20,021.06	\$ 380,400.09
7/31/2021	8/5/2021	8/12/2021	8/24/2021	Request No. 21	\$ 16,195,965.47	\$ 752,450.31	\$ 250,816.77	\$ 501,633.54	\$ 12,540.84	\$ 238,275.93	\$ 25,081.68	\$ 476,551.86	\$ 37,622.52	\$ 714,827.79
8/31/2021	9/2/2021	9/16/2021	9/28/2021	Request No. 22	\$ 16,471,613.36	\$ 275,647.89	\$ 91,882.63	\$ 183,765.26	\$ 4,594.13	\$ 87,288.50	\$ 9,188.26	\$ 174,577.00	\$ 13,782.39	\$ 261,865.50
TOTALS TO DATE						\$ 16,471,613.36	\$ 5,490,537.79	\$ 10,981,075.57	\$ 274,526.89	\$ 5,216,010.90	\$ 549,053.78	\$ 10,432,021.79	\$ 823,580.67	\$ 15,648,032.69

**Pacific Hydrotech Contract Summary**

	Actual	Proposed
ORIG	Original Contract Amount	\$ 16,444,500.00
CO #1	Primary Cover Beams Change Orders	\$ 28,980.07
CO #2	MCC Modifications	\$ 17,720.77
CO #3	Electrical Design Revisions	\$ 94,137.69
CO #4	Headworks Valve Extentions	\$ 6,564.08
CO #5	Storm Water Lift Station	\$ 382,578.61
CO #6	Primary Clarifier Electrical Revisions	\$ 139,445.27
Current contract Amount		\$ 16,974,481.22

**Notes:**

- 1 Retainage - to Approved Escrow Account
- 2 TVWD Payment Source - Sewer Fund
- 3 Foremost Payment Source - CFD no. 4

# PAYMENT APPLICATION

**TO:** TEMESCAL VALLEY WATER DISTRICT  
22646 TEMESCAL CANYON RD  
CORONA CA 92883

**PROJECT NAME AND LOCATION:** C1916-WATER RECLAMATION PLANT  
PHASE IV  
22646 TEMESCAL CANYON RD  
CORONA CA 92883

**APPLICATION #** 22  
**PERIOD THRU:** 08/31/2021  
**Owner Project #:**

**DISTRIBUTION TO:**  
\_\_\_ CONTRACTOR  
\_\_\_ CONSTR. MGR.  
\_\_\_ CITY INSPECTOR  
\_\_\_ OWNER

**FROM:** PACIFIC HYDROTECH CORPORATION  
314 E. 3rd STREET  
PERRIS CA 92570

**OWNER:** TEMESCAL VALLEY WATER DISTRICT  
22646 TEMESCAL CANYON RD  
CORONA CA 92883

**DATE OF CONTRACT:** 8/16/2019

## CONTRACTOR'S SUMMARY OF WORK

Application is made for payment as shown below.  
Continuation Page is attached

<b>1. CONTRACT AMOUNT</b>	16,444,500.00
<b>2. SUM OF ALL CHANGE ORDERS</b>	529,981.22
<b>3. CURRENT CONTRACT AMOUNT</b> (Line 1 + 2)	16,974,481.22
<b>4. TOTAL COMPLETED AND STORED</b> (Column G on Continuation Page)	16,471,613.36
<b>5. RETAINAGE:</b>	
A. 5% Of Completed Work (Columns D+ E on Continuation Page)	823,580.65
B. 5% of Material Stored (Column F on Continuation Page)	0.00
Total Retainage (Line 5a + 5b or Column I on Continuation Page)	823,580.65
<b>6. TOTAL COMPLETED AND STORED LESS RETAINAGE:</b> (Line 4 minus Line 5 Total)	15,648,032.71
<b>7. LESS PREVIOUS CERTIFICATES FOR PAYMENT:</b>	15,386,167.21
<b>8. CURRENT PAYMENT DUE:</b>	261,865.50
<b>9. BALANCE HELD BY OWNER:</b> Line 3 - Line 6	1,326,448.51

SUMMARY OF CHANGE ORDERS	ADDITIONS	DEDUCTIONS
Total changes approved in previous months	529,981.22	0.00
Total approved this month	0.00	0.00
TOTALS	529,981.22	0.00
NET CHANGES	529,981.22	

**CONTRACTOR:** PACIFIC HYDROTECH CORPORATION  
Contractor's signature below:

By: *Jonathan Hilburn* Date: 9/2/2021

**CONSTRUCTION MANAGER: MUROW | DC**  
Construction Manager's signature below:

By: *Bob Weber* Date: 9/7/2021

**INSPECTOR:** TEMESCAL VALLEY WATER DISTRICT  
Inspector's signature below:

By: *Robert Vela* Date: 9-8-2021

## OWNER'S CERTIFICATION

CERTIFIED AMOUNT:

.....261,865.50

**OWNER:** TEMESCAL VALLEY WATER DISTRICT  
Owner's signature below

By: *[Signature]* Date: 9/16/2021

**PAYMENT APPLICATION DETAILS**

Customer: TEMESCAL VALLEY WATER DISTRICT  
 Project: C1916-WATER RECLAMATION PLANT PHASE IV

Application Number: 22  
 For Period Ending: 08/31/2021

A	B	C	D	E		F	G		H	I
Item Number - Description	Scheduled Value	Work Completed			Total Percent this Period	Materials Presently Stored	Completed and Stored To Date	Total %	Balance To Finish	Retainage Value
		From Previous Application	This Period Value							
01	MOB, BONDS, SOV, PROJECT SCHEDULE	820,000.00	772,000.00	6,000.00	0.73%	0.00	778,000.00	94.88	42,000.00	38,900.00
01.01	BONDS AND INSURANCE	350,000.00	350000.00	0.00	0.00%	0.00	350000.00	100.00	0.00	17,500.00
01.02	MOBILIZE EQUIPMENT AND TEMP FACILITIES	325,000.00	325000.00	0.00	0.00%	0.00	325000.00	100.00	0.00	16,250.00
01.03	DEMOB EQUIPMENT AND TEMP FACILITIES	30,000.00	0.00	0.00	0.00%	0.00	0.00	0.00	30,000.00	0.00
01.04	BASELINE SCHEDULE SUBMITTAL	20,000.00	20000.00	0.00	0.00%	0.00	20000.00	100.00	0.00	1,000.00
01.05	CONSTRUCTION SCHEDULING	30,000.00	12000.00	6,000.00	20.00%	0.00	18000.00	60.00	12,000.00	900.00
01.06	PRECONSTRUCTION VIDEO	5,000.00	5000.00	0.00	0.00%	0.00	5000.00	100.00	0.00	250.00
01.07	MAINTAIN TEMP FACILITIES	60,000.00	60000.00	0.00	0.00%	0.00	60000.00	100.00	0.00	3,000.00
02	SHEETING, SHORING, AND BRACING	6,100.00	6,100.00	0.00	0.00%	0.00	6,100.00	100.00	0.00	305.00
02.01	TRENCH SHORING	6,100.00	6100.00	0.00	0.00%	0.00	6100.00	100.00	0.00	305.00
03	EROSION CONTROL	55,700.00	55,700.00	0.00	0.00%	0.00	55,700.00	100.00	0.00	2,785.00
03.01	BMP INSTALLATION	20,000.00	20000.00	0.00	0.00%	0.00	20000.00	100.00	0.00	1,000.00
03.02	BMP MAINTENANCE	35,700.00	35700.00	0.00	0.00%	0.00	35700.00	100.00	0.00	1,785.00
04	SURVEY	24,200.00	22,990.00	0.00	0.00%	0.00	22,990.00	95.00	1,210.00	1,149.50
04.01	SURVEY	24,200.00	22990.00	0.00	0.00%	0.00	22990.00	95.00	1,210.00	1,149.50
05	MAINTENANCE OF PLANT OPERATIONS	41,900.00	41,900.00	0.00	0.00%	0.00	41,900.00	100.00	0.00	2,095.00
05.01	MAINTAIN PLANT FACILITY OPERATIONS	41,900.00	41900.00	0.00	0.00%	0.00	41900.00	100.00	0.00	2,095.00
06	SCE CONDUIT AND PULL BOX INSTALLATION	231,100.00	231,100.00	0.00	0.00%	0.00	231,100.00	100.00	0.00	11,555.00
06.01	EXCAVATE AND BACKFILL FOR ELECTRICAL	95,000.00	95000.00	0.00	0.00%	0.00	95000.00	100.00	0.00	4,750.00
06.02	ELECT. DISCONNECT & REMOVAL OF WIRING	45,000.00	45000.00	0.00	0.00%	0.00	45000.00	100.00	0.00	2,250.00
06.03	FURNISH & INSTALL PULL BOX PER DE0.0	12,500.00	12500.00	0.00	0.00%	0.00	12500.00	100.00	0.00	625.00
06.04	FURNISH & INSTALL SCE CONDUIT PER DE0.0	55,000.00	55000.00	0.00	0.00%	0.00	55000.00	100.00	0.00	2,750.00
06.05	INTERCEPT LIGHTING CONDUIT DE0.0 NOTE 13	3,500.00	3500.00	0.00	0.00%	0.00	3500.00	100.00	0.00	175.00

