

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Community Facilities District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum taxes. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. See “CONCLUDING INFORMATION – Tax Matters” herein.

\$26,765,000

**Palmdale Elementary School District
Community Facilities District No. 90-1
Special Tax Bonds, Series 2023**

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

The Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds, Series 2023 (the “Series 2023 Bonds”) are being issued by the Palmdale Elementary School District Community Facilities District No. 90-1 (the “Community Facilities District”) pursuant to the Mello-Roos Community Facilities Act of 1982 (the “Act”) and an Indenture dated as of December 1, 1999, by and between the Community Facilities District and U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as successor trustee (the “Trustee”), as amended and supplemented as described herein (as amended and supplemented, the “Indenture”). The Community Facilities District previously issued bonds in December 1999 (the “Series 1999 Bonds”), in July 2011 (the “Series 2011 Bonds”), in September 2012 (the “Series 2012 Bonds”) and in May 2017 (the “Series 2017 Bonds”), which are secured on a parity with the Series 2023 Bonds. The Community Facilities District may issue additional bonds (“Parity Bonds”) on a parity with the Series 1999 Bonds, the Series 2011 Bonds, the Series 2012 Bonds, the Series 2017 Bonds and the Series 2023 Bonds as described herein. The Series 1999 Bonds, the Series 2011 Bonds, the Series 2012 Bonds, the Series 2017 Bonds, the Series 2023 Bonds, and any Parity Bonds issued in the future are collectively referred to herein as the “Bonds.” See “SECURITY FOR THE SERIES 2023 BONDS” herein.

The Series 2023 Bonds are being issued for the purpose of (i) modernizing school sites throughout the School District based on the age and needs of each campus, including exterior painting, landscaping, lighting, signage, playground equipment, safety and security upgrades, and general campus access as well as construction and reconfiguration of classrooms and related school facilities, (ii) purchasing a debt service reserve policy to satisfy the reserve requirement for the Series 2023 Bonds, (iii) financing capitalized interest on the Series 2023 Bonds to February 1, 2025, and (iv) paying the costs of issuing the Series 2023 Bonds, including the premium for the Series 2023 Bond Insurance Policy and the Series 2023 Reserve Policy (as such terms are defined herein). See “THE PLAN OF FINANCE” herein.

Interest on the Series 2023 Bonds will be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2024. See “THE SERIES 2023 BONDS” herein.

The Series 2023 Bonds are being issued in fully registered book-entry form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers will not receive certificates representing their interest in the Series 2023 Bonds. Individual purchases will be in principal amounts of \$5,000 or any integral multiple thereof. Payments of principal of, premium, if any, and interest on the Series 2023 Bonds will be paid by the Trustee, to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Series 2023 Bonds. See “THE SERIES 2023 BONDS – Description of the Series 2023 Bonds” and APPENDIX E – “DTC BOOK-ENTRY ONLY SYSTEM” herein.

The Series 2023 Bonds are subject to redemption prior to maturity as described herein. See “THE SERIES 2023 BONDS – Redemption” herein.

The scheduled payment of principal of and interest on the Series 2023 Bonds, when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2023 Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.



Interest on and principal of the Bonds are payable from the proceeds of an annual Special Tax levied and collected from property within the Community Facilities District. The Special Tax is levied according to the rate and method of apportionment approved by the Board of Trustees of the Palmdale School District (the “School District”), acting for the Community Facilities District, and by a vote of eligible voters within the Community Facilities District. The Special Tax is collected in the same manner and at the same time as *ad valorem* property taxes are collected by the County of Los Angeles Treasurer and Tax Collector, and when received is placed in the Special Tax Fund established under the Indenture and held by the Trustee as provided in the Indenture.

Neither the faith and credit nor the general taxing power of the School District, the Community Facilities District (except to the limited extent set forth in the Indenture), the County of Los Angeles, the State of California or any political subdivision of any of the foregoing is pledged to the payment of the Series 2023 Bonds. The Series 2023 Bonds are not general obligations of the School District or the Community Facilities District but are limited obligations of the Community Facilities District payable solely from the proceeds of the Special Tax and other sources set forth in the Indenture.

MATURITY SCHEDULE

See Inside Cover Page

Investment in the Series 2023 Bonds involves risks which may not be appropriate for some investors. See “RISK FACTORS” for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2023 Bonds. This cover page contains information for quick reference only. It is not a complete summary of the Series 2023 Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2023 Bonds are offered when, as and if issued and delivered to the Underwriter, subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the Community Facilities District, and the satisfaction of certain other conditions. Certain legal matters will be passed upon for the Community Facilities District by its counsel, Garcia Hernández Sawhney, LLP, San Diego, California, and by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the Community Facilities District, and for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California. It is anticipated that the Series 2023 Bonds will be available for delivery in book-entry form through the facilities of DTC on or about December 7, 2023.

Ramirez & Co., Inc.

MATURITY SCHEDULE

Base CUSIP No.† 69671T

\$26,765,000

**Palmdale Elementary School District
Community Facilities District No. 90-1
Special Tax Bonds, Series 2023**

\$24,580,000 Serial Series 2023 Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number†
2026	\$ 85,000	5.000%	3.230%	104.456	69671TFC8
2027	95,000	5.000	3.160	106.292	69671TFD6
2028	105,000	5.000	3.130	108.029	69671TFE4
2029	100,000	5.000	3.180	109.340	69671TFF1
2030	110,000	5.000	3.210	110.638	69671TFG9
2031	115,000	5.000	3.250	111.764	69671TFH7
2032	120,000	5.000	3.290	112.778	69671TFJ3
2033	125,000	5.000	3.350	113.505	69671TFK0
2041	2,935,000	5.000	3.920	108.603 ^C	69671TFM6
2042	6,660,000	4.000	4.220	97.174	69671TFN4
2043	6,925,000	4.000	4.270	96.428	69671TFP9
2044	7,205,000	5.000	4.070	107.355 ^C	69671TFQ7

\$2,185,000 5.000% Term Series 2023 Bond due August 1, 2040 – Yield 3.870% – Price 109.022^C
CUSIP Number† 69671TFL8

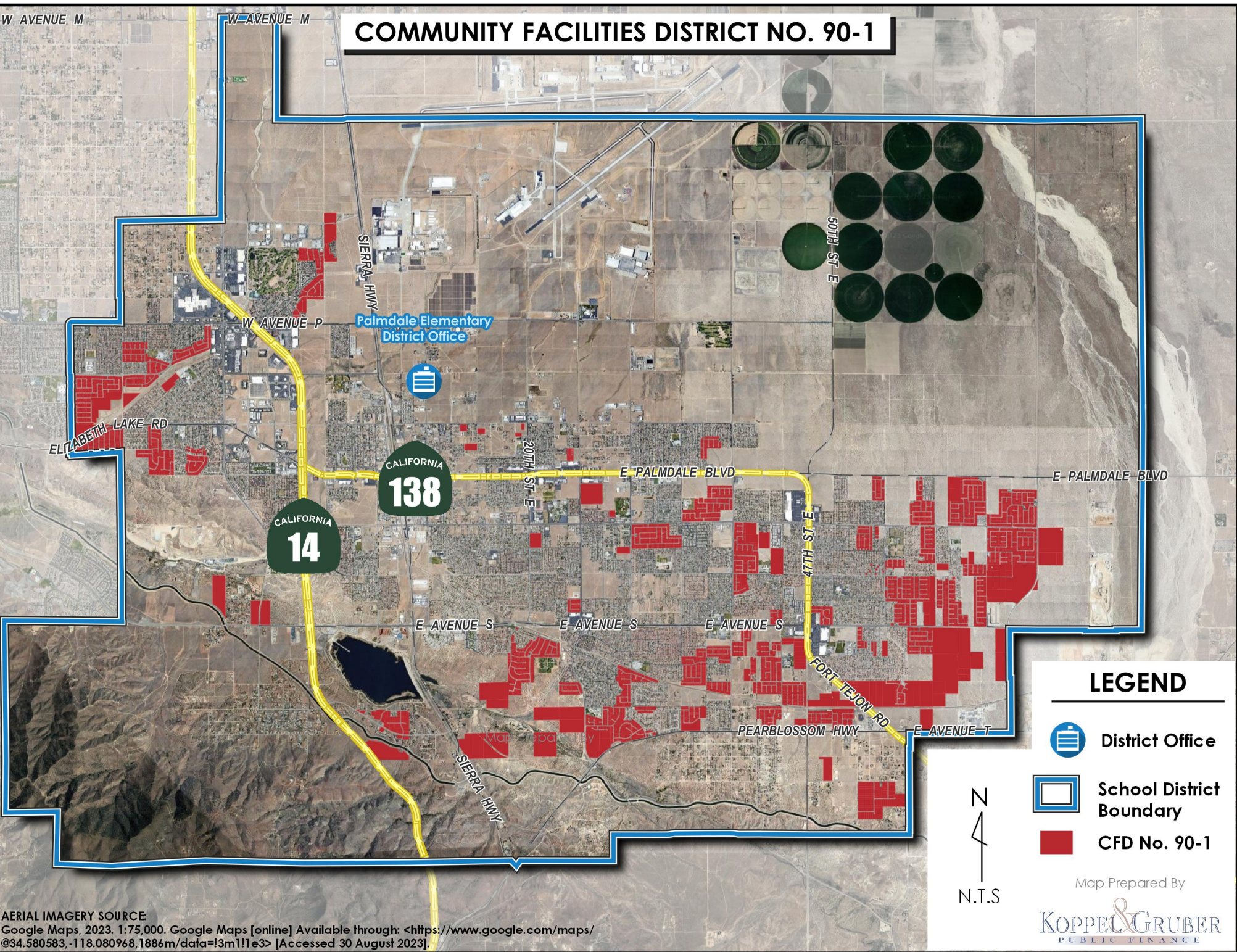
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2023 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS database. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Community Facilities District, the Municipal Advisor, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

^C Priced to optional redemption date of August 1, 2033 at par.

W AVENUE M

W AVENUE M

COMMUNITY FACILITIES DISTRICT NO. 90-1



SIERRA HWY

Palmdale Elementary District Office



W AVENUE P

ELIZABETH LAKE RD

CALIFORNIA 138

20TH ST E

E PALMDALE BLVD

E PALMDALE BLVD

CALIFORNIA 14

E AVENUE S

E AVENUE S

E AVENUE S

FORT TEJON RD

PEARBLOSSOM HWY

E AVENUE T

SIERRA HWY

4TH ST E

50TH ST E

LEGEND



District Office



School District Boundary



CFD No. 90-1



Map Prepared By

KOPPEL & GRUBER
PUBLIC FINANCE

AERIAL IMAGERY SOURCE:
Google Maps, 2023. 1:75,000. Google Maps [online] Available through: <<https://www.google.com/maps/@34.580583,-118.080968,1886m/data=!3m1!1e3>> [Accessed 30 August 2023].

No dealer, broker, salesperson or other person has been authorized by the Community Facilities District or the Underwriter to give any information or to make any representations with respect to the Community Facilities District or the Series 2023 Bonds other than the information contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Community Facilities District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2023 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 of the Series 2023 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

Certain of the information set forth herein has been obtained from sources which the Community Facilities District and the Underwriter believe to be reliable, but such information is not guaranteed as to accuracy or completeness.

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.

All summaries of the Indenture or other documents are made subject to the complete provisions thereof and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Community Facilities District for further information in connection therewith. This Official Statement is submitted in connection with the sale of the Series 2023 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement contains forward-looking statements within the meaning of the Federal securities laws. Such statements are based on currently available information, expectations, estimates, assumptions, projections and general economic conditions. Such words as expects, intends, plans, believes, estimates, anticipates or variations of such words or similar expressions are intended to identify forward-looking statements and include, but are not limited to, statements under the captions "SECURITY FOR THE SERIES 2023 BONDS" and "THE COMMUNITY FACILITIES DISTRICT" and elsewhere in this Official Statement. The forward-looking statements are not guarantees of future performance. Actual results may vary materially from what is contained in a forward-looking statement. 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. No assurance is given that actual results will meet the Community Facilities District's forecasts in any way, regardless of the level of optimism communicated in the information. The Community Facilities District assumes no obligation to provide public updates of forward-looking statements.

In connection with the offering of the Series 2023 Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Series 2023 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2023 Bonds to certain securities dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriter.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2023 Bonds or the advisability of investing in the Series 2023 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the caption "BOND INSURANCE" and in APPENDIX G – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY" and APPENDIX H – "SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY."

The School District maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2023 Bonds.