06.06	REROUTE SBR ELECTRICAL DE0.0 NOTE 14	20,100.00	20100.00	0.00	0.00%	0.00	20100.00	100.00	0.00	1,005.00
07	DEMO, REMOVAL, ABANDONMENT IN PLACE, ETC	142,600.00	142,600.00	0.00	0.00%	0.00	142,600.00	100.00	0.00	7,130.00
07.01	DEMO SUB MOBILIZATION	4,000.00	4000.00	0.00	0.00%	0.00	4000.00	100.00	0.00	200.00
07.02	DEMOLISH & REMOVE GRIT CHAMBER STRUCTURE	35,000.00	35000.00	0.00	0.00%	0.00	35000.00	100.00	0.00	1,750.00
07.03	DEMO & REMOVE GRIT CHAMBER PUMPS & PADS	20,000.00	20000.00	0.00	0.00%	0.00	20000.00	100.00	0.00	1,000.00
07.04	DEMO & REMOVE GRIT CHAMBER ACCESS STAIRS	50,000.00	50000.00	0.00	0.00%	0.00	50000.00	100.00	0.00	2,500.00
07.05	DEMO & REMOVE RETAINING WALL AT STAIRS	10,000.00	10000.00	0.00	0.00%	0.00	10000.00	100.00	0.00	500.00
07.06	OTHER MISC DEMOLITION	23,600.00	23600.00	0.00	0.00%	0.00	23600.00	100.00	0.00	1,180.00
08	YARD PIPING, VALVES, AND APPURTENANCES	1,453,900.00	1,424,720.00	28,180.00	1.94%	0.00	1,452,900.00	99.93	1,000.00	72,645.00
08.01	POTHOLE	40,000.00	40000.00	0.00	0.00%	0.00	40000.00	100.00	0.00	2,000.00
08.02	UNLOAD PIPE MATERIALS	25,000.00	25000.00	0.00	0.00%	0.00	25000.00	100.00	0.00	1,250.00
08.03	16" SEDIMENTATION TANK BYPASS LINE	125,000.00	125000.00	0.00	0.00%	0.00	125000.00	100.00	0.00	6,250.00
08.04	10" PEF - PS TO EX 16" GE (11 thru 18)	175,000.00	175000.00	0.00	0.00%	0.00	175000.00	100.00	0.00	8,750.00
08.05	10" PEF - PS TO EX 16" GE (19 thru 25)	175,000.00	175000.00	0.00	0.00%	0.00	175000.00	100.00	0.00	8,750.00
08.06	4" WHP PLANT WATER LINE @SED. BASIN	45,900.00	36720.00	9,180.00	20.00%	0.00	45900.00	100.00	0.00	2,295.00
08.07	8" TD LINE @ SEDIMENTATION FILTER	62,000.00	62000.00	0.00	0.00%	0.00	62000.00	100.00	0.00	3,100.00
08.08	4" SC LINE @ SEDIMENTATION BASIN	32,000.00	32000.00	0.00	0.00%	0.00	32000.00	100.00	0.00	1,600.00
08.09	CLEANOUTS	18,000.00	18000.00	0.00	0.00%	0.00	18000.00	100.00	0.00	900.00
08.10	4" PS/SC SCUM LINE TO DIGESTERS	85,000.00	85000.00	0.00	0.00%	0.00	85000.00	100.00	0.00	4,250.00
08.11	INSTALL 12" OF PIPE FROM SBR TO PS	95,000.00	76000.00	19,000.00	20.00%	0.00	95000.00	100.00	0.00	4,750.00
08.12	CORE EXISTING WETWELL	12,000.00	12000.00	0.00	0.00%	0.00	12000.00	100.00	0.00	600.00
08.13	12"/16"24" SE PIPING @ SBR's	145,000.00	145000.00	0.00	0.00%	0.00	145000.00	100.00	0.00	7,250.00
08.14	12" WAS TO EXISTING PIPE	75,000.00	75000.00	0.00	0.00%	0.00	75000.00	100.00	0.00	3,750.00
08.15	2" WATERLINE @ SBR's	12,000.00	12000.00	0.00	0.00%	0.00	12000.00	100.00	0.00	600.00
08.16	16" BP PIPE @ TERTIARY FILTERS	38,000.00	38000.00	0.00	0.00%	0.00	38000.00	100.00	0.00	1,900.00
08.17	6" TD PIPE @ TERTIARY FILTERS	32,000.00	32000.00	0.00	0.00%	0.00	32000.00	100.00	0.00	1,600.00
08.18	8" DIGESTED SLUDGE TO EX. PIPE @ DIG'S	78,000.00	78000.00	0.00	0.00%	0.00	78000.00	100.00	0.00	3,900.00
08.19	4" BIOFILTER DRAIN TO PS	53,000.00	53000.00	0.00	0.00%	0.00	53000.00	100.00	0.00	2,650.00
08.20	2" WHP LINE @ DIGESTERS	14,000.00	14000.00	0.00	0.00%	0.00	14000.00	100.00	0.00	700.00
08.21	12" DRAIN LINE @ DRYING BEDS	42,000.00	42000.00	0.00	0.00%	0.00	42000.00	100.00	0.00	2,100.00
08.22	EXC/SET/BACKFILL CATCH BASIN	25,000.00	25000.00	0.00	0.00%	0.00	25000.00	100.00	0.00	1,250.00
08.23	TEST PIPES	50,000.00	49000.00	0.00	0.00%	0.00	49000.00	98.00	1,000.00	2,450.00

09	GRADING	454,900.00	425,230.00	24,670.00	5.42%	0.00	449,900.00	98.90	5,000.00	22,495.00
09.01	EXCAVATE INFLUENT VAULTS	10,000.00	10000.00	0.00	0.00%	0.00	10000.00	100.00	0.00	500.00
09.02	FINE GRADE BOTTOM	2,500.00	2500.00	0.00	0.00%	0.00	2500.00	100.00	0.00	125.00
09.03	BACKFILL INFLUENT VALVE VAULTS	20,000.00	20000.00	0.00	0.00%	0.00	20000.00	100.00	0.00	1,000.00
09.04	EXC. SEDIMENTATION BASIN & BIOFILTER	32,000.00	32000.00	0.00	0.00%	0.00	32000.00	100.00	0.00	1,600.00
09.05	FINE GRADE BOTTOM (SBR)	8,000.00	8000.00	0.00	0.00%	0.00	8000.00	100.00	0.00	400.00
09.06	BACKFILL SEDIMENTATION BASIN & BIOFILTER	32,000.00	30400.00	1,600.00	5.00%	0.00	32000.00	100.00	0.00	1,600.00
09.07	EXCAVATE SEQUENCING REACTORS	6,000.00	6000.00	0.00	0.00%	0.00	6000.00	100.00	0.00	300.00
09.08	FINE GRADE BOTTOM	6,000.00	6000.00	0.00	0.00%	0.00	6000.00	100.00	0.00	300.00
09.09	BACKFILL REACTORS	7,500.00	7500.00	0.00	0.00%	0.00	7500.00	100.00	0.00	375.00
09.10	EXCAVATE TERTIARY FILTERS	6,500.00	6500.00	0.00	0.00%	0.00	6500.00	100.00	0.00	325.00
09.11	FINE GRADE BOTTOM	2,500.00	2500.00	0.00	0.00%	0.00	2500.00	100.00	0.00	125.00
09.12	BACKFILL TERTIARY FILTERS	6,500.00	6500.00	0.00	0.00%	0.00	6500.00	100.00	0.00	325.00
09.13	EXCAVATE DIGESTERS & BIOFILTER	65,000.00	65000.00	0.00	0.00%	0.00	65000.00	100.00	0.00	3,250.00
09.14	FINE GRADE BOTTOM	7,000.00	7000.00	0.00	0.00%	0.00	7000.00	100.00	0.00	350.00
09.15	BACKFILL DIGESTERS & BIOFILTER	62,000.00	62000.00	0.00	0.00%	0.00	62000.00	100.00	0.00	3,100.00
09.16	LOAD EXPORT TRUCKS	31,400.00	29830.00	1,570.00	5.00%	0.00	31400.00	100.00	0.00	1,570.00
09.17	EXPORT SPOILS	125,000.00	118750.00	6,250.00	5.00%	0.00	125000.00	100.00	0.00	6,250.00
09.18	ROAD CLEAN UP	5,000.00	4750.00	250.00	5.00%	0.00	5000.00	100.00	0.00	250.00
09.19	FINE GRADE	20,000.00	0.00	15,000.00	75.00%	0.00	15000.00	75.00	5,000.00	750.00
10	ASPHALT FINE GRADING, ETC.	219,100.00	0.00	0.00	0.00%	0.00	0.00	0.00	219,100.00	0.00
10.01	BASE MATERIALS	40,000.00	0.00	0.00	0.00%	0.00	0.00	0.00	40,000.00	0.00
10.02	FINE GRADING FOR PAVEMENT	45,000.00	0.00	0.00	0.00%	0.00	0.00	0.00	45,000.00	0.00
10.03	AC MATERIALS	60,000.00	0.00	0.00	0.00%	0.00	0.00	0.00	60,000.00	0.00
10.04	AC PAVING	45,000.00	0.00	0.00	0.00%	0.00	0.00	0.00	45,000.00	0.00
10.05	REDWOOD HEADER MATERIALS	2,600.00	0.00	0.00	0.00%	0.00	0.00	0.00	2,600.00	0.00
10.06	REDWOOD HEADER INSTALLATION	9,500.00	0.00	0.00	0.00%	0.00	0.00	0.00	9,500.00	0.00
10.07	COLD MILL	11,000.00	0.00	0.00	0.00%	0.00	0.00	0.00	11,000.00	0.00
10.08	FOG SEAL	6,000.00	0.00	0.00	0.00%	0.00	0.00	0.00	6,000.00	0.00
11	CONSTRUCTION SEQUENCING	48,700.00	48,700.00	0.00	0.00%	0.00	48,700.00	100.00	0.00	2,435.00
11.01	TEMPORARY BYPASS PIPING SYSTEM	15,000.00	15000.00	0.00	0.00%	0.00	15000.00	100.00	0.00	750.00
11.02	INSTALL/REMOVE PIPING @ INFL PS	10,000.00	10000.00	0.00	0.00%	0.00	10000.00	100.00	0.00	500.00
11.03	PATCH PRECAST WALL PENETRATION	3,700.00	3700.00	0.00	0.00%	0.00	3700.00	100.00	0.00	185.00
11.04	TIE INS	20,000.00	20000.00	0.00	0.00%	0.00	20000.00	100.00	0.00	1,000.00
12	EQ BYPASS VAULT INCLUDING PIPING	153,700.00	153,700.00	0.00	0.00%	0.00	153,700.00	100.00	0.00	7,685.00
12.01	PROCURE PRECAST VAULT	30,000.00	30000.00	0.00	0.00%	0.00	30000.00	100.00	0.00	1,500.00
12.02	PROCURE DIP AND VALVES @ VAULT	55,000.00	55000.00	0.00	0.00%	0.00	55000.00	100.00	0.00	2,750.00
12.03	PURCHASE HANDRAIL	4,000.00	4000.00	0.00	0.00%	0.00	4000.00	100.00	0.00	200.00
12.04	INSTALL HANDRAIL	3,000.00	3000.00	0.00	0.00%	0.00	3000.00	100.00	0.00	150.00
12.05	EXCAVATE VAULT	15,000.00	15000.00	0.00	0.00%	0.00	15000.00	100.00	0.00	750.00