PALMDALE SCHOOL DISTRICT

Board of Trustees

Sharon Vega, *President*
Anthony Hunt, *Clerk*
Nancy Smith, *Member*
Ralph Velador, *Member*
Simone Zulu Diol, *Member*

District Administrators

Dr. Raul Maldonado, *Superintendent*
Dr. Frances Ufondu, *Assistant Superintendent, Business Services/Chief Business Officer*

PROFESSIONAL SERVICES

Municipal Advisor

Mission Trail Advisors, LLC
Long Beach, California

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Irvine, California

Special Tax Consultant

Koppel & Gruber Public Finance
San Marcos, California

Trustee

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

Counsel to the Community Facilities District

Garcia Hernández Sawhney, LLP
San Diego, California

TABLE OF CONTENTS

	Page
INTRODUCTION	1
General	1
Security and Sources of Payment for the Series 2023 Bonds	3
Bond Insurance	5
Bond Reserve Account; Reserve Policy	5
The Community Facilities District.....	5
The School District.....	5
Additional Information	6
THE SERIES 2023 BONDS.....	7
Authority for Issuance.....	7
Description of the Series 2023 Bonds.....	7
Redemption.....	7
Transfers and Exchanges	9
THE PLAN OF FINANCE.....	9
SOURCES AND USES OF FUNDS.....	10
DEBT SERVICE SCHEDULE FOR THE SERIES 2023 BONDS	11
AGGREGATE DEBT SERVICE SCHEDULE	11
SECURITY FOR THE SERIES 2023 BONDS.....	13
General	13
Special Tax	13
Collection and Deposit of Special Taxes	15
Special Tax Analysis.....	17
Delinquent Payments of Special Tax; Covenant for Foreclosure	19
Bond Reserve Fund; Series 2023 Reserve Account.....	19
Parity Obligations	20
BOND INSURANCE	22
Bond Insurance Policy	22
Build America Mutual Assurance Company	22
THE COMMUNITY FACILITIES DISTRICT.....	24
General; Judicial Validation	24
General Description and Location of the Community Facilities District	24
Development within the Community Facilities District	26
Assessed Valuation.....	26
Direct and Overlapping Debt.....	32

TABLE OF CONTENTS
(continued)

	Page
RISK FACTORS	34
The Bonds Are Not General Obligations of the Community Facilities District or the School District	34
The Special Taxes Are Not Personal Obligations of the Property Owners	34
Risks of Real Estate Secured Investments Generally	34
Special Tax Delinquencies.....	35
Insufficiency of Special Taxes.....	35
Collection of the Special Tax; Foreclosure.....	35
Reduction of Special Tax Revenues	36
Property Values.....	36
Assessed Values.....	36
Risks Related to Rising Interest Rates; Recent Bank Failures.....	36
Risks Related to Availability of Mortgage Loans.....	37
Land Development.....	37
Public and Private Improvements – Future Indebtedness	38
Zoning and Land Use Decisions	38
Exempt Properties.....	38
Bankruptcy.....	39
Disclosures to Future Purchasers	40
Billing of Special Taxes.....	40
Payments by FDIC and Other Governmental Agencies	40
Cumulative Burden of Parity Taxes and Special Assessments.....	41
Value-to-Debt Ratios	42
Hazardous Substances.....	42
Natural Disasters.....	43
Limitations on Remedies	44
Right to Vote on Taxes Act	44
Ballot Initiatives and Legislative Measures	45
Loss of Tax Exemption.....	45
Bond Insurance Risk Factors	45
Limited Secondary Market	46
Inflation Reduction Act.....	47
IRS Audit of Tax-Exempt Bond Issues	47
Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption.....	47
Backup Withholding	47
Cyber Security	48
Infectious Disease Outbreak – COVID-19	48
CONTINUING DISCLOSURE.....	50
CONCLUDING INFORMATION	51
Tax Matters	51
Legal Opinions.....	53
Financial Interests	53
Municipal Advisor	53

TABLE OF CONTENTS
(continued)

	Page
No Litigation.....	54
Underwriting.....	54
Ratings	54
Miscellaneous	55
APPENDIX A RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.....	A-1
APPENDIX B SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	B-1
APPENDIX C PROPOSED FORM OF OPINION OF BOND COUNSEL	C-1
APPENDIX D FORM OF CONTINUING DISCLOSURE CERTIFICATE	D-1
APPENDIX E DTC BOOK-ENTRY ONLY SYSTEM.....	E-1
APPENDIX F THE ECONOMY OF THE SCHOOL DISTRICT	F-1
APPENDIX G SPECIMEN MUNICIPAL BOND INSURANCE POLICY.....	G-1
APPENDIX H SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY	H-1

\$26,765,000
Palmdale Elementary School District
Community Facilities District No. 90-1
Special Tax Bonds, Series 2023

INTRODUCTION

The purpose of this Official Statement, including the cover page, inside cover page and the Appendices, is to provide certain information in connection with the issuance and sale of the Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds, Series 2023 (the “Series 2023 Bonds”) in the aggregate principal amount of \$26,765,000, issued by the Palmdale Elementary School District Community Facilities District No. 90-1 (the “Community Facilities District”). The Series 2023 Bonds are being issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”) and the Indenture (as defined herein). Capitalized terms not defined elsewhere in this Official Statement have the meanings assigned to such terms in APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of the Series 2023 Bonds to potential investors is made only by means of the entire Official Statement.

General

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 of California (the “State”). Once duly established, a community facilities district is a legally constituted governmental entity within defined boundaries, with the governing board or legislative body of the local agency which established the community facilities district acting on its behalf. Subject to approval by a two-thirds vote of qualified electors and compliance with the provisions of the Act, a legislative body of a local agency may issue debt securities for a community facilities district and may levy and collect a special tax within the boundaries of the community facilities district to repay such indebtedness and for other authorized purposes.

Pursuant to the Act, on October 16, 1990, the Board of Trustees (the “Board of Trustees”) of the Palmdale School District (the “School District”) adopted Resolution No. 17-9091, as amended by Resolution No. 22-9091 adopted by the Board of Trustees on October 29, 1990 (collectively, the “Original Resolution”), establishing Community Facilities District No. 90-1 and calling an election on November 27, 1990, to authorize the issuance of bonds and the levying of a special tax within the Community Facilities District. On November 27, 1990, a landowner election (the “Election”) was held within the Community Facilities District, at which the landowners who comprised qualified electors of the Community Facilities District approved by more than two-thirds vote such proposition. The Election authorized the issuance of up to \$300,000,000 in principal amount of bonded indebtedness to finance authorized facilities (the “Projects”) and approving the levying of maximum rate and method of apportionment of a special tax to pay the principal and interest on such bonded indebtedness (the “1990 Authorization”).

In December 1995, the Community Facilities District issued its first series of special tax bonds in the aggregate principal amount of \$11,855,000 (the “Series 1995 Bonds”) pursuant to the 1990 Authorization, a resolution adopted by the Board of Trustees on November 21, 1995, and an Indenture,

dated as of December 1, 1995, by and between the Community Facilities District and State Street Bank and Trust Company of California, N.A., as trustee (the “1995 Indenture”). The Series 1995 Bonds were issued to finance the construction of the Cimarron School facility and refinancing the indebtedness incurred for the construction of the Juniper School facility.

In December 1997, the Community Facilities District issued its second series of special tax bonds in the aggregate principal amount of \$7,422,098.80 (the “Series 1997 Bonds”) pursuant to the 1990 Authorization, a resolution adopted by the Board of Trustees on October 7, 1997, and the 1995 Indenture, as amended and supplemented by the Supplemental Indenture No. 1, dated as of December 1, 1997, between the Community Facilities District and State Street Bank and Trust Company of California, N.A., as trustee (“the 1997 Supplemental Indenture”). The Series 1997 Bonds were issued to finance the construction of the Barrel Springs School facility.

In December 1999, the Community Facilities District issued its third series of special tax bonds in the aggregate principal amount of \$24,952,151.10 (the “Series 1999 Bonds”) pursuant to the 1990 Authorization, a resolution adopted by the Board of Trustees on November 9, 1999, and an Indenture, dated as of December 1, 1999, between the Community Facilities District and State Street Bank and Trust Company of California, N.A., as trustee (the “1999 Indenture”). The Series 1999 Bonds were issued (i) to refund all outstanding maturities of the Series 1995 Bonds and the Series 1997 Bonds, (ii) to finance other new construction projects in the Community Facilities District, and (iii) to pay costs of issuance associated with the Series 1999 Bonds. A portion of the Series 1999 Bonds were refunded by the Series 2012B Bonds and another portion by the Series 2017B Bonds as described below, leaving \$2,237,151.10 outstanding (not including any accreted interest).

In July 2011, the Community Facilities District issued its fourth and fifth series of special tax bonds in the principal amount of \$13,810,000 (the “Series 2011A Bonds”) and in the principal amount of \$2,280,000 (the “Series 2011B Bonds” and, together with the Series 2011A Bonds, the “Series 2011 Bonds”) pursuant to the 1990 Authorization, resolutions adopted by the Board of Trustees on April 19, 2011 and June 7, 2011, and the 1999 Indenture, as amended and supplemented by the Supplemental Indenture No. 1, dated as of July 1, 2011 (the “Supplemental Indenture No. 1”), between the Community Facilities District and U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as successor trustee to State Street Bank and Trust Company of California, N.A (the “Trustee”). The Series 2011 Bonds were issued to (i) acquire, lease, and/or construct school facilities and equipment and other facilities to be used in conjunction with school facilities and for certain incidental expenses, (ii) make a cash deposit to the Series 2011 Reserve Accounts, (iii) pay capitalized interest on the Series 2011A Bonds, and (iv) pay costs of issuance of the Series 2011 Bonds.

In September 2012, the Community Facilities District issued its sixth and seventh series of special tax bonds in the principal amount of \$10,116,622.15 (the “Series 2012A Bonds”) and in the principal amount of \$5,815,000 (the “Series 2012B Bonds” and, together with the Series 2012A Bonds, the “Series 2012 Bonds”) pursuant to the 1990 Authorization, a resolution adopted by the Board of Trustees on August 7, 2012, and the 1999 Indenture, as amended and supplemented by the Supplemental Indenture No. 1, as further amended and supplemented by the Supplemental Indenture No. 2 dated as of September 1, 2012 (the “Supplemental Indenture No. 2”), between the Community Facilities District and the Trustee. The Series 2012A Bonds were issued to (i) acquire, lease, and/or construct school facilities and equipment and other facilities to be used in conjunction with school facilities and for certain incidental expenses, (ii) make a cash deposit to the Series 2012A Reserve Account, and (iii) pay costs of issuance of the Series 2012A Bonds. The Series 2012B Bonds were issued to (i) refund a portion of the Series 1999 Bonds, (ii) make a deposit to the Series 2012B Reserve Account, and (iii) pay costs of issuance of the Series 2012B Bonds.

In May 2017, the Community Facilities District issued its eighth and ninth series of special tax bonds, with a series of special tax bonds in the principal amount of \$16,185,000 (the “Series 2017A Bonds”) and a series of special tax refunding bonds (federally taxable) in the principal amount of \$13,845,000 (the “Series 2017B Bonds” and, together with the Series 2017A Bonds, the “Series 2017 Bonds”) pursuant to the 1990 Authorization, a resolutions adopted by the Board of Trustees on April 18, 2018, and the 1999 Indenture, as amended and supplemented by the Supplemental Indenture No. 1 and the Supplemental Indenture No. 2, as further amended and supplemented by the Supplemental Indenture No. 3, dated as of May 1, 2017 (the “Supplemental Indenture No. 3”), between the Community Facilities District and the Trustee. The Series 2017A Bonds were issued to (i) modernize school sites throughout the School District based on the age and needs of each campus, including exterior painting, landscaping, lighting, signage, playground equipment, safety and security upgrades, and general campus access as well as construction and reconfiguration of classrooms and related school facilities, (ii) fund the purchase of a debt service reserve policy to satisfy the reserve requirement for the Series 2017A Bonds, and (iii) pay costs of issuance of the Series 2017A Bonds. The Series 2017B Bonds were issued to (i) refund a portion of the Series 1999 Bonds, (ii) fund the purchase of a debt service reserve policy to satisfy the reserve requirement for the Series 2017B Bonds, and (iii) pay costs of issuance of the Series 2017B Bonds.

The Series 2023 Bonds are being issued by the Community Facilities District’s in the aggregate principal amount of \$26,765,000 as the tenth series of special tax bonds (the “Series 2023 Bonds” herein), pursuant to the 1990 Authorization, a resolution adopted by the Board of Trustees on April 18, 2017, and the 1999 Indenture, as amended and supplemented by the Supplemental Indenture No. 1, the Supplemental Indenture No. 2, the Supplemental Indenture No. 3, as further amended and supplemented by the Supplemental Indenture No. 4, dated as of December 1, 2023 (the “Supplemental Indenture No. 4” and, together with the 1999 Indenture, the Supplemental Indenture No. 1, the Supplemental Indenture No. 2 and the Supplemental Indenture No. 3, the “Indenture”), each between the Community Facilities District and the Trustee. The Series 2023 Bonds are being issued for the purpose of (i) modernizing school sites throughout the School District based on the age and needs of each campus, including exterior painting, landscaping, lighting, signage, playground equipment, safety and security upgrades, and general campus access as well as construction and reconfiguration of classrooms and related school facilities, (ii) purchasing a debt service reserve policy to satisfy the reserve requirement for the Series 2023 Bonds, (iii) financing capitalized interest on the Series 2023 Bonds to February 1, 2025, and (iv) paying the costs of issuing the Series 2023 Bonds, including the premium for the Series 2023 Bond Insurance Policy and the Series 2023 Reserve Policy (as such terms are defined herein).

Security and Sources of Payment for the Series 2023 Bonds

Prior to the issuance of the Series 2023 Bonds, the Community Facilities District has issued \$86,620,872.05 in aggregate principal amount of its 1990 Authorization, consisting of \$11,855,000 in principal amount of the Series 1995 Bonds, \$7,422,098.80 in principal amount of the Series 1997 Bonds, \$24,952,151.10 in principal amount of the Series 1999 Bonds, \$16,090,000 in principal amount of the Series 2011 Bonds, \$10,116,622.15 in principal amount of the Series 2012 Bonds (an amount which represents that portion of the original principal amount of the Series 2012 Bonds attributable to the funding of the Series 2012 Project), and \$30,030,000 in principal amount of the Series 2017 Bonds. Under the 1990 Authorization, there remains authorization for the issuance of \$186,614,127.95 in principal amount of additional bonds (assuming the issuance of the Series 2023 Bonds), in addition to refunding bonds (the principal amount of which is not limited by the authorization) which may be issued in the future to refund outstanding Bonds.

The Series 2023 Bonds are being issued on parity with the Series 1999 Bonds, the Series 2011 Bonds, the Series 2012 Bonds and the Series 2017 Bonds. The Series 1999 Bonds, the Series 2011 Bonds, the Series 2012 Bonds and the Series 2017 Bonds are herein referred to collectively as the “Outstanding

Bonds.” The Outstanding Bonds, the Series 2023 Bonds and any Parity Bonds issued in the future under the Indenture are herein referred to as the “Bonds.” After the issuance of the Series 2023 Bonds, there will be \$2,237,151.10 of the Series 1999 Bonds outstanding (not including any accreted interest), \$8,430,000 of the Series 2011 Bonds outstanding, \$12,736,622 of the Series 2012 Bonds outstanding (not including any accreted interest), \$25,335,000 of the Series 2017 Bonds outstanding, and \$26,765,000 of the Series 2023 Bonds outstanding. The Community Facilities District may, from time to time, issue additional Parity Bonds secured by the Gross Taxes on a parity with the Series 2023 Bonds and the Outstanding Bonds. See “SECURITY FOR THE SERIES 2023 BONDS – Additional Bonds” herein.

Under the Indenture, the Community Facilities District has pledged to pay or cause to be paid the principal of, and interest on the Series 2023 Bonds and the Outstanding Bonds and any amounts required to replenish the Reserve Fund, and repay draws on the Series 1999 Reserve Policy, Series 2012B Reserve Policy, Series 2017A Reserve Policy, Series 2017B Reserve Policy and Series 2023 Reserve Policy (each as defined herein), from Gross Taxes. “Gross Taxes” include (i) the amount of all Special Taxes on Developed Property and Undeveloped Property authorized to be levied in accordance with the Rate and Method of Apportionment of Special Tax (the “Special Tax Formula”) on taxable property lying within the Community Facilities District (not including the Prepayment Tax authorized to be paid under the Special Tax Formula) (the “Special Taxes”), and (ii) proceeds from the sale of property collected pursuant to the foreclosure provisions of the Act, the Indenture and any Supplemental Indenture for the delinquency of such Special Taxes. See “SECURITY FOR THE SERIES 2023 BONDS” herein. The Special Tax Formula is described in APPENDIX A – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” hereto. Also see APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Definitions.”

Although the Bonds are secured by Gross Taxes, the Community Facilities District historically has levied the maximum Special Taxes in each Fiscal Year only on property designated as “Developed Property” in order to pay the principal of and interest on the Bonds for the next succeeding Bond Year. “Developed Property” means any Assessor’s Parcels in the Community Facilities District which are zoned for residential use and for which a building permit for a residential dwelling unit(s) has been issued by June 15th of the prior Fiscal Year; other than Assessor’s Parcels for which a Prepayment Tax has been levied and collected pursuant to the Special Tax Formula. See “SECURITY FOR THE SERIES 2023 BONDS – Special Tax” herein. The Special Tax Formula is described in APPENDIX A – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” hereto. The Community Facilities District expects to be able to pay the principal of and interest on the Outstanding Bonds and the Series 2023 Bonds from amounts received from the levy of the Special Tax on Developed Property. In addition, payments of interest on the Series 2011A Bonds are to be payable from a cash subsidy payment from the United States Treasury equal to the lesser of (a) the tax credit rate applicable to the Series 2011A Bonds or (b) 100% of the interest payable on the Series 2011A Bonds under Section 54F of the Internal Revenue Code of 1986, as amended (the “Code”) and applicable regulations promulgated thereunder (the “Regulations”) (the “Bond Subsidy Payments”). The Bond Subsidy Payments do not secure the Series 2023 Bonds or any Series of Bonds other than the Series 2011A Bonds.

The Community Facilities District does not expect to levy any Special Taxes on Undeveloped Property, nor does it expect to use amounts received from any Prepayment Tax or any foreclosure proceeding under the Act or the Indenture to pay the principal of and interest on the Outstanding Bonds and the Series 2023 Bonds. To the extent additional funds are required (i) to pay principal of and interest on the bonds at that time outstanding in the Community Facilities District, (ii) to make any deposits required to be made with respect to any reserve fund created with respect to such bonds, and (iii) to pay for Administrative Expenses (the “Bond Requirements”) due to anticipated delinquencies, the Undeveloped Property Tax shall be levied according to the Special Tax Formula.

The portion of taxes levied on property within the Community Facilities District pursuant to the Special Tax Formula which are not used to pay debt service on the Bonds can also be used to pay for certain authorized expenses of the Community Facilities District, including but not limited to (i) any deficiency in the Reserve Fund, (ii) administrative expenses, and (iii) direct acquisition, construction or leasing of school facilities. The Community Facilities District uses a portion of the Special Tax for such purposes.

Bond Insurance

The scheduled payment of principal of and interest on the Series 2023 Bonds, when due will be guaranteed under a municipal bond insurance policy (the “Series 2023 Bond Insurance Policy”) to be issued concurrently with the delivery of the Series 2023 Bonds by Build America Mutual Assurance Company (“BAM”). See “BOND INSURANCE” and APPENDIX G – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

Bond Reserve Account; Reserve Policy

The Indenture requires that the Trustee establish and maintain as an account within the Reserve Fund a Reserve Account for each series of the Bonds. Concurrently with the issuance of the Series 2023 Bonds, a municipal bond debt service reserve insurance policy (the “Series 2023 Reserve Policy”), in an amount equal to the Series 2023 Reserve Requirement, to be issued by BAM (the “Series 2023 Reserve Insurer”), will be credited to the Series 2023 Reserve Account. See “SECURITY FOR THE SERIES 2023 BONDS – Bond Reserve Fund; Series 2023 Reserve Account” and APPENDIX H – “SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

The Community Facilities District

When first formed, the Community Facilities District consisted of approximately 2,397 acres zoned for residential use. As new residential development has occurred within the School District, additional parcels have been annexed into the Community Facilities District. Other parcels have been removed from the Community Facilities District due to subdivision and dedications to other public uses such as rights-of-way, streets, easements, parks and school sites. As of fiscal year 2023-24, the Community Facilities District is estimated to contain 7,960 taxable assessor parcels comprising approximately 1,551 taxable acres of a total of approximately 2,776 acres. The Community Facilities District lies completely within the boundaries of the School District and includes portions of the City of Palmdale (the “City”) as well as unincorporated areas of the County of Los Angeles (the “County”). The Community Facilities District’s boundaries are not coterminous with the School District or with any other governmental jurisdiction. See “THE COMMUNITY FACILITIES DISTRICT.”

The School District

The School District was established in 1888 and is comprised of an area of approximately 70 square miles in the northern section of the County. The School District is located in the high desert of the Antelope Valley, an area about 60 miles north of the City of Los Angeles. Virtually all of the City of Palmdale, as well as portions of the surrounding unincorporated areas of the County, is served in the School District. The School District currently services students in grades kindergarten through eleventh, and currently maintains 30 schools (16 of which serve grades K-5, seven of which serve grades K-8, five of which serve grades 6-8), one charter school currently serving grades 9-11, and an early childhood education program. As of the preparation of the School District’s estimated actuals for fiscal year 2022-23, enrollment was estimated at 17,788 for fiscal year 2022-23, which includes the enrollment at the Palmdale Academy Charter High School (the “Charter High School”). For fiscal year 2023-24, total enrollment is budgeted at 18,069 students, which includes enrollment at the Charter High School. The School District operates under

the jurisdiction of the Los Angeles County Superintendent of Schools. The Community Facilities District is served by schools under the jurisdiction of the School District and the Antelope Valley Union High School District, for those high school students not attending Charter High School.

There are currently two independent charter schools operating in the School District, the Antelope Valley Learning Academy and the Palmdale Aerospace Academy, which are District-authorized charter schools. The School District also opened the Charter High School as a dependent charter school in August 2021. The Charter High School opened for the 2021-22 school year with total enrollment of approximately 264 ninth graders and the following 2022-23 school year with total enrollment of approximately 268 ninth graders and 267 tenth graders. The Charter High School is currently enrolling its 11th grade students and is budgeted to start the 2023-24 school year with 312 ninth graders, 260 tenth graders and 248 eleventh graders. The Charter High School currently plans to open for a twelfth-grade class in the 2024-25 school years.

The School District is governed by a five-member Board of Trustees (the “Board of Trustees”), each member of which is a voting member. The Board of Trustees has approved trustee area map and has initiated to change its election method for members of the Board of Trustees to be elected from an “at large” method to a “trustee area” system that is expected to be implemented at an election in 2024. Under the new method, members will be elected by voters within their “area” of the School District to four-year terms in alternate slates of two and three, and elections will be held every two years. Each December, the Board of Trustees elects a President and Clerk to serve one-year terms. School District day-to-day operations are managed by a board-appointed Superintendent of Schools. Dr. Raul Maldonado has served as Superintendent since May 2014.

Current voting members of the Board of Trustees, together with their office and the date their current term expires, are listed below:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Sharon Vega	President	November 2024
Anthony Hunt	Clerk	November 2024
Ralph Velador	Member	November 2026
Simone Zulu Diol	Member	November 2026
Nancy Smith	Member	November 2026

In addition to Superintendent Maldonado, principal financial administrative staff of the School District includes Dr. Frances Ufondu, Assistant Superintendent, Business Services/Chief Business Officer.

Additional Information

Brief descriptions of the Series 2023 Bonds, the Indenture, the Continuing Disclosure Certificate, the security for the Series 2023 Bonds, the Community Facilities District and certain other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Series 2023 Bonds, the Indenture, the Continuing Disclosure Certificate and other documents. Copies of such documents may be obtained from the Palmdale Elementary School District Community Facilities District No. 90-1, c/o Palmdale School District, 39139 North 10th Street East, Palmdale, California 93550, Attention: Chief Business Officer of the Palmdale School District.

THE SERIES 2023 BONDS

Authority for Issuance

The Series 2023 Bonds are authorized to be issued by the Community Facilities District under and subject to the terms of the Act and the Indenture.

Description of the Series 2023 Bonds

The Series 2023 Bonds will be issued in fully registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Series 2023 Bonds. Ownership interests in the Series 2023 Bonds may be purchased in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. So long as DTC is acting as securities depository for the Series 2023 Bonds, principal of, premium, if any, and interest on the Series 2023 Bonds will be made directly to DTC. See APPENDIX E – “DTC BOOK-ENTRY ONLY SYSTEM.”

The Series 2023 Bonds will be dated the date of delivery and will bear interest at the rates per annum and will mature on the dates and in the principal amounts, all as set forth on the inside cover page hereof.

Interest on the Series 2023 Bonds will be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2024 (each, an “Interest Payment Date”). The Series 2023 Bonds shall bear interest from the interest payment date next preceding the date of registration thereof unless they are registered on a day during the period from the 16th day of the month next preceding an interest payment date to such interest payment date, both dates inclusive, in which event they shall bear interest from such interest payment date, or unless they are registered on or before the 15th day of the month next preceding the first interest payment date, in which event they shall bear interest from the date of issuance of the Series 2023 Bonds; provided that, if at the time of registration of any Series 2023 Bond interest is then in default on any outstanding Series 2023 Bond, such Series 2023 Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding Series 2023 Bonds. Interest on the Series 2023 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Principal of and premium, if any, and interest on the Series 2023 Bonds will be paid in lawful money of the United States of America; provided, however, that so long as DTC or its nominee is the registered owner of the Series 2023 Bonds, interest payments will be made as described in APPENDIX E – “DTC BOOK-ENTRY ONLY SYSTEM.”

Redemption

Optional Redemption. The Series 2023 Bonds maturing on or before August 1, 2033, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2023 Bonds maturing on or after August 1, 2034, are subject to redemption prior to their respective stated maturity dates, at the option of the Community Facilities District, from any source of available funds, as a whole or in part on any date on or after August 1, 2033, at a redemption price equal to the principal amount of the Series 2023 Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2023 Bonds maturing on August 1, 2040, are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective

principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to be Redeemed
2034	\$270,000
2035	280,000
2036	295,000
2037	310,000
2038	325,000
2039	340,000
2040 [†]	365,000

[†] Maturity.

The Series 2023 Bonds maturing on August 1, 2040, to be redeemed in each year shown above will be reduced proportionately, or as otherwise directed by the Community Facilities District, in integral multiples of \$5,000, by any portion of each such term Series 2023 Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Series 2023 Bonds for Redemption. If less than all outstanding Series 2023 Bonds are to be redeemed, the Trustee, upon written instruction from the Community Facilities District, shall select Series 2023 Bonds for redemption in the manner directed by the Community Facilities District. If less than all of the Series 2023 Bonds then Outstanding are to be redeemed at any one time as described under “Optional Redemption” above, and any Bonds that remain Outstanding at the time of such redemption, the Trustee will redeem that amount of Outstanding Bonds issued prior to the issuance of the Series 2023 Bonds and that amount of such Series 2023 Bonds in the proportion which the principal amount of Outstanding Bonds issued prior to the issuance of such Series 2023 Bonds bears to the then outstanding principal amount of such Series 2023 Bonds.

Within a series and maturity, the Trustee shall select the Series 2023 Bonds for redemption by lot. Redemption by lot shall be in such manner as the Trustee shall determine; provided, however, that the portion of any such Series 2023 Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

In the event that the Series 2023 Bonds are no longer held by DTC or a successor securities depository, such Series 2023 Bonds shall be selected for redemption by the Community Facilities District in its sole discretion.

Notice of Redemption. Notice of redemption of the Series 2023 Bonds will be given by the Trustee. The Indenture requires that the notice of redemption state (i) the Series 2023 Bonds or designated portions thereof which are to be redeemed, (ii) the date of redemption, (iii) the place or places where the redemption will be made, including the name and address of any redemption agent, (iv) the redemption price, (v) the CUSIP numbers, if any, assigned to the Series 2023 Bonds to be redeemed, (vi) if less than all the Series 2023 Bonds of a particular maturity are to be redeemed, the Series 2023 Bond numbers of the Series 2023 Bonds to be redeemed, and (vii) the original issue date, interest rate and stated maturity date of each Series 2023 Bond to be redeemed in whole or in part. The redemption notice will further state that on the redemption date there shall become due and payable upon each Series 2023 Bond or portion thereof being redeemed, the redemption price, together with the interest accrued to the redemption date, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Such notice shall be

given to the registered owners of Series 2023 Bonds designated for redemption at least 30 but not more than 45 days prior to the redemption date. So long as DTC is owner of the Series 2023 Bonds, such notice will be sent to DTC.

Neither the failure to receive such notice nor any defect therein will affect the sufficiency of the proceedings for the redemption of such Series 2023 Bonds. From and after the redemption date, the Series 2023 Bonds, or portions thereof so designated for redemption, shall be deemed to be no longer Outstanding and such Series 2023 Bonds or portions thereof will cease to bear further interest.

Effect of Notice of Redemption. Once notice of redemption has been given as provided in the Indenture and the amount necessary for the redemption has been made available for such redemption on the redemption date, those Series 2023 Bonds, or portions thereof, designated for redemption shall become due and payable at the redemption price thereof, on the designated redemption date as provided in the Indenture.

Upon presentation and surrender of those Series 2023 Bonds to be redeemed at the designated Corporate Trust Office of the Trustee, such Series 2023 Bonds will be redeemed at the redemption price thereof, and from and after the redemption date, such Series 2023 Bonds or portions thereof shall be deemed to be no longer Outstanding and shall cease to bear further interest. From and after the redemption date, no owner of any of the Series 2023 Bonds or portions thereof 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 made available to the Trustee.

Transfers and Exchanges

So long as the Series 2023 Bonds remain in book-entry form, the Series 2023 Bonds may be transferred or exchanged only as described in APPENDIX E – “DTC BOOK-ENTRY ONLY SYSTEM.” However, should the Series 2023 Bonds cease to be in book-entry form, then they may be transferred or exchanged as provided in the Indenture. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

THE PLAN OF FINANCE

The proceeds of the Series 2023 Bonds will be used to (i) modernizing school sites throughout the School District based on the age and needs of each campus, including exterior painting, landscaping, lighting, signage, playground equipment, safety and security upgrades, and general campus access as well as construction and reconfiguration of classrooms and related school facilities, (ii) purchasing a debt service reserve policy to satisfy the reserve requirement for the Series 2023 Bonds, (iii) financing capitalized interest on the Series 2023 Bonds to February 1, 2025, and (iv) paying the costs of issuing the Series 2023 Bonds, including the premium for the Series 2023 Bond Insurance Policy and the Series 2023 Reserve Policy (as such terms are defined herein).