12.06	PREP SUBGRADE	2,500.00	2500.00	0.00	0.00%	0.00	2500.00	100.00	0.00	125.00
12.07	SET VAULT	12,200.00	12200.00	0.00	0.00%	0.00	12200.00	100.00	0.00	610.00
12.08	BACKFILL VAULT	10,000.00	10000.00	0.00	0.00%	0.00	10000.00	100.00	0.00	500.00
12.09	PIPE AND APPURTENANCES INSIDE VAULT	17,000.00	17000.00	0.00	0.00%	0.00	17000.00	100.00	0.00	850.00
12.10	PAINTING	5,000.00	5000.00	0.00	0.00%	0.00	5000.00	100.00	0.00	250.00
13	INFLUENT PUMP STATION	339,300.00	338,850.00	0.00	0.00%	0.00	338,850.00	99.87	450.00	16,942.50
13.01	PURCHASE PIPING @ INFLUENT PS	71,300.00	71300.00	0.00	0.00%	0.00	71300.00	100.00	0.00	3,565.00
13.02	PURCHASE & INSTALL PUMPS @ INFLUENT PS	110,000.00	110000.00	0.00	0.00%	0.00	110000.00	100.00	0.00	5,500.00
13.03	PURCHASE & INSTL HANDRAIL @ INFLUENT PS	9,000.00	8550.00	0.00	0.00%	0.00	8550.00	95.00	450.00	427.50
13.04	MECHANICAL WORK @ INFLUENT PS	72,000.00	72000.00	0.00	0.00%	0.00	72000.00	100.00	0.00	3,600.00
13.05	PAINTING	7,000.00	7000.00	0.00	0.00%	0.00	7000.00	100.00	0.00	350.00
13.06	CONCRETE WORK @ INFLUENT PS	70,000.00	70000.00	0.00	0.00%	0.00	70000.00	100.00	0.00	3,500.00
14	HEADWORKS WASHER/COMPACTOR, ETC.	263,800.00	261,000.00	0.00	0.00%	0.00	261,000.00	98.94	2,800.00	13,050.00
14.01	PURCHASE AUGER	181,300.00	181300.00	0.00	0.00%	0.00	181300.00	100.00	0.00	9,065.00
14.02	INSTALL AUGER	8,500.00	8500.00	0.00	0.00%	0.00	8500.00	100.00	0.00	425.00
14.03	INSTALL TROUGH	10,500.00	10500.00	0.00	0.00%	0.00	10500.00	100.00	0.00	525.00
14.04	PURCHASE AND INSTALL STEEL PIPE	20,000.00	20000.00	0.00	0.00%	0.00	20000.00	100.00	0.00	1,000.00
14.05	PURCHASE AND INSTALL LADDER	7,500.00	7500.00	0.00	0.00%	0.00	7500.00	100.00	0.00	375.00
14.06	MISC. MECHANICAL	28,000.00	25200.00	0.00	0.00%	0.00	25200.00	90.00	2,800.00	1,260.00
14.07	REPAIR WALL	8,000.00	8000.00	0.00	0.00%	0.00	8000.00	100.00	0.00	400.00
15	PRIMARY SEDIMENTATION TANK	3,190,200.00	2,994,025.00	113,525.00	3.56%	0.00	3,107,550.00	97.41	82,650.00	155,377.50
15.01	LAYOUT AND FORM FOR FLOOR	150,000.00	150000.00	0.00	0.00%	0.00	150000.00	100.00	0.00	7,500.00
15.02	POUR TANK FLOOR	550,000.00	550000.00	0.00	0.00%	0.00	550000.00	100.00	0.00	27,500.00
15.03	ASSEMBLE/DISASSEMBLE WALL FORMS	120,000.00	120000.00	0.00	0.00%	0.00	120000.00	100.00	0.00	6,000.00
15.04	FORM/POUR/STRIP WALLS	560,000.00	560000.00	0.00	0.00%	0.00	560000.00	100.00	0.00	28,000.00
15.05	WALL CURING	10,000.00	10000.00	0.00	0.00%	0.00	10000.00	100.00	0.00	500.00
15.06	POUR MASS FILL	31,000.00	31000.00	0.00	0.00%	0.00	31000.00	100.00	0.00	1,550.00
15.07	PROCURE AND LAYOUT MECHANICAL EQUIPMENT	1,250,700.00	1250700.00	0.00	0.00%	0.00	1250700.00	100.00	0.00	62,535.00
15.08	INSTALL DI ABOVE GRADE PIPING	10,000.00	10000.00	0.00	0.00%	0.00	10000.00	100.00	0.00	500.00
15.09	INSTALL SLIDE GATES	17,500.00	4375.00	11,375.00	65.00%	0.00	15750.00	90.00	1,750.00	787.50
15.10	INSTALL FLUMES	5,000.00	0.00	5,000.00	100.00%	0.00	5000.00	100.00	0.00	250.00
15.11	INSTALL CHAIN FLIGHTS AND MOTORS	45,000.00	6750.00	38,250.00	85.00%	0.00	45000.00	100.00	0.00	2,250.00
15.12	INSTALL FRP TROUGHS	15,000.00	15000.00	0.00	0.00%	0.00	15000.00	100.00	0.00	750.00
15.13	INSTALL SCUM COLLECTORS	13,000.00	7800.00	5,200.00	40.00%	0.00	13000.00	100.00	0.00	650.00
15.14	INSTALL SLUDGE PUMPS	9,000.00	9000.00	0.00	0.00%	0.00	9000.00	100.00	0.00	450.00
15.15	INSTALL PIPING IN SLUDGE GALLERY	15,000.00	15000.00	0.00	0.00%	0.00	15000.00	100.00	0.00	750.00