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2023 Bonds are set forth in the following table:

Sources of Funds

Principal Amount	\$26,765,000.00
Net Original Issue Premium	628,964.60
Less Underwriter's Discount	<u>(214,120.00)</u>
Total Sources	\$27,179,844.60

Uses of Funds

Deposit to Project Fund	\$25,829,201.99
Deposit to Capitalized Interest Subaccount ⁽¹⁾	882,760.00
Costs of Issuance ⁽²⁾	<u>467,882.61</u>
Total Uses	\$27,179,844.60

⁽¹⁾ To provide for capitalized interest on the Series 2023 Bonds to February 1, 2025.

⁽²⁾ Includes legal, municipal advisor, Trustee, printing and rating agency costs and fees, premiums for the Series 2023 Bond Insurance Policy and the Series 2023 Reserve Policy, and other miscellaneous costs of issuance relating to the Series 2023 Bonds.

DEBT SERVICE SCHEDULE FOR THE SERIES 2023 BONDS

The following is the debt service schedule for the Series 2023 Bonds, assuming no early redemptions:

Year Ending August 1,	Principal	Interest	Total Debt Service
2024	-	\$ 781,560	\$ 781,560
2025	-	1,202,400	1,202,400
2026	\$ 85,000	1,202,400	1,287,400
2027	95,000	1,198,150	1,293,150
2028	105,000	1,193,400	1,298,400
2029	100,000	1,188,150	1,288,150
2030	110,000	1,183,150	1,293,150
2031	115,000	1,177,650	1,292,650
2032	120,000	1,171,900	1,291,900
2033	125,000	1,165,900	1,290,900
2034	270,000	1,159,650	1,429,650
2035	280,000	1,146,150	1,426,150
2036	295,000	1,132,150	1,427,150
2037	310,000	1,117,400	1,427,400
2038	325,000	1,101,900	1,426,900
2039	340,000	1,085,650	1,425,650
2040	365,000	1,068,650	1,433,650
2041	2,935,000	1,050,400	3,985,400
2042	6,660,000	903,650	7,563,650
2043	6,925,000	637,250	7,562,250
2044	7,205,000	360,250	7,565,250
Total	\$26,765,000	\$22,227,760	\$48,992,760

Source: Samuel A. Ramirez & Co., Inc.

AGGREGATE DEBT SERVICE SCHEDULE

The following table sets forth the annual aggregate debt service requirements of all Outstanding Bonds and the Series 2023 Bonds, assuming no early redemptions:

AGGREGATE DEBT SERVICE SCHEDULE

Year Ending August 1	Series 1999 Bonds	Series 2011 Bonds	Series 2012A Bonds	Series 2012B Bonds	Series 2017A Bonds	Series 2017B Bonds	Series 2023 Bonds	Total Annual Debt Service
2024	--	\$2,129,095	--	\$520,413	\$ 772,650.00	\$2,361,825.00	\$ 781,560	\$ 6,565,542.00
2025	--	2,816,833	\$ 240,000	530,550	772,650.00	1,910,025.00	1,202,400	7,472,457.76
2026	--	2,674,245	346,500	549,238	772,650.00	1,930,750.00	1,287,400	7,560,786.44
2027	--	2,610,343	346,500	561,613	1,472,650.00	1,279,037.50	1,293,150	7,563,296.81
2028	--	--	2,931,500	572,238	1,462,650.00	1,301,662.50	1,298,400	7,566,453.68
2029	--	--	2,886,500	581,700	1,441,400.00	1,364,312.50	1,288,150	7,562,066.18
2030	\$2,275,000	--	2,841,500	--	1,154,400.00	--	1,293,150	7,564,053.68
2031	2,320,000	--	2,796,500	--	1,154,700.00	--	1,292,650	7,563,853.68
2032	2,365,000	--	2,751,500	--	1,158,287.50	--	1,291,900	7,566,691.18
2033	2,415,000	--	2,702,875	--	1,156,225.00	--	1,290,900	7,565,002.96
2034	2,460,000	--	2,656,469	--	1,018,000.00	--	1,429,650	7,564,120.26
2035	2,510,000	--	2,605,000	--	1,022,000.00	--	1,426,150	7,563,150.00
2036	2,560,000	--	2,555,000	--	1,019,750.00	--	1,427,150	7,561,900.00
2037	2,615,000	--	2,500,000	--	1,021,500.00	--	1,427,400	7,563,900.00
2038	2,665,000	--	2,450,000	--	1,022,000.00	--	1,426,900	7,563,900.00
2039	2,720,000	--	2,395,000	--	1,021,250.00	--	1,425,650	7,561,900.00
2040	--	--	--	--	6,129,250.00	--	1,433,650	7,562,900.00
2041	--	--	--	--	3,580,500.00	--	3,985,400	7,565,900.00
2042	--	--	--	--	--	--	7,563,650	7,563,650.00
2043	--	--	--	--	--	--	7,562,250	7,562,250.00
2044	--	--	--	--	--	--	7,565,250	7,565,250.00
Total*	\$24,905,000	\$10,230,516	\$33,004,844	\$3,315,752	\$27,152,512.50	\$10,147,612.50	\$48,992,670	\$156,749,024.63

* Totals may not add due to rounding.
Source: Samuel A. Ramirez & Co., Inc.

SECURITY FOR THE SERIES 2023 BONDS

General

The Series 2023 Bonds and the interest thereon are payable from and are equally secured by a pledge of and lien upon the Gross Taxes and, except as provided in the Indenture, the amounts in the Bond Service Fund, the Reserve Fund, the Redemption Fund and the Special Tax Fund (only to the amount of Gross Taxes on deposit therein) created pursuant to the Indenture. “Gross Taxes” include (i) the Special Taxes (generally defined as the amount of the Annual Special Tax on Developed Property and the Undeveloped Property Tax, but not including the Prepayment Tax) and (ii) proceeds from the sale of property collected pursuant to the foreclosure provisions of the Act and the Indenture or any supplemental indenture for the delinquency of such Special Taxes. Except for the Gross Taxes and the moneys in the aforementioned Funds and moneys held in other funds and accounts under the Indenture and pledged to a particular Series of Bonds, no funds or properties of the Community Facilities District or the School District are pledged to the payment of the principal of, premium (if any) or interest on the Bonds.

The Series 2023 Bonds are issued on parity with the Outstanding Bonds and any additional Parity Bonds that may be issued by the Community Facilities District pursuant to the Indenture.

Neither the faith and credit nor the general taxing power of the Community Facilities District (except to the limited extent set forth in the Indenture), the School District, the County, the State of California or any political subdivision of any of the foregoing is pledged to the payment of the Series 2023 Bonds. The Series 2023 Bonds are not general obligations of the Community Facilities District or the School District but are limited obligations of the Community Facilities District payable solely from the proceeds of the Special Tax and other sources described in the Indenture.

Special Tax

The Community Facilities District levies the Special Taxes in accordance with the Special Tax Formula set forth in APPENDIX A attached hereto. Pursuant to the Special Tax Formula, parcels in the Community Facilities District are classified each year as “Developed Property,” “Undeveloped Property,” or “Tax-Exempt Property.”

As of fiscal year 2023-24, the Community Facilities District contains 8,634 assessor parcels. Of these assessor parcels, approximately 7,960 parcels (approximately 92% percent) or 8,169 units were classified as Developed Property, 309 parcels (approximately 4% percent) were classified as Undeveloped Property, and 365 parcels (approximately 4% percent) were classified as Tax-Exempt Property (including Undeveloped Property elected to pay a Prepayment Tax). For the fiscal year 2023-24, the Annual Special Tax levy on Developed Property is sufficient to pay the principal of and interest on the Series 2023 Bonds and the Outstanding Bonds. See “– Special Tax Analysis” herein.

Developed Property Annual Special Tax. Under the Special Tax Formula, the Community Facilities District is authorized to levy the annual special tax levied in connection with the Special Tax Formula (the “Annual Special Tax”) in each Fiscal Year on all Developed Property (defined generally to be assessor’s parcels which are zoned for residential use and for which a building permit for a residential dwelling unit(s) has been issued by June 15 of the prior Fiscal Year). The Annual Special Tax may be levied to the extent necessary to provide for payment of the cost of constructing, leasing and/or acquiring school facilities and of Bond Requirements (the amount necessary taking into consideration anticipated delinquencies (i) to pay principal of and interest on the outstanding bonds, (ii) to make any deposits required to be made with respect to any reserve fund created with respect to such bonds, and (iii) to pay for

Administrative Expenses), subject to the limits described in the following paragraph. See APPENDIX A – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” hereto.

Developed Property is subject to the Annual Special Tax in fiscal year 2023-24 of \$0.42289 per square foot of Assessable Space, which was the maximum permitted under the Special Tax Formula. The Annual Special Tax is subject to a maximum increase in each Fiscal Year of an amount equal to two percent of the maximum Annual Special Tax rate for the prior Fiscal Year.

Although the Bonds are secured by all Annual Special Taxes, the Community Facilities District historically has levied the maximum amount of Special Taxes in each Fiscal Year only on Developed Property; the Annual Special Taxes levied on Developed Property are sufficient (after taking into account anticipated delinquencies and together with amounts on deposit in certain funds and accounts) to pay the principal of, premium (if any) and interest on the Bonds and any amounts required to maintain the Reserve Fund at the Reserve Requirement. The Community Facilities District expects to be able to pay the principal of, premium (if any) and interest on the Bonds solely from amounts received from the levy of the Special Tax on Developed Property. The Community Facilities District does not expect to levy any Special Taxes on Undeveloped Property, nor does it expect to use amounts received from any Prepayment Tax or any foreclosure proceeding under the Act or the Indenture to pay the principal of, premium (if any) and interest on the Bonds.

The Community Facilities District has covenanted in the Indenture to levy or cause to be levied Special Taxes in amounts anticipated to be sufficient (after taking into account anticipated delinquencies and together with amounts on deposit in certain funds and accounts) to pay 115% of the aggregate amount of principal of, premium (if any) and interest on the Bonds and any amounts required to maintain the Reserve Fund at the Reserve Requirement. In addition, the Community Facilities District has covenanted in the Indenture to levy Special Taxes on each parcel of Debt Service Developed Property (as defined in APPENDIX B hereto) at least in an amount anticipated to be sufficient (after taking into account anticipated delinquencies and together with amounts on deposit in certain funds and accounts) and anticipated to be available in the next succeeding Bond Year to pay principal of, premium (if any) and interest on the Bonds and any amounts required to maintain the Reserve Fund at the Reserve Requirement. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants of the Community Facilities District.”

Undeveloped Property Tax. Although the Special Tax Formula permits the Community Facilities District to levy a Special Tax on the Undeveloped Property (the “Undeveloped Property Tax”), the principal amount of the Series 2023 Bonds and the Outstanding Bonds has been limited so that the Community Facilities District does not expect to be required to levy any Undeveloped Property Tax.

In the event that on July 1 of any Fiscal Year, the maximum projected revenues that can be generated from the levy of the Special Tax for such Fiscal Year on all Developed Property, together with all other funds of the Community Facilities District legally available to pay Bond Requirements for such Fiscal Year are insufficient to pay Bond Requirements due to anticipated delinquencies in the payment of Special Taxes, then all Undeveloped Property shall be subject to a Special Tax (for that Fiscal Year only) up to an amount not to exceed, per acre of Undeveloped Property (or a proportionate amount thereof for any portion of such acre), the lesser of (i) \$750 or (ii) the aggregate amount of the actual delinquencies in the payment of Special Taxes for the prior Fiscal Year divided by the total number of acres of Undeveloped Property in the Community Facilities District. During its thirty-three years of existence, the Community Facilities District has not levied an Undeveloped Property Tax.

Prepayment Tax. In lieu of paying an Annual Special Tax on Developed Property, the owner of a parcel of Undeveloped Property may elect to pay a Prepayment Tax prior to the issuance of a building

permit for such parcel. Once a parcel has become Developed Property, the owner may not prepay the Annual Special Tax. Upon payment of the Prepayment Tax, the parcel is classified as Tax Exempt Property and is no longer subject to an Annual Special Tax. Because the principal amount of the Outstanding Bonds and the Series 2023 Bonds has been limited so that anticipated tax revenues from existing Developed Property are expected to be sufficient to cover debt service, an election of an owner of Undeveloped Property to pay the Prepayment Tax (rather than to have his property reclassified as Developed Property) alone are not expected to diminish the Annual Special Tax revenues that are collected in future years. However, to the extent the Special Tax levied for a Fiscal Year on all Developed Property, together with all other funds of the Community Facilities District legally available to pay Bond Requirements for such Fiscal Year are insufficient to pay Bond Requirements due to anticipated delinquencies in the payment of Special Taxes, Undeveloped Property subject to the Special Tax to make up any such deficiency will be reduced to the extent that owners of Undeveloped Property paid the Prepayment Tax. The Prepayment Tax is not pledged under the Indenture to secure the payment of principal of and interest on the Bonds, including the Series 2023 Bonds, nor will any such prepayments result in a mandatory redemption of Bonds from such prepayments. See “– Collection and Deposit of Special Taxes” for a description of the Special Tax levy in each fiscal year since 2011-12 and the corresponding Special Tax collections and delinquencies. See also “– Special Tax Analysis.”

The aggregate amount of the Special Tax levied for fiscal year 2023-24 is \$7,812,800. The Special Tax as levied in fiscal year 2023-24, showing parcels subject to the Special Tax by land use category, is summarized in the table below.

**SPECIAL TAXES BY TAX RATE CATEGORY
FISCAL YEAR 2023-24 TAX LEVY
Palmdale Elementary School District Community Facilities District No. 90-1**

<u>Tax Rate Category</u>	<u>Taxable Acreage</u>	<u>Total Assessable Square Footage</u>	<u>Unit Count⁽¹⁾</u>	<u>Fiscal Year 2023-24 Assessed Value</u>	<u>Actual Tax Levy</u>	<u>% of Actual Tax Levy</u>	<u>Maximum Special Tax Allowed⁽²⁾</u>	<u>% of Total Maximum Tax</u>
Developed	1,551.16	18,474,783	8,169	\$2,661,333,176	\$7,812,800	100.00%	\$7,812,800	91.89%
Undeveloped ⁽³⁾	919.71	N/A	309	35,932,387	0	0.00	689,780	8.11
Tax Exempt	305.49	N/A	365	97,703,955	0	0.00	0	0.00
Total	2,776.36	18,474,783	8,843	\$2,794,969,518	\$7,812,800	100.00%	\$8,502,580	100.00%

⁽¹⁾ The unit count for Developed Property is the number of units subject to the Special Tax which are located on 7,960 Assessors Parcels. The unit count for Undeveloped Property and Tax Exempt Property is the number of Assessor’s Parcel Numbers, some of which have not been subdivided to individual lots.

⁽²⁾ Represents the maximum Special Tax that may be levied on a parcel in fiscal year 2023-24. The maximum Special Tax levied on Developed Property for fiscal year 2023-24 is equal to the actual Special Tax that was levied on Developed Property for such Fiscal Year.

⁽³⁾ The Special Tax may be levied on Undeveloped Property to the extent necessary to pay the bond requirements, up to the lesser of (i) \$750 per acre or (ii) the aggregate amount of the actual delinquencies in Special Taxes from the prior fiscal year. Undeveloped property has not been subject to the Special Tax requirements in past years.

Numbers may not compute due to rounding.

Source: School District, County of Los Angeles 2023-24 Secured Roll, as compiled by Koppel & Gruber Public Finance

Collection and Deposit of Special Taxes

The Annual Special Taxes levied at the direction of the Community Facilities District are required to be collected each year upon the applicable Assessor’s parcels in the Community Facilities District in the same manner and at the same time as ordinary *ad valorem* property taxes are collected by the County; provided, however, that the Community Facilities District may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations. The Prepayment Tax, if any, is to be collected by the Board of Trustees at the time of issuance of a building permit.

In each Bond Year, the Community Facilities District will pay the Gross Taxes to the Trustee for deposit in the Special Tax Fund on each date on which it receives them from the County until such time as the amounts on deposit in the Special Tax Fund, including interest earnings thereon, equal the aggregate amounts required to be paid as set forth in subsections (i), (ii) and (iii) below in such Bond Year. All Gross Taxes received by the Community Facilities District during any Bond Year in excess of the amount required to be transferred to the Trustee from the Special Tax Fund during such Bond Year as described in subsections (i), (ii) and (iii) below shall be released from the pledge and lien under the Indenture for the security of the Bonds and the Community Facilities District may apply such excess Gross Taxes for any lawful purposes of the Community Facilities District. On or before the fifteenth day preceding each February 1 and August 1, with respect to transfers pursuant to (i) below, or five Business Days preceding each Interest Payment Date, with respect to transfer pursuant to (ii) and (iii) below, the Trustee will withdraw from the Special Tax Fund the amount necessary to make the following deposits or payments in the following order of priority:

(i) To the Bond Service Fund, an amount necessary, together with amounts on deposit therein and available for such purpose, to pay the Annual Debt Service coming due and payable on such Interest Payment Date with respect to the Outstanding Bonds;

(a) To the Interest Account for the related Series of Bonds, an amount which, when added to the amounts on deposit therein, equals the aggregate amount of the interest becoming due and payable on the related Series of Outstanding Bonds on the next Interest Payment Date;

(b) To the Principal Account for the related Series of Bonds, an amount which, when added to the amounts on deposit therein, equals the principal becoming due and payable on the related Series of Outstanding Bonds;

(ii) To the Reserve Fund, an amount necessary to maintain the Reserve Requirement therein; and

(iii) To any insurer of Bonds, to the extent of any amount due if not paid pursuant to (i) or (ii) above.

The Trustee shall transfer all amounts on deposit in the Special Tax Fund on August 2 of each year to the Community Facilities District to be used for any lawful purpose.

The Board of Trustees first levied the Special Tax on Taxable Land within the Community Facilities District in fiscal year 1991-92, beginning July 1, 1991. The following table shows the Special Tax levy in each fiscal year since 2011-12 and the corresponding Special Tax collections and delinquencies.

**SPECIAL TAX LEVY, COLLECTIONS, AND DELINQUENCIES
FISCAL YEARS 2011-12 THROUGH 2022-23
Palmdale Elementary School District Community Facilities District No. 90-1**

Fiscal Year	Amount Levied	Total Number of Parcels Subject to Levy	As of Fiscal Year End				As of July 10, 2023		
			Amount Collected	Amount Delinquent	Number of Delinquent Parcels	Percent Delinquent	Remaining Amount Delinquent	Remaining Parcels Delinquent	Remaining Percent Delinquent
2011-12	\$5,597,865	7,299	\$5,433,851	\$164,015	293	2.93% ⁽¹⁾	0	0	0.00%
2012-13	5,752,922	7,353	5,647,905	105,017	214	1.83	0	0	0.00
2013-14	5,912,881	7,413	5,834,413	78,468	133	1.33	0	0	0.00
2014-15	6,054,548	7,448	5,997,685	56,863	103	0.94	0	0	0.00
2015-16 ⁽¹⁾	6,175,513	7,446	6,116,073	59,440	105	0.96	0	0	0.00
2016-17	6,303,309	7,455	6,246,513	56,796	100	0.90	0	0	0.00
2017-18	6,455,948	7,486	6,390,111	65,837	99	1.02	\$ 1,058	2	0.02
2018-19	6,608,373	7,511	6,539,286	69,087	109	1.05	5,227	10	0.08
2019-20	6,756,399	7,523	6,682,874	73,525	151	1.09	9,835	18	0.15
2020-21	7,093,726	7,703	7,038,792	54,934	91	0.77	14,845	20	0.21
2021-22	7,305,563	7,786	7,241,982	63,581	99	0.87	25,592	40	0.35
2022-23	7,550,776	7,876	7,484,984	65,792	107	0.87	65,792	107	0.87

⁽¹⁾ Includes parcels direct billed by the School District. Direct billed parcels paid prior to the fiscal year ended. Delinquent as of May 25, 2012
Source: County Auditor-Controller; compiled by Koppel & Gruber Public Finance

Special Tax Analysis

The proceeds of the Special Tax will be the source of payment of principal and interest on the Series 1999 Bonds, the Series 2011 Bonds, the Series 2012 Bonds, the Series 2017 Bonds and the Series 2023 Bonds together with incidental costs and expenses. The following table compares the amount of the levy of the maximum Special Tax with the estimated revenue requirements from the Special Tax needed to service principal and interest payments on the outstanding Bonds, including the Series 2023 Bonds. As previously described, although the Special Tax Formula permits the Community Facilities District to levy a Special Tax on the Undeveloped Property, the principal amount of the Series 2023 Bonds and the Outstanding Bonds has been limited so that the Community Facilities District does not expect to be required to levy any Undeveloped Property Tax. See “ – Special Tax” above.

**COMPARISON OF ESTIMATED MAXIMUM ANNUAL TAX REVENUES AND
TOTAL ANNUAL DEBT SERVICE
Palmdale Elementary School District Community Facilities District No. 90-1**

Bond Year Ending August 1	Maximum Special Taxes			Bond Debt Service							Coverage From	
	Maximum Net Special Taxes Developed ⁽¹⁾	Maximum Special Taxes Undeveloped	Total Maximum Net Special Taxes ⁽²⁾	Series 1999 Bonds Debt Service ⁽³⁾	Series 2011 Bonds Debt Service ⁽⁴⁾	Series 2012 Bonds Debt Service	Series 2017A Bonds Debt Service	Series 2017B Bonds Debt Service	Series 2023 Bonds Debt Service (Net)	Total Debt Service ⁽⁴⁾	Total Coverage ⁽⁵⁾	Developed Property ⁽⁶⁾
2024	\$7,812,800.00	\$689,780.00	\$8,472,580.00	-	\$2,129,094.50	\$ 520,412.50	\$ 772,650.00	\$2,361,825.00	-	\$5,783,982.00	146.48%	134.56%
2025	7,969,056.00	689,780.00	8,628,836.00	-	2,816,832.76	770,550.00	772,650.00	1,910,025.00	\$1,101,200.00	7,371,258.00	117.06	107.70
2026	8,128,437.00	689,780.00	8,788,217.00	-	2,674,245.26	895,737.50	772,650.00	1,930,750.00	1,287,400.00	7,560,783.00	116.23	107.11
2027	8,291,006.00	689,780.00	8,950,786.00	-	2,610,343.13	908,112.50	1,472,650.00	1,279,037.50	1,293,150.00	7,563,293.00	118.35	109.22
2028	8,456,826.00	689,780.00	9,116,606.00	-	-	3,503,737.50	1,462,650.00	1,301,662.50	1,298,400.00	7,566,450.00	120.49	111.37
2029	8,625,963.00	689,780.00	9,285,742.00	-	-	3,468,200.00	1,441,400.00	1,364,312.50	1,288,150.00	7,562,063.00	122.79	113.67
2030	8,798,482.00	689,780.00	9,458,261.00	\$2,275,000.00	-	2,841,500.00	1,154,400.00	-	1,293,150.00	7,564,050.00	125.04	115.92
2031	8,974,452.00	689,780.00	9,634,231.00	2,320,000.00	-	2,796,500.00	1,154,700.00	-	1,292,650.00	7,563,850.00	127.37	118.25
2032	9,153,941.00	689,780.00	9,813,720.00	2,365,000.00	-	2,751,500.00	1,158,287.50	-	1,291,900.00	7,566,688.00	129.70	120.58
2033	9,337,019.00	689,780.00	9,996,799.00	2,415,000.00	-	2,702,875.00	1,156,225.00	-	1,290,900.00	7,565,000.00	132.15	123.03
2034	9,523,760.00	689,780.00	10,183,539.00	2,460,000.00	-	2,656,468.76	1,018,000.00	-	1,429,650.00	7,564,119.00	134.63	125.51
2035	9,714,235.00	689,780.00	10,374,015.00	2,510,000.00	-	2,605,000.00	1,022,000.00	-	1,426,150.00	7,563,150.00	137.17	128.04
2036	9,908,520.00	689,780.00	10,568,299.00	2,560,000.00	-	2,555,000.00	1,019,750.00	-	1,427,150.00	7,561,900.00	139.76	130.64
2037	10,106,690.00	689,780.00	10,766,470.00	2,615,000.00	-	2,500,000.00	1,021,500.00	-	1,427,400.00	7,563,900.00	142.34	133.22
2038	10,308,824.00	689,780.00	10,968,603.00	2,665,000.00	-	2,450,000.00	1,022,000.00	-	1,426,900.00	7,563,900.00	145.01	135.89
2039	10,515,000.00	689,780.00	11,174,780.00	2,720,000.00	-	2,395,000.00	1,021,250.00	-	1,425,650.00	7,561,900.00	147.78	138.66
2040	10,725,300.00	689,780.00	11,385,080.00	-	-	-	6,129,250.00	-	1,433,650.00	7,562,900.00	150.54	141.42
2041	10,939,806.00	689,780.00	11,599,586.00	-	-	-	3,580,500.00	-	3,985,400.00	7,565,900.00	153.31	144.20
2042	11,158,602.00	689,780.00	11,818,382.00	-	-	-	-	-	7,563,650.00	7,563,650.00	156.25	147.13
2043	11,381,775.00	689,780.00	12,041,554.00	-	-	-	-	-	7,562,250.00	7,562,250.00	159.23	150.11
2044	11,609,410.00	689,780.00	12,269,190.00	-	-	-	-	-	7,565,250.00	7,565,250.00	162.18	153.06

⁽¹⁾ Based upon fiscal year 2023-24 Actual tax roll then increased 2% thereafter.

⁽²⁾ Net of \$30,000.00 for annual Community Facilities District Administrative Expenses. The Community Facilities District Administrative Expenses do not adjust.

⁽³⁾ The debt service is net of bond calls.

⁽⁴⁾ Includes total amount of interest and principal payments, and does not net out the expected Bond Subsidy Payments.

⁽⁵⁾ Total coverage includes coverage from Developed Property and Undeveloped Property less annual Community Facilities District Administrative Expenses.

⁽⁶⁾ The Community Facilities District does not anticipate levying on Undeveloped Property. In years where Coverage from Net Developed Property is less than 115%, it is anticipated that amounts held by the Community Facilities District from prior year surplus Special Taxes will be counted towards the Indenture covenant to meet 115% coverage.

Source: School District, U.S. Bank Trust Company, National Association, as compiled by Koppel & Gruber Public Finance

Based upon the assumptions described above, the ratio of the estimate of the annual levy of the maximum Special Tax on Developed Property to the estimate of the annual revenues necessary from the proceeds of the Special Tax to meet the debt service requirements on the Outstanding Bonds, including the Series 2023 Bonds, ranges from 107% to 153% over the life of the Series 2023 Bonds, and averages 128%.

Delinquent Payments of Special Tax; Covenant for Foreclosure

A second potential source of funds to pay principal of, premium (if any), and interest on the Bonds is proceeds received following a judicial foreclosure sale of property within the Community Facilities District resulting from a property owner's failure to pay its portion of the Special Tax when due.

Pursuant to the Act, in the event of any delinquency in the payment of any Special Tax, the Board of Trustees, as the legislative body of the Community Facilities District, may order that the Special Taxes be collected by a superior court action to foreclose the lien within specified time limits. Under the Act, the commencement of judicial foreclosure following the nonpayment of a Special Tax is not mandatory. However, the Community Facilities District has covenanted for the benefit of the Owners of the Bonds that it will commence, or cause to be commenced, judicial foreclosure proceedings by October 31 of each year against (i) all property owned by any single person or any property regardless of ownership with delinquent Special Taxes totaling more than \$25,000, and (ii) all property with delinquent Special Taxes if in the immediately preceding Fiscal Year it received Special Taxes in an amount which (together with amounts on deposit in the Special Tax Fund and/or Bond Service Fund) were 95% or less than the Annual Debt Service for the current Bond Year or the amount in the Reserve Fund (plus the stated amount of any Surety Instrument, if any) is less than the Reserve Requirement. In addition, the Community Facilities District may, at its sole election, commence or cause to be commenced judicial foreclosure proceedings by October 31 of each year against any property with delinquent Special Taxes if in the immediately preceding Fiscal Year it received Special Taxes in an amount which (together with amounts deposited into the Special Tax Fund and/or Bond Service Fund) were less than 100%, but greater than 95%, of the Annual Debt Service for the current Bond Year. The Community Facilities District shall diligently pursue to completion each such foreclosure. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants of the Community Facilities District.”