15.16	INSTALL PIPE SUPPORTS	7,500.00	1500.00	6,000.00	80.00%	0.00	7500.00	100.00	0.00	375.00
15.17	SET STAIRCASE	18,000.00	5400.00	5,400.00	30.00%	0.00	10800.00	60.00	7,200.00	540.00
15.18	SET RAILINGS	12,000.00	0.00	10,800.00	90.00%	0.00	10800.00	90.00	1,200.00	540.00
15.19	DECK SHORING	10,000.00	10000.00	0.00	0.00%	0.00	10000.00	100.00	0.00	500.00
15.20	INSTALL DOORS	6,500.00	0.00	6,500.00	100.00%	0.00	6500.00	100.00	0.00	325.00
15.21	HVAC	50,000.00	25000.00	0.00	0.00%	0.00	25000.00	50.00	25,000.00	1,250.00
15.22	PAINTING AND COATING	250,000.00	212500.00	25,000.00	10.00%	0.00	237500.00	95.00	12,500.00	11,875.00
15.23	WATERPROOFING	35,000.00	0.00	0.00	0.00%	0.00	0.00	0.00	35,000.00	0.00
16	SED TANK & DIGESTERS BIOFILTER SYSTEMS	695,800.00	680,275.00	5,525.00	0.79%	0.00	685,800.00	98.56	10,000.00	34,290.00
16.01	PROCURE BIOFILTER EQUIPMENT	250,000.00	250000.00	0.00	0.00%	0.00	250000.00	100.00	0.00	12,500.00
16.02	EXCAVATE FOR BIOFILTERS	15,000.00	15000.00	0.00	0.00%	0.00	15000.00	100.00	0.00	750.00
16.03	PREP SUBRADE	4,500.00	4500.00	0.00	0.00%	0.00	4500.00	100.00	0.00	225.00
16.04	LAYOUT AND FORM FOR FLOOR	10,000.00	10000.00	0.00	0.00%	0.00	10000.00	100.00	0.00	500.00
16.05	POUR FLOOR	50,000.00	50000.00	0.00	0.00%	0.00	50000.00	100.00	0.00	2,500.00
16.06	STRIP FLOOR	6,000.00	6000.00	0.00	0.00%	0.00	6000.00	100.00	0.00	300.00
16.07	FORM WALLS	20,000.00	20000.00	0.00	0.00%	0.00	20000.00	100.00	0.00	1,000.00
16.08	POUR WALLS	75,000.00	75000.00	0.00	0.00%	0.00	75000.00	100.00	0.00	3,750.00
16.09	STRIP WALLS	14,800.00	14800.00	0.00	0.00%	0.00	14800.00	100.00	0.00	740.00
16.10	CONCRETE CURING	2,000.00	2000.00	0.00	0.00%	0.00	2000.00	100.00	0.00	100.00
16.11	PURCHASE AND INSTALL PIPING	65,000.00	65000.00	0.00	0.00%	0.00	65000.00	100.00	0.00	3,250.00
16.12	PURCHASE AND INSTALL PIPE SUPPORTS	75,000.00	75000.00	0.00	0.00%	0.00	75000.00	100.00	0.00	3,750.00
16.13	INSTALL EQUIPMENT AND MEDIA	50,000.00	45000.00	0.00	0.00%	0.00	45000.00	90.00	5,000.00	2,250.00
16.14	INSTALL SS DUCTING	35,000.00	31500.00	3,500.00	10.00%	0.00	35000.00	100.00	0.00	1,750.00
16.15	INSTALL WATERLINE AND SPRINKLERS	13,500.00	11475.00	2,025.00	15.00%	0.00	13500.00	100.00	0.00	675.00
16.16	INSTALL PUMP	10,000.00	5000.00	0.00	0.00%	0.00	5000.00	50.00	5,000.00	250.00
17	EQUALIZATION BASIN PUMP STATION	336,200.00	336,200.00	0.00	0.00%	0.00	336,200.00	100.00	0.00	16,810.00
17.01	PLUG 16" LINE	2,000.00	2000.00	0.00	0.00%	0.00	2000.00	100.00	0.00	100.00
17.02	PURCHASE AND INSTALL PUMPS	180,000.00	180000.00	0.00	0.00%	0.00	180000.00	100.00	0.00	9,000.00
17.03	INSTALL GUIDE RAILS AND SUPPORTS	7,500.00	7500.00	0.00	0.00%	0.00	7500.00	100.00	0.00	375.00
17.04	PURCHASE PIPING	115,000.00	115000.00	0.00	0.00%	0.00	115000.00	100.00	0.00	5,750.00
17.05	INSTALL PIPE IN WETWELL	4,800.00	4800.00	0.00	0.00%	0.00	4800.00	100.00	0.00	240.00
17.06	INSTALL ABOVE GRADE PIPE	11,800.00	11800.00	0.00	0.00%	0.00	11800.00	100.00	0.00	590.00
17.07	CORE DRILL 12" SBR OVERFLOW	1,200.00	1200.00	0.00	0.00%	0.00	1200.00	100.00	0.00	60.00
17.08	CONCRETE PAD	4,000.00	4000.00	0.00	0.00%	0.00	4000.00	100.00	0.00	200.00
17.09	PAINTING AND COATING	9,900.00	9900.00	0.00	0.00%	0.00	9900.00	100.00	0.00	495.00
18	SBR TANKS AND EQUIPMENT PADS	1,907,100.00	1,871,800.00	0.00	0.00%	0.00	1,871,800.00	98.15	35,300.00	93,590.00
18.01	LAYOUT FLOOR	10,000.00	10000.00	0.00	0.00%	0.00	10000.00	100.00	0.00	500.00
18.02	FORM FLOOR	115,000.00	115000.00	0.00	0.00%	0.00	115000.00	100.00	0.00	5,750.00
18.03	INSTALL REBAR	250,000.00	237500.00	0.00	0.00%	0.00	237500.00	95.00	12,500.00	11,875.00

18.04	POUR FLOOR	365,000.00	365000.00	0.00	0.00%	0.00	365000.00	100.00	0.00	18,250.00
18.05	STRIP FLOOR	95,900.00	95900.00	0.00	0.00%	0.00	95900.00	100.00	0.00	4,795.00
18.06	CURE FLOOR	5,000.00	5000.00	0.00	0.00%	0.00	5000.00	100.00	0.00	250.00
18.07	ASSEMBLE/DISASSEMBLE WALL FORMS	125,000.00	125000.00	0.00	0.00%	0.00	125000.00	100.00	0.00	6,250.00
18.08	FORM STRAIGHT WALLS	150,000.00	150000.00	0.00	0.00%	0.00	150000.00	100.00	0.00	7,500.00
18.09	POUR STRAIGHT WALLS	238,000.00	238000.00	0.00	0.00%	0.00	238000.00	100.00	0.00	11,900.00
18.10	STRIP STRAIGHT WALLS	90,000.00	90000.00	0.00	0.00%	0.00	90000.00	100.00	0.00	4,500.00
18.11	CURE STRAIGHT WALLS	6,500.00	6500.00	0.00	0.00%	0.00	6500.00	100.00	0.00	325.00
18.12	PATCH STRAIGHT WALLS	25,000.00	25000.00	0.00	0.00%	0.00	25000.00	100.00	0.00	1,250.00
18.13	FORM THICKENED WALL	30,000.00	25200.00	0.00	0.00%	0.00	25200.00	84.00	4,800.00	1,260.00
18.14	POUR THICKENED WALL	75,000.00	63000.00	0.00	0.00%	0.00	63000.00	84.00	12,000.00	3,150.00
18.15	STRIP THICKENED WALL	25,000.00	21000.00	0.00	0.00%	0.00	21000.00	84.00	4,000.00	1,050.00
18.16	CURE THICKENED WALL	2,500.00	2100.00	0.00	0.00%	0.00	2100.00	84.00	400.00	105.00
18.17	PATCH THICKENED WALL	10,000.00	8400.00	0.00	0.00%	0.00	8400.00	84.00	1,600.00	420.00
18.18	FORM WALKWAYS	18,500.00	18500.00	0.00	0.00%	0.00	18500.00	100.00	0.00	925.00
18.19	POUR WALKWAYS	25,000.00	25000.00	0.00	0.00%	0.00	25000.00	100.00	0.00	1,250.00
18.20	STRIP WALKWAYS	8,500.00	8500.00	0.00	0.00%	0.00	8500.00	100.00	0.00	425.00
18.21	EQUIPMENT PADS	7,800.00	7800.00	0.00	0.00%	0.00	7800.00	100.00	0.00	390.00
18.22	SET RAILINGS	35,900.00	35900.00	0.00	0.00%	0.00	35900.00	100.00	0.00	1,795.00
18.23	LAYOUT PIPING	3,500.00	3500.00	0.00	0.00%	0.00	3500.00	100.00	0.00	175.00
18.24	INSTALL 8" SLUDGE DRAIN LINE	7,500.00	7500.00	0.00	0.00%	0.00	7500.00	100.00	0.00	375.00
18.25	INSTALL MUD VALVES	3,500.00	3500.00	0.00	0.00%	0.00	3500.00	100.00	0.00	175.00
18.26	CONCRETE PADS @ BLOWERS	3,000.00	3000.00	0.00	0.00%	0.00	3000.00	100.00	0.00	150.00
18.27	INSTALL ABOVE GRADE PIPING @ PUMPS	32,000.00	32000.00	0.00	0.00%	0.00	32000.00	100.00	0.00	1,600.00
18.28	INSTALL ABOVE GRADE PIPING @ BLOWERS	7,000.00	7000.00	0.00	0.00%	0.00	7000.00	100.00	0.00	350.00
18.29	INSTL ABOVE GRADE AIR PIPING @ SBR TANK	7,000.00	7000.00	0.00	0.00%	0.00	7000.00	100.00	0.00	350.00
18.30	INSTALL ABOVE GRADE OVERFLOW PIPING	40,000.00	40000.00	0.00	0.00%	0.00	40000.00	100.00	0.00	2,000.00
18.31	INSTALL PIPE SUPPORTS @ SBR TANKS	30,000.00	30000.00	0.00	0.00%	0.00	30000.00	100.00	0.00	1,500.00
18.32	PAINTING	60,000.00	60000.00	0.00	0.00%	0.00	60000.00	100.00	0.00	3,000.00
19	INSTALL OF OWNER FURNISHED SBR EQUIPMENT	164,200.00	164,200.00	0.00	0.00%	0.00	164,200.00	100.00	0.00	8,210.00
19.01	ACQUIRE ANCHORAGE	5,000.00	5000.00	0.00	0.00%	0.00	5000.00	100.00	0.00	250.00
19.02	UNLOAD OWNER FURNISHED EQUIPMENT	7,500.00	7500.00	0.00	0.00%	0.00	7500.00	100.00	0.00	375.00
19.03	LAYOUT EQUIPMENT	8,000.00	8000.00	0.00	0.00%	0.00	8000.00	100.00	0.00	400.00
19.04	INSTALL DECANTER SUPPORTS	10,500.00	10500.00	0.00	0.00%	0.00	10500.00	100.00	0.00	525.00
19.05	INSTALL DECANTERS	35,000.00	35000.00	0.00	0.00%	0.00	35000.00	100.00	0.00	1,750.00