In the event such superior court foreclosure or foreclosures are necessary, there could be a delay in principal and interest payments to the owners of the Series 2023 Bonds pending prosecution of the foreclosure proceedings, and receipt by the Community Facilities District of the proceeds of the foreclosure proceedings, if any. See “RISK FACTORS – Bankruptcy” herein.

Bond Reserve Fund; Series 2023 Reserve Account

In order to further secure the payment of principal of and interest on the Series 2023 Bonds, the Community Facilities District will, upon delivery of the Series 2023 Bonds, deposit the municipal bond debt service reserve insurance policy (the “Series 2023 Reserve Policy”) to be issued by BAM in an amount equal to the Reserve Requirement with respect to the Series 2023 Bonds (the “Series 2023 Reserve Requirement”) into the Series 2023 Reserve Account for the Series 2023 Bonds in the Reserve Fund held by the Trustee. The Series 2023 Reserve Requirement is, as of any date of calculation, an amount equal to the lowest of (i) 10% of the original aggregate principal amount of Series 2023 Bonds, (ii) Maximum Annual Debt Service on the Series 2023 Bonds, or (iii) 125% of average Annual Debt Service on the Outstanding Series 2023 Bonds. As of the date of issuance of the Series 2023 Bonds, the Reserve Requirement with respect to the Series 2023 Bonds will be \$2,676,500. See APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Funds and Accounts” attached hereto.

Each Series of Bonds is separately secured by funds on deposit with the Trustee in a Series specific reserve account or by a municipal bond debt service reserve insurance policy credited to a Series specific reserve account.

Concurrently with the issuance of the Series 2017A Bonds, a municipal bond debt service reserve insurance policy (the “Series 2017A Reserve Policy”), in an amount equal to the Series 2017A Reserve Requirement, was issued by Assured Guaranty Municipal Corp. (the “Series 2017A Reserve Insurer”) and credited to the Series 2017A Reserve Account. Similarly, concurrently with the issuance of the Series 2017B Bonds, a municipal bond debt service reserve insurance policy (the “Series 2017B Reserve Policy”), in an amount equal to the Series 2017B Reserve Requirement, was issued by Assured Guaranty Municipal Corp. (the “Series 2017B Reserve Insurer”) and credited to the Series 2017B Reserve Account. The Series 2017A Reserve Policy only secures the Series 2017A Bonds and the Series 2012B Reserve Policy only secures the Series 2017B Bonds.

Concurrently with the issuance of the Series 2012B Bonds, a municipal bond debt service reserve insurance policy (the “Series 2012B Reserve Policy”), in an amount equal to the Series 2012B Reserve Requirement, was issued by Assured Guaranty Municipal Corp. (the “Series 2012B Reserve Insurer”) and credited to the Series 2012B Reserve Account. The Series 2012B Reserve Policy only secures the Series 2012B Bonds.

Concurrently with the issuance of the Series 1999 Bonds, a municipal bond debt service reserve insurance policy (the “Series 1999 Reserve Policy”), in an amount equal to the Series 1999 Reserve Requirement, was issued by Financial Security Assurance Inc. (acquired by and renamed Assured Guaranty Municipal Corp.) (the “Series 1999 Reserve Insurer”) and credited to the Series 1999 Reserve Account. The Series 1999 Reserve Policy only secures the Series 1999 Bonds.

The Board of Trustees has covenanted to levy or cause to be levied with respect to Debt Service Developed Property Special Taxes at least in an amount anticipated to be sufficient (after taking into account anticipated delinquencies in the payment of Special Taxes), in light of the other intended uses of the Special Tax proceeds, to maintain the balance in each Series specific reserve account (including the Series 2023 Reserve Account) in the Reserve Fund for each Series of Bonds (including the Series 2023 Bonds) at the Reserve Requirement for such Series of Bonds to which the Series Reserve Account relates while any bonds of such Series are Outstanding.

The amount in the Series 2023 Reserve Account only secures the Series 2023 Bonds. The amounts in the Series 2023 Reserve Account will not secure any other Outstanding Bonds, nor will they secure any other Parity Bonds to be issued by the Community Facilities District in the future. In addition, the reserve account for any Parity Bonds to be so issued by the Community Facilities District will not secure the payment of principal of and interest on the Series 2023 Bonds.

Parity Obligations

The eligible voters within the Community Facilities District authorized the issuance of up to \$300,000,000 principal amount of bonds to finance the cost of Projects and the expenses associated with the issuance of bonds. The bond authorization for the Community Facilities District following the issuance of the Series 2023 Bonds will be approximately \$186,614,127.95.

In accordance with the Act and the Indenture, additional obligations on a parity with the Bonds (“Parity Obligations”) may be issued by the Community Facilities District (i) to aid in financing the Projects and payment of all costs incidental to or connected with such financing, and/or (ii) to refund any Outstanding Bonds, including payment of all costs incidental to or connected with such refunding. The

Community Facilities District has agreed not to issue any Parity Bonds unless certain conditions provided in the Indenture have been satisfied, including a certificate or certificates from one or more Independent Financial Consultants which, when taken together, certify that (i) the amount of the maximum Annual Special Taxes that may be levied by the Community Facilities District on Debt Service Developed Property, as of the date of certification, in each Fiscal Year pursuant to the Act and the applicable resolutions and ordinances of the Community Facilities District, assuming that such annual Special Taxes are measured in each such Fiscal Year to the maximum extent provided in the Special Tax Formula, is at least equal in each corresponding Bond Year to the Maximum Annual Debt Service on all Outstanding Bonds theretofore issued and the Parity Bonds proposed to be issued in such Bond Year, plus in such Bond Year 100% of the amount of Series 1999 Policy Costs, Series 2012B Policy Costs, Series 2017A Policy Costs, Series 2017B Policy Costs and Series 2023 Policy Costs (collectively, the “Policy Costs”) owed and (ii) the amount of the maximum Annual Special Taxes that may be levied by the Community Facilities District, as of the date of certification, in each Fiscal Year pursuant to the Act and the applicable resolutions and ordinances of the Community Facilities District, assuming that such Annual Special Taxes are increased in each such Fiscal Year to the maximum extent provided in the Special Tax Formula, is at least equal in each corresponding Bond Year to 115% of the aggregate amount of the Maximum Annual Debt Service on all Outstanding Bonds theretofore issued and the Parity Bonds proposed to be issued in such Bond Year, plus in such Bond Year 100% of the amount of Policy Costs owed. For purposes of making the certifications required by this paragraph, the Independent Financial Consultants may rely on reports or certificates of such other persons as may be acceptable to the Community Facilities District, and the initial purchasers of the proposed Parity Bonds.

After the issuance of the Series 2023 Bonds, there will be \$75,503,773 aggregate principal amount of Parity Bonds outstanding (not including any accreted interest with respect to the Series 1999 Bonds and the Series 2012 Bonds) as set forth in the table below. Currently, the Series 1999 Bonds, the Series 2011 Bonds, the Series 2012 Bonds and the Series 2017 Bonds constitute, and the Series 2023 Bonds will constitute, Parity Bonds.

Outstanding Parity Bonds	Amount Outstanding	Amount Outstanding Including Accreted Interest as of August 2, 2023
Series 1999 Bonds	\$ 2,237,151	\$11,384,553
Series 2011 Bonds	8,430,000	8,430,000
Series 2012 Bonds	12,736,622	21,487,588
Series 2017 Bonds	25,335,000	25,335,000
Series 2023 Bonds	26,765,000	26,765,000
	\$75,503,773	\$93,402,141

Under the 1990 Authorization, there remains authorization for the issuance of \$186,614,127.95 in principal amount of additional bonds (assuming the issuance of the Series 2023 Bonds), in addition to refunding bonds (the principal amount of which is not limited by the authorization) which may be issued in the future to refund outstanding Bonds. The School District does not expect to issue Parity Bonds over the next three years.

For a more complete discussion of the provisions of the Indenture related to the issuance of Parity Obligations, see APPENDIX B – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2023 Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy (the “Series 2023 Bond Insurance Policy”) for the Series 2023 Bonds. The Series 2023 Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2023 Bonds when due as set forth in the form of the Series 2023 Bond Insurance Policy included as APPENDIX G – “SPECIMEN MUNICIPAL BOND INSURANCE POLICY” to this Official Statement.

The Series 2023 Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2023 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2023 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2023 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Series 2023 Bond Insurance Policy), and BAM does not guarantee the market price or liquidity of the Series 2023 Bonds, nor does it guarantee that the rating on the Series 2023 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$502.8 million, \$217.0 million and \$285.8 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Series 2023 Bonds or the advisability of investing in the Series 2023 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2023 Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2023 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2023 Bonds, whether at the initial offering or otherwise.

THE COMMUNITY FACILITIES DISTRICT

General; Judicial Validation

Under the Act, the Board of Trustees of the School District serves as the legislative body of the Community Facilities District. Pursuant to the Act, on October 16, 1990, the Board of Trustees adopted Resolution No. 17-9091, as amended by Resolution No. 22-9091 adopted by the Board of Trustees on October 29, 1990, establishing the Community Facilities District and calling an election on November 27, 1990, to authorize the issuance of bonds and the levying of a special tax within the Community Facilities District. On November 27, 1990, a landowner election was held within the Community Facilities District, at which the landowners who comprised qualified electors of the Community Facilities District approved by more than two-thirds vote such proposition. The Election authorized the issuance of up to \$300,000,000 in principal amount of bonded indebtedness to finance authorized facilities and approving the levying of, maximum rate and method of apportionment of a special tax to pay the principal and interest on such bonded indebtedness (the “1990 Authorization”).

On March 8, 1991, the Superior Court of Los Angeles County rendered judgment in *Palmdale School District and Community Facilities District No. 90-1 of the Palmdale Elementary School District v. All Persons Interested in the Matter* (Superior Court Case No. BC017487), and held that the issuance of bonds of the Community Facilities District to be paid by a special tax authorized under the Act, and collected within the Community Facilities District, was valid and consistent with the Constitution of the State of California.

The Community Facilities District has issued \$113,385,872.05 in aggregate principal amount of the 1990 Authorization (assuming the issuance of the Series 2023 Bonds).

General Description and Location of the Community Facilities District

The Community Facilities District was formed on October 16, 1990 to provide a means of mitigating the impact of new residential development occurring within the boundaries of the School District on the demand for school facilities. The Community Facilities District constitutes a separate legal entity with limited powers to finance the acquisition, construction and/or leasing of certain identified schools and school facilities, administrative facilities and joint use facilities within City, such as parks, swimming pools and recreational centers. When first formed, the Community Facilities District consisted of approximately 2,397 acres zoned for residential use.

As new residential development has occurred within the School District, additional parcels have been annexed into the Community Facilities District. Other parcels have been removed or have become Tax-Exempt from the Community Facilities District due to subdivision and dedications to other public uses such as rights-of-way, streets, easements, parks and school sites. As a result of the separate annexation proceedings described in Table 1 below together with other actions, as of fiscal year 2023-24, the Community Facilities District contains 7,960 taxable assessor parcels comprising approximately 1,551 taxable acres of a total of approximately 2,776 acres. The Community Facilities District lies completely within the boundaries of the School District and includes portions of the City as well as unincorporated areas of the County. The Community Facilities District’s boundaries are not coterminous with the School District or with any other governmental jurisdiction.

PROPERTY ANNEXATIONS TO DATE
Palmdale Elementary School District Community Facilities District No. 90-1
(As of September 1, 2023)

Annexation ⁽¹⁾	Date of Recordation ⁽²⁾	Total Acres Annexed ⁽²⁾
Annexation No. 1	May 21, 1991	8.44
Annexation No. 2	Sept. 10, 1991	359.90
Amended Annexation No. 2 ⁽³⁾	Jan. 15, 1992	5.00
Annexation No. 3	Oct. 16, 1991	186.83
Annexation No. 4	Jun. 8, 1992	84.27
Annexation No. 5	Jan. 15, 1993	109.31
Annexation No. 6	May 26, 1993	15.64
Annexation No. 7	Sept. 10, 1993	29.70
Annexation No. 8	Aug. 17, 1994	17.85
Annexation No. 9	Nov. 16, 1994	40.10
Annexation No. 10	Jul. 10, 1997	12.09
Annexation No. 11 ⁽⁴⁾	Nov./Dec. 2001	71.16
Annexation No. 12 ⁽⁴⁾	Nov. 2002	55.97
Annexation No. 13 ⁽⁵⁾	Jun. 10, 2004	N/A
Annexation No. 14 ⁽⁵⁾	Mar. 18, 2005	N/A
Annexation No. 15 ⁽⁵⁾	Mar. 18, 2005	N/A
Annexation No. 16 ⁽⁵⁾	Mar. 18, 2005	N/A
Annexation No. 18 ⁽⁴⁾	Nov. 2005 – Feb. 2006	N/A
Annexation No. 19	May 22, 2006	25.33
Annexation No. 20	Jun. 12, 2006	56.76
Annexation No. 21	Jun. 12, 2006	26.97
Annexation No. 22	Sep. 5, 2006	N/A
Annexation No. 23	May 15, 2007	14.66
Annexation No. 24	May 15, 2007	60.07
Annexation No. 25	May 15, 2007	31.49
Annexation No. 26	May 15, 2007	98.16
Annexation No. 27	Jun. 8, 2007	18.88
Annexation No. 28	Aug. 1, 2008	43.88
Annexation No. 29 ⁽⁶⁾	Jan. 21, 2020	5.34
Annexation No. 30 ⁽⁶⁾	Jan. 19, 2021	10.30
Annexation No. 31 ⁽⁶⁾	Jun. 18, 2021	14.56

⁽¹⁾ Annexation 17 did not occur.

⁽²⁾ As shown on the Notice of Special Tax Lien (“NSTL”) recorded at the County, unless otherwise noted.

⁽³⁾ Corrected APN 3051-015-018 incorrectly listed on the Original Annexation as 3051-015-031.

⁽⁴⁾ The NSTL for Annexations 11, 12 and 18 are unavailable. The dates listed are based on Board of Trustees approval of the resolutions adopting the amended annexation territory map for such Annexation.

⁽⁵⁾ The Recorded NSTL for these Annexations did not include an attached owners listing of acreage.

⁽⁶⁾ Reflects the annexation approval date.

Source: School District/County, as compiled by Koppel & Gruber Public Finance

Development within the Community Facilities District

As of fiscal year 2023-24, approximately 1,551 acres of property have been developed in the Community Facilities District and approximately 920 acres remain undeveloped. Tax-Exempt property accounts for 305 acres in fiscal year 2023-24. In fiscal year 2023-24, Developed Properties occupied by primarily homeowners and renters accounted for 100% of the levy of the Special Tax. More specifically, the land use category by the Los Angeles County Assessor for Developed Properties includes 7,494 Residential Single-Family properties, 464 Residential Condominium properties and two Residential Apartment properties. The fiscal year 2023-24 levy from Residential Single-Family properties is \$7,400,896.16 or approximately 95% of the 2023-24 levy. In fiscal year 2023-24, the median assessed value for Residential Single-Family properties is approximately \$338,000.

The Special Tax for fiscal year 2023-24, based on the development status of taxable parcels in the Community Facilities District for fiscal year 2023-24, is summarized in the table entitled “SPECIAL TAXES BY TAX RATE CATEGORY” under “SECURITY FOR THE SERIES 2023 BONDS – Special Tax.”

The effective tax rate on parcels in the Community Facilities District for fiscal year 2022-23 is summarized in the following table. Over 75% of parcels in the Community Facilities District have an effective tax rate of 1.75% to 2.50% of their total assessed value. The total Special Tax in fiscal year 2022-23 is \$7,550,776.

EFFECTIVE TAX RATE FOR FISCAL YEAR 2022-23 Palmdale Elementary School District Community Facilities District No. 90-1

Effective Tax Rate Category	Number of Parcels Levied	CFD Special Tax Levy 2022-23	Total Taxes Levied FY 2022-23	FY 2022-23 Assessed Total AV	Average Effective Tax Rate
Greater than 2.500%	686	\$658,682	\$3,276,738	\$112,309,173	2.92%
2.250% to 2.500%	1,001	925,590	4,703,514	199,061,372	2.36
2.000% to 2.249%	1,912	1,825,649	10,453,550	498,034,546	2.10
1.750% to 1.999%	2,997	2,904,600	19,844,763	1,066,947,229	1.86
1.500% to 1.749%	1,175	1,115,058	9,090,357	541,224,098	1.68
Less than 1.500%	105	121,197	670,754	51,016,409	1.31
Total	7,876	\$7,550,776	\$48,039,676	\$2,468,592,827	1.95%

Source: County, National Tax Data, as compiled by Koppel & Gruber Public Finance.

Assessed Valuation

The secured assessed value of the Developed Property within the Community Facilities District on which the tax is currently levied, as established by the Los Angeles County Office of the Assessor (the “County Assessor”) for fiscal year 2023-24, is \$2,661,333,176, which amount is (a) approximately 16.64 times the sum of the principal amount of the Series 2023 Bonds (reflecting the issuance of \$26,765,000 aggregate principal amount of the Series 2023 Bonds), plus \$133,195,823 of total outstanding and overlapping debt of such parcels (which debt includes the amount of the Outstanding Bonds as described in the Statement of Direct and Overlapping Bonded Debt herein, plus \$40,000,000 of additional and overlapping general obligation debt (the General Obligation Bonds, Election of 2022, Series 2023) issued by the School District on October 5, 2023, and (b) approximately 28.49 times the sum of the principal amount of the Outstanding Bonds plus the Series 2023 Bonds (reflecting the issuance of \$26,765,000 aggregate principal amount of the Series 2023 Bonds).

The property in the Community Facilities District is also subject to taxes and assessments to pay debt of other entities, including the School District, as displayed in the Statement of Direct and Overlapping Bonded Debt herein. This gross assessed valuation may not be representative of the actual market value of property in the Community Facilities District because Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% a year unless a property is sold or transferred. As a consequence, assessed values are typically less than actual values unless the property has recently changed ownership or has been reassessed. See “RISK FACTORS – Property Values.”

The following table shows the historical assessed valuation and changes in assessed values for Developed Property on which the tax was levied in the Community Facilities District for fiscal year 2002-03 through fiscal year 2023-24.

**SECURED ASSESSED VALUATION OF DEVELOPED PROPERTY
FISCAL YEARS 2002-03 THROUGH 2023-24
Palmdale Elementary School District Community Facilities District No. 90-1**

Fiscal Year	Number of Parcels Levied	% Change in Number of Parcels Levied	Assessed Value for Levied Parcels	% Change in AV of Parcels Levied
2002-03	3,458	--	\$ 503,607,479	--
2003-04	3,597	4.02%	537,121,710	6.65%
2004-05	3,845	6.89	607,978,236	13.19
2005-06	4,277	11.24	808,270,335	32.94
2006-07	4,676	9.33	1,074,156,136	32.90
2007-08	4,880	4.36	1,095,973,607	2.03
2008-09	6,453	32.23	1,494,607,637	36.37
2009-10	6,667	3.32	1,368,464,390	(8.44)
2010-11	7,217	8.25	1,272,006,608	(7.05)
2011-12	7,299	1.14	1,321,216,867	3.87
2012-13	7,353	0.74	1,258,377,346	(4.76)
2013-14	7,413	0.82	1,305,528,616	3.75
2014-15	7,448	0.47	1,474,694,509	12.96
2015-16	7,451	0.04	1,590,562,070	7.86
2016-17	7,457	0.08	1,678,251,816	5.51
2017-18	7,487	0.40	1,774,724,031	5.75
2018-19	7,511	0.32	1,890,400,256	6.52
2019-20	7,523	0.16	1,991,793,643	5.36
2020-21	7,703	2.39	2,113,672,528	6.12
2021-22	7,786	1.08	2,222,139,375	5.13
2022-23	7,876	1.16	2,468,592,827	11.09
2023-24	7,960	1.07	2,661,333,176	7.81

Source: School District/County, as compiled by Koppel & Gruber Public Finance.

The following three tables detail value-to-debt ratios:

1. Based on secured assessed valuation of Developed Property in the Community Facilities District, the distribution of fiscal year 2023-24 value-to-debt ratios for all Community Facilities District debt.
2. Based on secured assessed valuation of Developed Property in the Community Facilities District, the distribution of fiscal year 2023-24 value-to-debt ratios for all land secured debt.
3. Based on secured assessed valuation of the top twenty taxpayers in the Community Facilities District, as measured by percentage of fiscal year 2023-24 Special Tax levy, the distribution of fiscal year 2023-24 value-to-debt ratios for all Community Facilities District debt.

**VALUE TO DEBT RATIOS FOR DEVELOPED PROPERTY WITH COMMUNITY FACILITIES DISTRICT DEBT
FISCAL YEAR 2023-24
Palmdale Elementary School District Community Facilities District No. 90-1
(After the August 1, 2023 Debt Service Payments)**

Current Assessed VTD	Total Assessable Square Footage	Number of Parcels Levied	Special Tax Levy 2023-24	% of Special Tax Levy	FY 2023-24 Assessed Land Value	FY 2023-24 Assessed Improvement Value	FY 2023-24 Assessed Total AV	Series 1999, 2011, 2012, 2017 and 2023 CFD Debt⁽¹⁾	Value-To-Debt Ratio	% of CFD Debt
Less Than 1.0	-	-	\$0	0.00%	\$0	\$0	\$0	\$0	N/A	0.00%
1.0 to 3.00 ⁽²⁾	149,962	48	63,417	0.81	1,339,889	6,444	1,346,333	758,156	1.78	0.81
3.01 to 5.00	78,018	28	32,993	0.42	1,452,481	179,681	1,632,162	394,432	4.14	0.42
5.01 to 10.00	79,502	37	33,621	0.43	1,537,476	1,038,418	2,575,894	401,935	6.41	0.43
10.01 to 15.00	772,474	267	326,672	4.18	11,744,794	42,473,076	54,217,870	3,905,363	13.88	4.18
15.01 to 20.00	2,980,142	1,224	1,260,272	16.13	55,149,574	211,189,048	266,338,622	15,066,572	17.68	16.13
20.01 to 86.13	14,414,685	6,356	6,095,826	78.02	609,052,255	1,726,170,040	2,335,222,295	72,875,685	32.04	78.02
Total	18,474,783	7,960	\$7,812,800	100.00%	\$680,276,469	\$1,981,056,707	\$2,661,333,176	\$93,402,141	28.49	100.00%

⁽¹⁾ Reflects Community Facilities District debt, including the Series 2023 Bonds as of August 2, 2023.

⁽²⁾ Includes single family residential units which have been issued building permits, but where assessed values have not yet been increased accordingly.

Numbers may not compute due to rounding.

Source: School District/County, as compiled by Koppel & Gruber Public Finance

**VALUE TO DEBT RATIOS FOR DEVELOPED PROPERTY WITH ALL LAND SECURED DEBT
FISCAL YEAR 2023-24
Palmdale Elementary School District Community Facilities District No. 90-1
(After the August 1, 2023 Debt Service Payments)**

Current Assessed VTD	Total Assessable Square Footage	Number of Parcels Levied	Special Tax Levy 2023-24	% of Special Tax Levy	FY 2023-24 Assessed Land Value	FY 2023-24 Assessed Improvement Value	FY 2023-24 Assessed Total AV	CFD Debt Plus Other Overlapping Debt⁽¹⁾	Value-To-Debt Ratio	% of Current Debt
Less Than 1.0	-	-	\$ 0	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	N/A	0.00%
1.0 to 3.00 ⁽²⁾	152,240	49	64,381	0.82	1,357,506	25,598	1,383,104	800,533	1.73	0.50
3.01 to 5.00	115,962	44	49,039	0.63	2,450,363	227,543	2,677,906	659,140	4.06	0.41
5.01 to 10.00	228,795	87	96,755	1.24	3,270,301	10,254,118	13,524,419	1,503,689	8.99	0.94
10.01 to 15.00	6,655,721	2,740	2,814,638	36.03	138,429,945	515,736,896	654,166,841	50,245,795	13.02	31.41
15.01 to 20.00	8,596,561	3,664	3,635,399	46.53	330,277,902	1,013,535,694	1,343,813,596	77,102,130	17.43	48.20
20.01 to 27.43	2,725,504	1,376	1,152,588	14.75	204,490,452	441,276,858	645,767,310	29,649,536	21.78	18.54
Total	18,474,783	7,960	\$7,812,800	100.00%	\$680,276,469	\$1,981,056,707	\$2,661,333,176	\$159,960,824	16.64	100.00%

⁽¹⁾ Reflects Community Facilities District debt including the Series 2023 Bonds, and the outstanding general obligation debt, plus all overlapping land secured and general obligation debt. Includes overlapping debt on parcels levied by Community Facilities District No. 90-1 for the 2023-24 tax year only. The School District issued its General Obligation Bonds, Election of 2022, Series 2023 in the aggregate principal amount of \$40,000,000 on October 5, 2023. These obligations are also reflected in this table. Includes overlapping debt on parcels levied by the Community Facilities District for the 2023-24 tax year only.

⁽²⁾ Includes single family residential units which have been issued building permits, but where assessed values have not yet been increased accordingly. Numbers may not compute due to rounding.

Source: School District/County, as compiled by Koppel & Gruber Public Finance

**VALUE TO DEBT RATIOS FOR TOP 20 TAXPAYERS WITHIN THE COMMUNITY FACILITIES DISTRICT
FISCAL YEAR 2023-24
Palmdale Elementary School District Community Facilities District No. 90-1**

Property Owner ⁽¹⁾	Assessable Space	Number of Parcels Levied	Special Tax Levy 2023-24	% of Special Tax Levy	FY 2023-24 Assessed Value	Current and Proposed CFD Debt ⁽²⁾	% of Current and Proposed CFD Debt	Assessed VTD Ratio
LCTH Investments LP ⁽³⁾	123,219	39	\$52,108	0.67%	\$1,118,022	\$622,953	0.67%	1.79
Sierra View Gardens LP	106,049	1	44,847	0.57	15,332,487	536,147	0.57	28.60
Paragon HM LLC ⁽³⁾	104,225	39	44,076	0.56	3,397,129	526,925	0.56	6.45
Desert Senior Associates	59,407	1	25,123	0.32	7,524,020	300,341	0.32	25.05
2018 1 IH Borrower LP	36,589	18	15,473	0.20	5,766,075	184,981	0.20	31.17
2018 2 IH Borrower LP	21,174	9	8,954	0.11	2,822,329	107,049	0.11	26.36
AVTWO Homes LLC	19,152	6	8,099	0.10	2,896,249	96,826	0.10	29.91
Esparza, Jose U.	19,605	8	8,291	0.11	1,577,070	99,116	0.11	15.91
Canyonwood HM LLC ⁽³⁾	16,683	1	7,055	0.09	146,370	84,343	0.09	1.74
FH II LLC	15,269	1	6,457	0.08	1,602,216	77,195	0.08	20.76
40th and R Investments LLC	15,061	5	6,369	0.08	1,915,236	76,143	0.08	25.15
2018-3 IH Borrower LP	12,062	5	5,101	0.07	1,821,507	60,981	0.07	29.87
IH5 Property West LP	11,825	4	5,001	0.06	1,676,268	59,783	0.06	28.04
SWH 2017 1 Borrower LP	11,316	5	4,785	0.06	1,721,054	57,210	0.06	30.08
Satnamji LLC	10,289	4	4,351	0.06	824,710	52,018	0.06	15.85
Motlagh, Katayoun	9,496	3	4,016	0.05	930,777	48,009	0.05	19.39
Dallin LLC	8,967	4	3,792	0.05	1,353,700	45,334	0.05	29.86
Tran, Khanh V et al	8,961	3	3,790	0.05	1,672,800	45,304	0.05	36.92
Leoko LLC	8,858	4	3,746	0.05	834,846	44,783	0.05	18.64
IH3 Property West LP	8,527	3	3,606	0.05	1,196,044	43,110	0.05	27.74
Total	626,734	163	\$265,039	3.39%	\$56,128,909	\$3,168,550	3.39%	17.71

⁽¹⁾ Property ownership as listed on the Los Angeles County secured tax roll for fiscal year 2023-24 as of the January 1, 2023 lien date.

⁽²⁾ Includes the existing principal balance of the Series 2011A Bonds, Series 2012B Bonds, Series 2017A Bonds and Series 2017B Bonds, the accreted value as of August 2, 2023 of the Series 1999 Bonds and Series 2012A Bonds, and \$26,765,000 aggregate principal of the Series 2023 Bonds.