19.06	INSTALL INFL. SLUDGE COLL. PIPES (FRP)	28,000.00	28000.00	0.00	0.00%	0.00	28000.00	100.00	0.00	1,400.00
19.07	INSTALL JET AERATION PIPE ASSEMBLY	18,200.00	18200.00	0.00	0.00%	0.00	18200.00	100.00	0.00	910.00
19.08	INSTALL PIPE SUPPORTS	7,500.00	7500.00	0.00	0.00%	0.00	7500.00	100.00	0.00	375.00
19.09	INSTALL 12" FILL LINE (FRP)	22,000.00	22000.00	0.00	0.00%	0.00	22000.00	100.00	0.00	1,100.00
19.10	INSTALL JET MOTIVE PUMPS	8,500.00	8500.00	0.00	0.00%	0.00	8500.00	100.00	0.00	425.00
19.11	INSTALL BLOWERS	14,000.00	14000.00	0.00	0.00%	0.00	14000.00	100.00	0.00	700.00
20	TERTIARY FILTERS	585,300.00	585,300.00	0.00	0.00%	0.00	585,300.00	100.00	0.00	29,265.00
20.01	LAYOUT FLOOR	3,500.00	3500.00	0.00	0.00%	0.00	3500.00	100.00	0.00	175.00
20.02	FORM FLOOR	5,500.00	5500.00	0.00	0.00%	0.00	5500.00	100.00	0.00	275.00
20.03	INSTALL REBAR	6,500.00	6500.00	0.00	0.00%	0.00	6500.00	100.00	0.00	325.00
20.04	POUR FLOOR	25,000.00	25000.00	0.00	0.00%	0.00	25000.00	100.00	0.00	1,250.00
20.05	STRIP FORMS	4,500.00	4500.00	0.00	0.00%	0.00	4500.00	100.00	0.00	225.00
20.06	FORM WALLS	35,000.00	35000.00	0.00	0.00%	0.00	35000.00	100.00	0.00	1,750.00
20.07	INSTALL REBAR	30,000.00	30000.00	0.00	0.00%	0.00	30000.00	100.00	0.00	1,500.00
20.08	DRILL/SET DOWELS @ WALLS	10,300.00	10300.00	0.00	0.00%	0.00	10300.00	100.00	0.00	515.00
20.09	FORM CHANNEL WALLS	5,000.00	5000.00	0.00	0.00%	0.00	5000.00	100.00	0.00	250.00
20.10	GRATES AND RAILS	10,000.00	10000.00	0.00	0.00%	0.00	10000.00	100.00	0.00	500.00
20.11	PAINTING AND COATING	25,000.00	25000.00	0.00	0.00%	0.00	25000.00	100.00	0.00	1,250.00
20.12	MECHANICAL WORK @ TERTIARY FILTERS	425,000.00	425000.00	0.00	0.00%	0.00	425000.00	100.00	0.00	21,250.00
21	TERTIARY FILTER AIR COMPRESSORS	33,900.00	33,900.00	0.00	0.00%	0.00	33,900.00	100.00	0.00	1,695.00
21.01	ACQUIRE NEW AIR COMPRESSORS	29,400.00	29400.00	0.00	0.00%	0.00	29400.00	100.00	0.00	1,470.00
21.02	REMOVE OLD AIR COMPRESSORS	2,000.00	2000.00	0.00	0.00%	0.00	2000.00	100.00	0.00	100.00
21.03	INSTALL NEW AIR COMPRESSORS	2,500.00	2500.00	0.00	0.00%	0.00	2500.00	100.00	0.00	125.00
22	AEROBIC DIGESTERS	1,983,300.00	1,983,300.00	0.00	0.00%	0.00	1,983,300.00	100.00	0.00	99,165.00
22.01	DRILL/SET DOWELS	5,000.00	5000.00	0.00	0.00%	0.00	5000.00	100.00	0.00	250.00
22.02	LAYOUT SLAB	6,500.00	6500.00	0.00	0.00%	0.00	6500.00	100.00	0.00	325.00
22.03	FORM FLOOR	130,000.00	130000.00	0.00	0.00%	0.00	130000.00	100.00	0.00	6,500.00
22.04	INSTALL REBAR	215,000.00	215000.00	0.00	0.00%	0.00	215000.00	100.00	0.00	10,750.00
22.05	POUR SLAB	250,000.00	250000.00	0.00	0.00%	0.00	250000.00	100.00	0.00	12,500.00
22.06	STRIP SLAB	50,000.00	50000.00	0.00	0.00%	0.00	50000.00	100.00	0.00	2,500.00
22.07	CURE SLAB	20,000.00	20000.00	0.00	0.00%	0.00	20000.00	100.00	0.00	1,000.00
22.08	ASSEMBLE/DISASSEMBLE WALL FORMS	85,000.00	85000.00	0.00	0.00%	0.00	85000.00	100.00	0.00	4,250.00
22.09	FORM WALLS	140,000.00	140000.00	0.00	0.00%	0.00	140000.00	100.00	0.00	7,000.00
22.10	INSTALL REBAR	175,000.00	175000.00	0.00	0.00%	0.00	175000.00	100.00	0.00	8,750.00
22.11	POUR WALLS	285,000.00	285000.00	0.00	0.00%	0.00	285000.00	100.00	0.00	14,250.00
22.12	STRIP WALLS	80,000.00	80000.00	0.00	0.00%	0.00	80000.00	100.00	0.00	4,000.00
22.13	CURE WALLS	25,000.00	25000.00	0.00	0.00%	0.00	25000.00	100.00	0.00	1,250.00
22.14	SET RAILINGS	65,000.00	65000.00	0.00	0.00%	0.00	65000.00	100.00	0.00	3,250.00

22.15	SET STAIRCASE	45,000.00	45000.00	0.00	0.00%	0.00	45000.00	100.00	0.00	2,250.00
22.16	PAINTING AND COATING	351,800.00	351800.00	0.00	0.00%	0.00	351800.00	100.00	0.00	17,590.00
22.17	WATERPROOFING	55,000.00	55000.00	0.00	0.00%	0.00	55000.00	100.00	0.00	2,750.00
23	AEROBIC DIGESTER MECHANICAL EQUIPMENT	1,598,900.00	1,591,150.00	1,500.00	0.09%	0.00	1,592,650.00	99.61	6,250.00	79,632.50
23.01	LAYOUT EQUIPMENT	2,500.00	2500.00	0.00	0.00%	0.00	2500.00	100.00	0.00	125.00
23.02	INSTALL DECANT SUPPORTS	2,500.00	2500.00	0.00	0.00%	0.00	2500.00	100.00	0.00	125.00
23.03	PURCHASE & INSTALL DECANT PIPES AND ARM	75,000.00	75000.00	0.00	0.00%	0.00	75000.00	100.00	0.00	3,750.00
23.04	INSTALL DIGESTER FOAM CONTROL PIPE	20,000.00	20000.00	0.00	0.00%	0.00	20000.00	100.00	0.00	1,000.00
23.05	INSTALL FOAM CONTROL PIPE (4" DIP)	25,000.00	25000.00	0.00	0.00%	0.00	25000.00	100.00	0.00	1,250.00
23.06	INSTALL FOAM SPRAY NOZZLES	6,000.00	6000.00	0.00	0.00%	0.00	6000.00	100.00	0.00	300.00
23.07	PURCHASE AND INSTALL AIR PIPING (SST)	120,000.00	120000.00	0.00	0.00%	0.00	120000.00	100.00	0.00	6,000.00
23.08	BUBBLER DIFFUSERS (5%)	3,500.00	3500.00	0.00	0.00%	0.00	3500.00	100.00	0.00	175.00
23.09	BUBBLER DIFFUSERS (75%)	52,000.00	52000.00	0.00	0.00%	0.00	52000.00	100.00	0.00	2,600.00
23.10	BUBBLER DIFFUSERS (10%)	7,000.00	7000.00	0.00	0.00%	0.00	7000.00	100.00	0.00	350.00
23.11	BUBBLER DIFFUSERS (10%)	7,000.00	7000.00	0.00	0.00%	0.00	7000.00	100.00	0.00	350.00
23.12	INSTALL COARSE BUBBLER DIFFUSERS	6,500.00	6500.00	0.00	0.00%	0.00	6500.00	100.00	0.00	325.00
23.13	INSTALL PIPE SUPPORTS	15,000.00	15000.00	0.00	0.00%	0.00	15000.00	100.00	0.00	750.00
23.14	INSTALL SLIDE GATES	5,000.00	5000.00	0.00	0.00%	0.00	5000.00	100.00	0.00	250.00
23.15	PURCHASE AND INSTALL COVERS	125,000.00	118750.00	0.00	0.00%	0.00	118750.00	95.00	6,250.00	5,937.50
23.16	PURCHASE AND INSTALL BLOWERS	220,000.00	220000.00	0.00	0.00%	0.00	220000.00	100.00	0.00	11,000.00
23.17	INSTALL UNDERGROUND AIR PIPING	12,000.00	12000.00	0.00	0.00%	0.00	12000.00	100.00	0.00	600.00
23.18	INSTALL PIPING @ BLOWERS	12,500.00	12500.00	0.00	0.00%	0.00	12500.00	100.00	0.00	625.00
23.19	INSTALL PUMPS	5,000.00	5000.00	0.00	0.00%	0.00	5000.00	100.00	0.00	250.00
23.20	INSTALL DIGESTER PIPING @ PUMPS	30,000.00	30000.00	0.00	0.00%	0.00	30000.00	100.00	0.00	1,500.00
23.21	INSTALL UNDERGROUND 6" WAS PIPE	15,000.00	15000.00	0.00	0.00%	0.00	15000.00	100.00	0.00	750.00
23.22	INSTALL UNDERGROUND DI PIPING	5,000.00	5000.00	0.00	0.00%	0.00	5000.00	100.00	0.00	250.00
23.23	PURCHASE AND INSTALL POLYMER SYSTEM	29,900.00	29900.00	0.00	0.00%	0.00	29900.00	100.00	0.00	1,495.00
23.24	INSTALL WATER PIPE	20,000.00	20000.00	0.00	0.00%	0.00	20000.00	100.00	0.00	1,000.00
23.25	INSTALL/REPL PIPING @ EXISTING DIGESTERS	12,500.00	12500.00	0.00	0.00%	0.00	12500.00	100.00	0.00	625.00
23.26	PURCHASE SLUDGE PUMPS (6P-01 - 04)	80,000.00	80000.00	0.00	0.00%	0.00	80000.00	100.00	0.00	4,000.00
23.27	PURCHASE PIPING @ DIGESTERS	200,000.00	200000.00	0.00	0.00%	0.00	200000.00	100.00	0.00	10,000.00
23.28	PURCHASE SLUDGE EFFLUENT PUMP (6P-05)	15,000.00	15000.00	0.00	0.00%	0.00	15000.00	100.00	0.00	750.00
23.29	CORE WALLS	3,000.00	3000.00	0.00	0.00%	0.00	3000.00	100.00	0.00	150.00
23.30	INSTALL PIPING INSIDE TANKS	90,000.00	90000.00	0.00	0.00%	0.00	90000.00	100.00	0.00	4,500.00
23.31	SET STAIRCASE	12,000.00	12000.00	0.00	0.00%	0.00	12000.00	100.00	0.00	600.00

23.32	SET RAILINGS	20,000.00	20000.00	0.00	0.00%	0.00	20000.00	100.00	0.00	1,000.00
23.33	TESTING AND STARTUP	30,000.00	28500.00	1,500.00	5.00%	0.00	30000.00	100.00	0.00	1,500.00
23.34	PURCHASE AND INSTALL CANOPY	25,000.00	25000.00	0.00	0.00%	0.00	25000.00	100.00	0.00	1,250.00
23.35	PAINTING AND COATING	290,000.00	290000.00	0.00	0.00%	0.00	290000.00	100.00	0.00	14,500.00
24	INFLUENT PUMP STATION ELECTRICAL	18,900.00	18,900.00	0.00	0.00%	0.00	18,900.00	100.00	0.00	945.00
24.01	ELECTRICAL MODIFICATIONS - INFLUENT PS	18,900.00	18900.00	0.00	0.00%	0.00	18900.00	100.00	0.00	945.00
25	HEADWORKS ELECTRICAL	9,900.00	9,900.00	0.00	0.00%	0.00	9,900.00	100.00	0.00	495.00
25.01	ELECTRICAL MODIFICATIONS - HEADWORKS	9,900.00	9900.00	0.00	0.00%	0.00	9900.00	100.00	0.00	495.00
26	PRIMARY SEDIMENTATION ELECTRICAL	308,000.00	292,600.00	10,400.00	3.38%	0.00	303,000.00	98.38	5,000.00	15,150.00
26.01	F&I COND. & PLBOX PRIMARY SED. TANK	120,000.00	120000.00	0.00	0.00%	0.00	120000.00	100.00	0.00	6,000.00
26.02	F&I CONDUIT PRIMARY SED. GALLERY	135,000.00	135000.00	0.00	0.00%	0.00	135000.00	100.00	0.00	6,750.00
26.03	FURN. LIGHT FIX. PRIM. SED. TANK/GALLERY	18,000.00	18000.00	0.00	0.00%	0.00	18000.00	100.00	0.00	900.00
26.04	INSTL LIGHT FIX. PRIM. SED. TANK/GALLERY	5,500.00	5500.00	0.00	0.00%	0.00	5500.00	100.00	0.00	275.00
26.05	FURNISH ELECTRICAL SWGR - SED. TANK	6,000.00	6000.00	0.00	0.00%	0.00	6000.00	100.00	0.00	300.00
26.06	INSTL ELECT. SWGR - SED. TANK/GALLERY	1,500.00	1500.00	0.00	0.00%	0.00	1500.00	100.00	0.00	75.00
26.07	WIRING & TERMINATIONS - SED. TANK	10,000.00	3000.00	2,000.00	20.00%	0.00	5000.00	50.00	5,000.00	250.00
26.08	WIRING & TERMINATIONS - SED. GALLERY	12,000.00	3600.00	8,400.00	70.00%	0.00	12000.00	100.00	0.00	600.00
27	EQ BASIN ELECTRICAL	116,400.00	116,400.00	0.00	0.00%	0.00	116,400.00	100.00	0.00	5,820.00
27.01	FURNISH & INSTALL CONDUIT - EQ. BASIN	40,000.00	40000.00	0.00	0.00%	0.00	40000.00	100.00	0.00	2,000.00
27.02	INST. NEW BREAKERS EX. PANELS - EQ BASIN	3,400.00	3400.00	0.00	0.00%	0.00	3400.00	100.00	0.00	170.00
27.03	F&I NEW TOSHIBA VFD - EQ BASIN	67,000.00	67000.00	0.00	0.00%	0.00	67000.00	100.00	0.00	3,350.00
27.04	WIRING & TERMINATIONS - EQ BASIN	6,000.00	6000.00	0.00	0.00%	0.00	6000.00	100.00	0.00	300.00
28	SBR ELECTRICAL WORK	234,500.00	234,500.00	0.00	0.00%	0.00	234,500.00	100.00	0.00	11,725.00
28.01	F&I CONDUIT & PULL BOXES - SBR	154,000.00	154000.00	0.00	0.00%	0.00	154000.00	100.00	0.00	7,700.00
28.02	FURNISH ELECTRICAL SWGR - SBR	4,500.00	4500.00	0.00	0.00%	0.00	4500.00	100.00	0.00	225.00
28.03	INSTALL ELECTRICAL SWGR - SBR	68,000.00	68000.00	0.00	0.00%	0.00	68000.00	100.00	0.00	3,400.00
28.04	WIRING & TERMINATIONS - SBR	8,000.00	8000.00	0.00	0.00%	0.00	8000.00	100.00	0.00	400.00
29	TERT. FILTER & AIR COMPRESSOR ELECTRICAL	13,600.00	13,600.00	0.00	0.00%	0.00	13,600.00	100.00	0.00	680.00
29.01	CONDUIT & WIRE - TERT FILTER & AIR COMP	13,600.00	13600.00	0.00	0.00%	0.00	13600.00	100.00	0.00	680.00

30	AEROBIC DIGESTER AND ASSC. EQUIP ELECT	54,200.00	27,100.00	27,100.00	50.00%	0.00	54,200.00	100.00	0.00	2,710.00
30.01	CONDUIT & WIRE - AEROBIC DIGESTER	54,200.00	27100.00	27,100.00	50.00%	0.00	54200.00	100.00	0.00	2,710.00
31	SITE ELECTRICAL, SCE SERVICE, AND INSTR	899,500.00	877,500.00	6,000.00	0.67%	0.00	883,500.00	98.22	16,000.00	44,175.00
31.01	CONTROL SYSTEM ENGINEERING & DRAWINGS	20,000.00	20000.00	0.00	0.00%	0.00	20000.00	100.00	0.00	1,000.00
31.02	FURNISH FIELD INSTRUMENTS	120,000.00	120000.00	0.00	0.00%	0.00	120000.00	100.00	0.00	6,000.00
31.03	FURNISH MCC-1, MCC-2, VFD AND BUCKETS	160,000.00	160000.00	0.00	0.00%	0.00	160000.00	100.00	0.00	8,000.00
31.04	FURNISH & INSTALL PRECAST PULL BOXES	114,500.00	114500.00	0.00	0.00%	0.00	114500.00	100.00	0.00	5,725.00
31.05	ELECTRICAL DUCTBANK TERTIARY FILTER	50,000.00	50000.00	0.00	0.00%	0.00	50000.00	100.00	0.00	2,500.00
31.06	ELECTRICAL DUCTBANK AEROBIC DIGESTOR	60,000.00	60000.00	0.00	0.00%	0.00	60000.00	100.00	0.00	3,000.00
31.07	ELECTRICAL DUCTBANK CHEMICAL HANDLING	30,000.00	30000.00	0.00	0.00%	0.00	30000.00	100.00	0.00	1,500.00
31.08	ELECTRICAL DUCTBANK PRIMARY SED	55,000.00	55000.00	0.00	0.00%	0.00	55000.00	100.00	0.00	2,750.00
31.09	ELECTRICAL DUCTBANK SBR'S	55,000.00	55000.00	0.00	0.00%	0.00	55000.00	100.00	0.00	2,750.00
31.10	INSTALL WIRE DUCTBANKS TERTIARY FILTER	40,000.00	40000.00	0.00	0.00%	0.00	40000.00	100.00	0.00	2,000.00
31.11	INSTALL WIRE DUCTBANKS AEROBIC DIGESTOR	40,000.00	40000.00	0.00	0.00%	0.00	40000.00	100.00	0.00	2,000.00
31.12	INSTALL WIRE DUCTBANKS CHEMICAL HANDLING	35,000.00	35000.00	0.00	0.00%	0.00	35000.00	100.00	0.00	1,750.00
31.13	INSTALL WIRE DUCTBANK PRIMARY SED	35,000.00	35000.00	0.00	0.00%	0.00	35000.00	100.00	0.00	1,750.00
31.14	INSTALL WIRE DUCTBANK SBR'S	45,000.00	45000.00	0.00	0.00%	0.00	45000.00	100.00	0.00	2,250.00
31.15	TESTING AND STARTUP ASSISTANCE	30,000.00	18000.00	6,000.00	20.00%	0.00	24000.00	80.00	6,000.00	1,200.00
31.16	AS-BUILT, O&M, AND CLOSEOUT	10,000.00	0.00	0.00	0.00%	0.00	0.00	0.00	10,000.00	0.00
32	OVERALL PROJECT TESTING, CLEANUP, ETC	39,600.00	1,750.00	0.00	0.00%	0.00	1,750.00	4.42	37,850.00	87.50
32.01	STARTUP AND TESTING	35,000.00	1750.00	0.00	0.00%	0.00	1750.00	5.00	33,250.00	87.50
32.02	FINAL CLEANUP AND PUNCH LIST	4,600.00	0.00	0.00	0.00%	0.00	0.00	0.00	4,600.00	0.00
C01	ALUMINIUM COVER DESIGN CHANGES	28,980.07	14,490.04	14,490.03	50.00%	0.00	28,980.07	100.00	0.00	1,449.00
C01.01	ALUMINIUM COVER DESIGN CHANGES	28,980.07	14490.04	14,490.03	50.00%	0.00	28980.07	100.00	0.00	1,449.00
C02	CHANGE ORDER #02	17,720.77	17,720.77	0.00	0.00%	0.00	17,720.77	100.00	0.00	886.04
C02.01	MCC MODIFICATIONS	17,720.77	17720.77	0.00	0.00%	0.00	17720.77	100.00	0.00	886.04
C03	CHANGE ORDER #03	94,137.69	94,137.69	0.00	0.00%	0.00	94,137.69	100.00	0.00	4,706.88
C03.01	ELECTRICAL DESIGN REVISIONS	94,137.69	94137.69	0.00	0.00%	0.00	94137.69	100.00	0.00	4,706.88
C04	CHANGE ORDER #04	6,564.08	6,564.08	0.00	0.00%	0.00	6,564.08	100.00	0.00	328.20
C04.01	R&R VALVE STEM EXTENSIONS IN INFLUENT	6,564.08	6564.08	0.00	0.00%	0.00	6564.08	100.00	0.00	328.20

C05	C05	382,578.61	306,062.89	38,257.86	10.00%	0.00	344,320.75	90.00	38,257.86	17,216.03
C05.01	STORM WATER PUMP STATION	382,578.61	306062.89	38,257.86	10.00%	0.00	344320.75	90.00	38,257.86	17,216.03
<b>TOTAL:</b>		16,974,481.22	16,195,965.47	275,647.89	1.62%	0.00	16471613.36	97.04	502,867.86	823,580.65



**PAYMENT APPLICATION DETAILS**

Customer: TEMESCAL VALLEY WATER DISTRICT

Application Number: 22

Project: C1916-WATER RECLAMATION PLANT PHASE IV

For Period Ending: 08/31/2021

A	B	C	D	E	F	G	H	I		
Item Number - Description	Scheduled Value	Work Completed			Materials Presently Stored	Completed and Stored To Date	Total %	Balance To Finish	Retainage Value	
		From Previous Application	This Period Value	Total Percent this Period						
01	MOB, BONDS, SOV, PROJECT SCHEDULE	820,000.00	772,000.00	6,000.00	0.73%	0.00	778,000.00	94.88	42,000.00	38,900.00
02	SHEETING, SHORING, AND BRACING	6,100.00	6,100.00	0.00	0.00%	0.00	6,100.00	100.00	0.00	305.00
03	EROSION CONTROL	55,700.00	55,700.00	0.00	0.00%	0.00	55,700.00	100.00	0.00	2,785.00
04	SURVEY	24,200.00	22,990.00	0.00	0.00%	0.00	22,990.00	95.00	1,210.00	1,149.50
05	MAINTENANCE OF PLANT OPERATIONS	41,900.00	41,900.00	0.00	0.00%	0.00	41,900.00	100.00	0.00	2,095.00
06	SCE CONDUIT AND PULL BOX INSTALLATION	231,100.00	231,100.00	0.00	0.00%	0.00	231,100.00	100.00	0.00	11,555.00
07	DEMO, REMOVAL, ABANDONMENT IN PLACE, ETC	142,600.00	142,600.00	0.00	0.00%	0.00	142,600.00	100.00	0.00	7,130.00
08	YARD PIPING, VALVES, AND APPURTENANCES	1,453,900.00	1,424,720.00	28,180.00	1.94%	0.00	1,452,900.00	99.93	1,000.00	72,645.00
09	GRADING	454,900.00	425,230.00	24,670.00	5.42%	0.00	449,900.00	98.90	5,000.00	22,495.00
10	ASPHALT FINE GRADING, ETC.	219,100.00	0.00	0.00	0.00%	0.00	0.00	0.00	219,100.00	0.00
11	CONSTRUCTION SEQUENCING	48,700.00	48,700.00	0.00	0.00%	0.00	48,700.00	100.00	0.00	2,435.00
12	EQ BYPASS VAULT INCLUDING PIPING	153,700.00	153,700.00	0.00	0.00%	0.00	153,700.00	100.00	0.00	7,685.00
13	INFLUENT PUMP STATION	339,300.00	338,850.00	0.00	0.00%	0.00	338,850.00	99.87	450.00	16,942.50
14	HEADWORKS WASHER/COMPACTOR, ETC.	263,800.00	261,000.00	0.00	0.00%	0.00	261,000.00	98.94	2,800.00	13,050.00
15	PRIMARY SEDIMENTATION TANK	3,190,200.00	2,994,025.00	113,525.00	3.56%	0.00	3,107,550.00	97.41	82,650.00	155,377.50
16	SED TANK & DIGESTERS BIOFILTER SYSTEMS	695,800.00	680,275.00	5,525.00	0.79%	0.00	685,800.00	98.56	10,000.00	34,290.00
17	EQUALIZATION BASIN PUMP STATION	336,200.00	336,200.00	0.00	0.00%	0.00	336,200.00	100.00	0.00	16,810.00
18	SBR TANKS AND EQUIPMENT PADS	1,907,100.00	1,871,800.00	0.00	0.00%	0.00	1,871,800.00	98.15	35,300.00	93,590.00
19	INSTALL OF OWNER FURNISHED SBR EQUIPMENT	164,200.00	164,200.00	0.00	0.00%	0.00	164,200.00	100.00	0.00	8,210.00
20	TERTIARY FILTERS	585,300.00	585,300.00	0.00	0.00%	0.00	585,300.00	100.00	0.00	29,265.00
21	TERTIARY FILTER AIR COMPRESSORS	33,900.00	33,900.00	0.00	0.00%	0.00	33,900.00	100.00	0.00	1,695.00
22	AEROBIC DIGESTERS	1,983,300.00	1,983,300.00	0.00	0.00%	0.00	1,983,300.00	100.00	0.00	99,165.00
23	AEROBIC DIGESTER MECHANICAL EQUIPMENT	1,598,900.00	1,591,150.00	1,500.00	0.09%	0.00	1,592,650.00	99.61	6,250.00	79,632.50

24	INFLUENT PUMP STATION ELECTRICAL	18,900.00	18,900.00	0.00	0.00%	0.00	18,900.00	100.00	0.00	945.00
25	HEADWORKS ELECTRICAL	9,900.00	9,900.00	0.00	0.00%	0.00	9,900.00	100.00	0.00	495.00
26	PRIMARY SEDIMENTATION ELECTRICAL	308,000.00	292,600.00	10,400.00	3.38%	0.00	303,000.00	98.38	5,000.00	15,150.00
27	EQ BASIN ELECTRICAL	116,400.00	116,400.00	0.00	0.00%	0.00	116,400.00	100.00	0.00	5,820.00
28	SBR ELECTRICAL WORK	234,500.00	234,500.00	0.00	0.00%	0.00	234,500.00	100.00	0.00	11,725.00
29	TERT. FILTER & AIR COMPRESSOR ELECTRICAL	13,600.00	13,600.00	0.00	0.00%	0.00	13,600.00	100.00	0.00	680.00
30	AEROBIC DIGESTER AND ASSC. EQUIP ELECT	54,200.00	27,100.00	27,100.00	50.00%	0.00	54,200.00	100.00	0.00	2,710.00
31	SITE ELECTRICAL, SCE SERVICE, AND INSTR	899,500.00	877,500.00	6,000.00	0.67%	0.00	883,500.00	98.22	16,000.00	44,175.00
32	OVERALL PROJECT TESTING, CLEANUP, ETC	39,600.00	1,750.00	0.00	0.00%	0.00	1,750.00	4.42	37,850.00	87.50
C01	ALUMINIUM COVER DESIGN CHANGES	28,980.07	14,490.04	14,490.03	50.00%	0.00	28,980.07	100.00	0.00	1,449.00
C02	CHANGE ORDER #02	17,720.77	17,720.77	0.00	0.00%	0.00	17,720.77	100.00	0.00	886.04
C03	CHANGE ORDER #03	94,137.69	94,137.69	0.00	0.00%	0.00	94,137.69	100.00	0.00	4,706.88
C04	CHANGE ORDER #04	6,564.08	6,564.08	0.00	0.00%	0.00	6,564.08	100.00	0.00	328.20
C05	C05	382,578.61	306,062.89	38,257.86	10.00%	0.00	344,320.75	90.00	38,257.86	17,216.03
<b>TOTAL:</b>		<b>16,974,481.22</b>	<b>16,195,965.47</b>	<b>275,647.89</b>	<b>1.62%</b>	<b>0.00</b>	<b>16471613.36</b>	<b>97.04</b>	<b>502,867.86</b>	<b>823,580.65</b>

September 23, 2021

Board of Directors  
Temescal Valley Water District

Re: Water and Sewer Operations – August 2021

Dear Board Members:

Temescal Valley Water District operations personnel perform the following tasks on a regular and routine basis:

- Managed 455.2 acre-feet of water through system.
- Collected weekly potable water samples as required by the State Water Resources Control Board, Division of Drinking Water. Collected weekly and monthly wastewater samples as required by Regional Water Quality Control Board.
- Submitted monthly SMR to the Regional Water Quality Control Board for: Temescal Valley Wastewater Reclamation Facility.
- Submitted monthly report to the State Water Resources Control Board, Division of Drinking Water for: TVWD distribution system monitoring.
- Meters read 6286.
- 0 shut offs.
- Responded 130 service calls.
- Installed 28 meters for the various developers.
- Responded to 92 USA Dig Alerts to mark District underground utilities.

In addition to the above regular and routine tasks we also performed the following operational tasks.

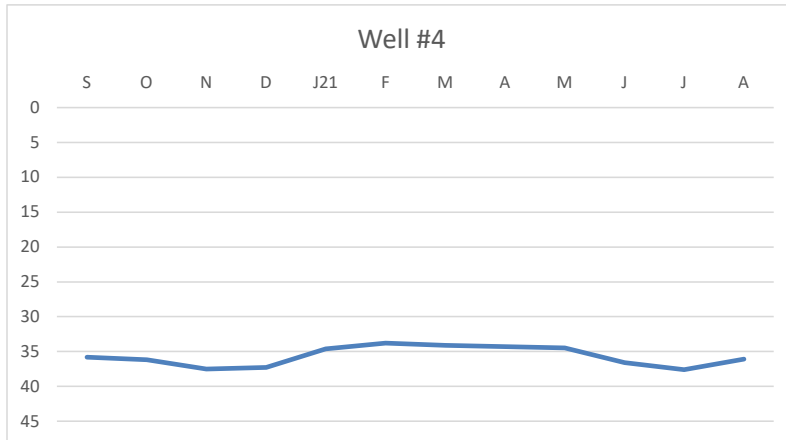
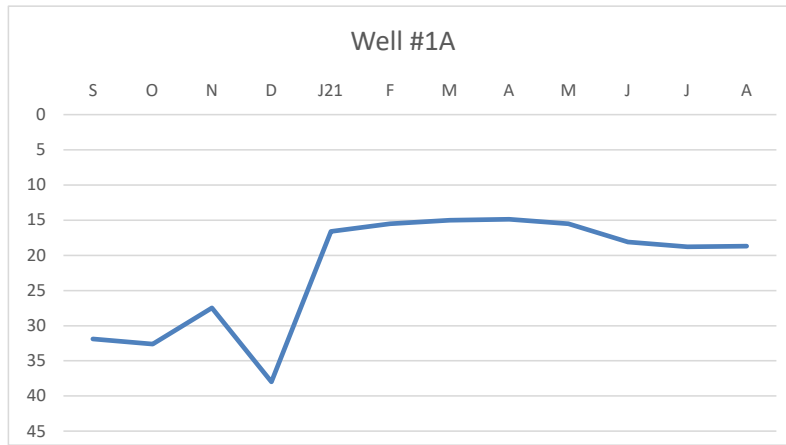
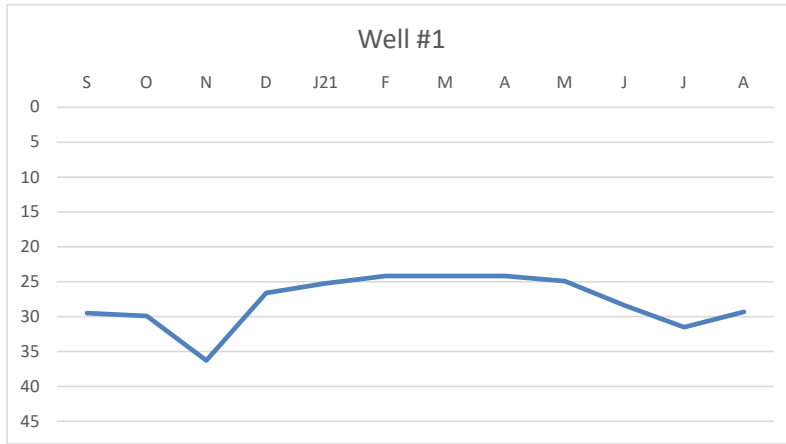
- Operations Staff continues to work with the plant expansion construction crews to facilitate system shutdowns and upgrades on a continual basis.
- 3 loads of biosolids were hauled off this period.

- Quarterly special PFAS samples were pulled at the treatment plant.
- New SBRs numbered 8, 9 & 10 were put into service. SBRs 1, 5 & 7 were taken out of service and cleaned.
- Two new motive pumps were installed in SBRs numbered 1 & 7.

Sincerely,

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Paul Bishop, Superintendent



**TEMESCAL VALLEY WATER DISTRICT  
ENGINEERING DEPARTMENT**

**DISTRICT ENGINEER'S MONTHLY REPORT**

**Date:** September 23, 2021  
**To:** Jeff Pape, General Manager  
**From:** Justin Scheidel, District Engineer  
**Subject:** Engineering Activities Update for the Month of September 2021

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Following is a summary of the status of current engineering projects:

**PLAN CHECKING & DEVELOPER RELATED PROJECTS**

**Toscana Village (Speedway Commercial Center):** The developer is currently completing potholing of the SAWPA line to confirm locations and elevations. If the installed line is consistent with the as-builts the design will be approved for construction.

**Track 37155:** Completed the 1<sup>st</sup> plan check of a 79-home development adjacent to the Sycamore Creek community. Waiting for the developer to submit the revised submittal.

**Track 37556 and 37556-1:** Completed the 1<sup>st</sup> and 2<sup>nd</sup> plan check for the upper portions of the Terramor Development. Mylars were signed for Tract 37556-1.

**AS-NEEDED ENGINEERING SERVICES**

**Status**

***General Engineering Initiated During FY 2019/20***

Project 1401.2101: As-Needed Potable Water Engineering for FY 2021/22: No Activity this month.  
Project 1401.2002: Wastewater Related Services for FY 2020/21: Development of the district engineering report and attendance of the District's board meeting.  
Project 1401.2103: Non-Potable Water Related Services for FY 2020/21: No activity this month.  
Project 1401.2104: Potable to No-Potable Conversion Studies: No activity this month.  
Project 1401.2105: Potable Water Studies for FY 2020/21: No activity this month.  
Project 1401.2106: Wastewater Studies for FY 2020/21: No activity this month.

**CAPITAL IMPROVEMENT PROJECTS**

**Status**

Project 1401.1810: Dawson Canyon 1320 Potable Water Reservoir Design: Completed the 90% design submittal for the reservoir portion of the project. The preliminary alignment for the

pipeline has been created and easement documents are currently being processed by the landowner for both the pipeline, and the reservoir site.

**90% Design Complete**

Project 1401.2006: Potable Water Looping Phase 2 Design: The board approved award of the construction contract at the August board meeting. Currently all material submittals have been reviewed and the contractor has obtained their encroachment permit from the County. The Contractor plans to start construction next week.

**Construction**

Project 1401.2008: DWR LAM Validation: Information regarding residential landscape acreage within the District has been submitted to DWR per their requirements. We are currently waiting for the next batch of information to be provided by the DWR for review and corrections.

**25% Complete**