⁽³⁾ Includes single family residential units which have been issued building permits, but where assessed values have not yet been increased accordingly.

Source: School District/County, as compiled by Koppel & Gruber Public Finance

Direct and Overlapping Debt

Contained within the boundaries of the Community Facilities District are numerous overlapping local agencies providing public services. Many of these local agencies have outstanding debt. Set forth in the following table is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc. effective August 16, 2023 for debt outstanding as of September 1, 2023. The table is included for general information purposes only. The Community Facilities District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of the date of the schedule and whose territory overlaps the Community Facilities District in whole or in part. Column two sets forth the percentage of each overlapping agency's assessed value located within the boundaries of the Community Facilities District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not set forth in the table) produces the amount set forth in column three, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the Community Facilities District.

The schedule generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Community Facilities District. Such long-term obligations generally are not payable from revenues of the Community Facilities District (except as indicated) nor are they necessarily obligations secured by land within the Community Facilities District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

Not included numerically or otherwise in the descriptions of overlapping debt below or elsewhere in this Official Statement are assessments which may exist on properties within the Community Facilities District for the benefit of any Property Assessed Clean Energy ("PACE") programs, in which local governments in collaboration with private sector partners, provide financing for energy efficiency, renewable energy, and water conservation retrofits on residential and commercial properties. Under these programs, a property owner is permitted to finance the up-front cost of energy or other eligible improvements on a property, with such costs financed over a term of years through a voluntary assessment attached to the improved property. Payments for such projects and retrofits are secured by assessments on such participating residential and commercial properties. The overlapping debt information included in this Official Statement is necessarily understated by the amount of such assessments on properties within the Community Facilities District, if any.

PALMDALE SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 90-1
Statement of Direct and Overlapping Bonded Debt

August 16, 2023

2023-24 Assessed Valuation: \$2,697,235,618 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 9/1/23</u>
Antelope Valley Joint Community College District	5.703%	\$ 24,091,001
Antelope Valley Union High School District	6.463	1,496,195
Palmdale School District	20.306	32,387,887 ⁽¹⁾
Palmdale School District Community Facilities District No. 90-1	100.000	48,738,773 ⁽²⁾
City of Palmdale Street Lighting and Maintenance Assessment Districts	10.991-45.133%	1,364,297
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$108,078,153
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	0.134%	\$3,446,021
Los Angeles County Superintendent of Schools Certificates of Participation	0.134	3,818
Antelope Valley Joint Community College District Certificates of Participation	5.703	565,766
Antelope Valley Union High School District General Fund Obligations	6.463	357,408
Palmdale School District Certificates of Participation	20.306	2,243,113
City of Palmdale Certificates of Participation	15.204	7,006,896
Los Angeles County Sanitation District No. 14 Authority	0.226	240
Los Angeles County Sanitation District No. 20 Authority	20.275	17,981
TOTAL OVERLAPPING GENERAL FUND DEBT		\$13,641,243
COMBINED TOTAL DEBT		\$121,719,396⁽³⁾

Ratios to 2022-23 Assessed Valuation:

Direct Debt (\$48,738,773).....	1.81%
Total Gross Direct and Overlapping Tax and Assessment Debt	4.01%
Combined Total Debt.....	4.51%

⁽¹⁾ Does not include additional and overlapping general obligation debt issued by the School District in the form of its General Obligation Bonds, Election of 2022, Series 2023 in the aggregate principal amount of \$40,000,000.

⁽²⁾ Excludes the Series 2023 Bonds.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

RISK FACTORS

The purchase of the Series 2023 Bonds involves certain investment risks. 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 Series 2023 Bonds. The discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the Series 2023 Bonds, and this Official Statement should be read in its entirety for the purpose of making an informed investment decision.

The Bonds Are Not General Obligations of the Community Facilities District or the School District

The Series 2023 Bonds are not general obligations of the Community Facilities District or the School District, but are limited obligations of the Community Facilities District payable solely from proceeds of the Special Tax. Any tax for the payment of the Series 2023 Bonds shall be limited to the Special Taxes to be collected within the jurisdiction of the Community Facilities District. The Special Taxes could be insufficient to pay the principal of, premium, if any, and interest on the Series 2023 Bonds, due to non-payment of such annual Special Taxes or insufficient proceeds received from the sales of taxable parcels in the Community Facilities District due to delinquencies. The Community Facilities District's obligation with respect to delinquent Special Taxes is limited to the institution of judicial foreclosure proceedings under certain circumstances with respect to parcels for which Special Taxes are delinquent. See "SECURITY FOR THE SERIES 2023 BONDS – Delinquent Payments of Special Tax; Covenant for Foreclosure."

The Community Facilities District has no obligation to pay principal of and interest on the Series 2023 Bonds in the event Special Tax collections are delinquent, other than from amounts, if any, on deposit in the Special Tax Fund, the Bond Fund, the Series 2023 Reserve Account, or funds derived from the tax sale or foreclosure and sale of parcels on which levies of the Special Tax are delinquent, nor is the Community Facilities District obligated to advance funds to pay such debt service on the Series 2023 Bonds.

The Special Taxes Are Not Personal Obligations of the Property Owners

The obligation to pay Special Taxes levied within the Community Facilities District does not constitute a personal obligation of the current or subsequent owners of the property in the Community Facilities District. Enforcement of payment obligations by the Community Facilities District is limited to judicial foreclosure in the Los Angeles County Superior Court. See "SECURITY FOR THE SERIES 2023 BONDS – Delinquent Payments of Special Tax; Covenant for Foreclosure." There is no assurance that any current or subsequent owner of a parcel subject to Special Taxes will be able to pay the Special Taxes, or that such owner will choose to pay such Special Taxes, even though financially able to do so. If the value of the land within the Community Facilities District is not sufficient to fully secure the Special Tax, then the Community Facilities District has no recourse against the landowner under the laws by which the Special Tax has been levied and the Series 2023 Bonds have been issued.

Risks of Real Estate Secured Investments Generally

The owners of the Series 2023 Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the Community Facilities District, the supply of or demand for competitive properties in such area, and the market value of homes in the event of sale or foreclosure, (b) changes in real estate tax rates, and (c) natural disasters (including, without limitation, earthquakes and floods), which may result in uninsured losses.

Special Tax Delinquencies

In order to pay debt service on the Series 2023 Bonds, it is necessary that the Special Taxes be paid in a timely manner. Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the Bonds including the Series 2023 Bonds are derived, are customarily billed to the properties within the Community Facilities District, as applicable, on the regular *ad valorem* property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular *ad valorem* property tax installments. The unwillingness or inability of a property owner to pay *ad valorem* property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future. If a substantial number of homeowners fail to pay the Special Taxes when due there could be significant special tax delinquencies.

Insufficiency of Special Taxes

The principal source of payment of revenues which secure the payment of principal of and interest on the Series 2023 Bonds is the proceeds of the annual levy and collection of the Special Tax. The annual levy of the Special Tax is subject to the maximum tax rates authorized. See APPENDIX A – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the Series 2023 Bonds. Other funds which might or might not be available include funds derived from the payment of delinquent Special Taxes and funds derived from the tax sale of foreclosure and sale of parcels on which the Special Taxes levied are delinquent. The levy of the Special Tax on Developed Property is currently being collected at the maximum rate.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular taxed parcels and the amount of the levy of the Special Tax. Thus, there will rarely, if ever, be a uniform relationship between the value of such parcels and the proportionate share of debt service on the Series 2023 Bonds, and certainly not a direct relationship.

Collection of the Special Tax; Foreclosure

The Special Tax Formula provides that the Special Tax is to be collected in the same manner as *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described below and in the Act, is to be subject to the same penalties and the same lien priority as is provided for *ad valorem* property taxes.

Pursuant to the Act, in the event of any delinquency in the payment of the Special Tax, the Community Facilities District may order the institution of a superior court action to foreclose the lien therefor in the amount of the delinquent Special Taxes plus penalties, interest, and costs (including attorney’s fees within specified time limits). In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale. Such judicial foreclosure action is not mandatory. However, the Community Facilities District has covenanted to cause foreclosure proceedings to be commenced and prosecuted against certain properties that are delinquent in the payment of the Special Tax. See “SECURITY FOR THE SERIES 2023 BONDS – Delinquent Payments of Special Tax; Covenant for Foreclosure.”

In the event that sales or foreclosures of property are necessary, there could be a delay in payment of the Series 2023 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the Community Facilities District of the proceeds of sale if the Series 2023 Reserve Account are depleted.

The prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. In addition, there can be no assurance that the sale of delinquent parcels in foreclosure proceeds will result in sufficient proceeds to cover delinquencies.

Reduction of Special Tax Revenues

The Special Tax Formula may be amended at any time in accordance with the Act without the consent or approval of the Trustee or any Bond owners; provided, however, that the Special Tax Formula may not be amended to reduce the rate at which the Special Taxes may be levied or to terminate the levy of the Special Tax unless the Community Facilities District determines that the reduction or termination of Special Taxes would not have a material adverse effect on the repayment of the Bonds, including the Series 2023 Bonds.

Property Values

The value of taxable land within the Community Facilities District is a critical factor in determining the investment quality of the Series 2023 Bonds. If a property owner defaults in the payment of the Special Tax, the Community Facilities District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic factors beyond the Community Facilities District's control, such as relocation of employers out of the area, stricter land use regulations, the absence of water, or destruction of property caused by, among other eventualities, earthquake, flood or other natural disaster, or by environmental pollution or contamination.

Assessed Values

Prospective purchasers of the Series 2023 Bonds should not assume that the land within the Community Facilities District could be sold for the assessed amount described in this Official Statement at a foreclosure sale for delinquent Special Taxes.

The assessed values summarized the assessed value of the property within the Community Facilities District. This value is merely the amount of the assessed value in the records maintained by the County Assessor. The assessed value relates to sale by a willing seller to a willing buyer at a point in time, as adjusted by State law. Consequently, the assessed value is of limited use in predicting the selling price at a foreclosure sale, because the sale is forced and the buyer may not have the benefit of full information.

No assurance can be given that if any of the Taxable Property in the Community Facilities District should become delinquent in the payment of the Special Taxes, and be foreclosed upon, that such property could be sold for the assessed value. See "Value-to-Debt Ratios," below.

Risks Related to Rising Interest Rates; Recent Bank Failures

On December 14, 2022, the Federal Reserve Board raised interest rates by 50 basis points, following four consecutive 75 basis point increases and the seventh rate increase in 2022. On February 1, 2023, March 22, 2023, May 3, 2023 and July 27, 2023, the Federal Reserve Board raised interest rates by 25 basis points. Increasing interest rates may increase unemployment, may affect mortgage interest rates, and may result in other economic impacts that result in lower home values. Declines or potential declines in home values in the Community Facilities District could result in a property owner's unwillingness or inability to pay mortgage payments, as well as *ad valorem* property taxes and Special Taxes, when due. Under such circumstances, bankruptcies could occur. Bankruptcy by homeowners with delinquent Special

Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

Rising interest rates have resulted in unexpected runs on deposits of certain regional banks resulting in the Federal Deposit Insurance Corporation (the “FDIC”) in recent months being appointed as receiver for Silicon Valley Bank (“SVB”) on March 10, 2023, Signature Bank (“Signature Bank”), on March 12, 2023, and First Republic Bank (“First Republic Bank”) on May 1, 2023. At the time of appointment as receiver, SVB, a large California based bank was the 16th largest bank in the United States, Signature Bank, a large New York based bank was the 29th largest bank in the country, and as of the end of 2022, First Republic Bank, a large California based bank, was the 14th largest bank in the United States. With First Republic Bank’s failure, the failures constituted the third, fourth, and second largest bank failures, respectively, in United State history. In each case, the FDIC indicated that all deposits at each institution would be honored, regardless of the dollar amount. The Community Facilities District cannot predict whether future changes in financial markets may occur which may impact interest rates, availability of mortgage loans, or availability of funding which impact development in the Community Facilities District.

Risks Related to Availability of Mortgage Loans

In the past, events in the United States of America and world-wide capital markets have adversely affected the availability of mortgage loans to homeowners and since the beginning of 2022, mortgage interest rates have risen. Potential buyers of homes within the Community Facilities District may be adversely affected by increases in mortgage interest rates, or any such unavailability of mortgage loans. Such events could hinder the ability of the current homeowners to resell their homes, or the sale of newly completed homes in the future.

Land Development

Land values are influenced by the level of development in the area in many respects. First, partially developed land is generally less valuable than developed land and provides less security to the owners of the Series 2023 Bonds should it be necessary for the Community Facilities District to foreclose on undeveloped property due to the nonpayment of Special Taxes. Moreover, failure to complete development on a timely basis could adversely affect the land values of those parcels which have been completed. In the event of a foreclosure sale necessitated by delinquencies in the payment of the Special Tax, lower land values would result in lower proceeds from the foreclosure sale and thus less security for the payment of principal of and interest on the Series 2023 Bonds. While land ownership in the Community Facilities District is diverse, a portion of the property in the Community Facilities District is in various stages of developments and therefore subject to development risks.

Continuing development of land within the Community Facilities District may be adversely affected by changes in general or local economic conditions, fluctuations in the real estate market, increased construction costs, development, financing and marketing capabilities of individual property owners, water shortages and other similar factors. Development in the Community Facilities District may also be affected by development in surrounding areas which may compete with the Community Facilities District. In addition, land development operations are subject to comprehensive federal, state and local regulations, including environmental, land use, zoning and building requirements. There can be no assurance that land development operations within the Community Facilities District will not be adversely affected by these risks. The Community Facilities District has not evaluated development risks. Since these are largely business risks of the type that property owners customarily evaluate individually, and inasmuch as changes in land ownership may well mean changes in the evaluation with respect to any particular parcel, the Community Facilities District is issuing the Series 2023 Bonds without regard to any such evaluation. Thus, the creation of the Community Facilities District and the issuance of the Series 2023 Bonds in no way

implies that the Community Facilities District has evaluated these risks or the reasonableness of these risks even though such risks may be serious and may ultimately halt or slow the progress of land development and forestall the realization of taxed parcel values. With respect to fiscal year 2023-24, the Annual Special Tax levy on Developed Property is sufficient to pay the principal of and interest on the Series 2023 Bonds. During its thirty-three years of existence, the Community Facilities District has not levied an Undeveloped Property Tax. No assurance is provided that the Special Tax levied on Developed Property will be sufficient to pay debt service on the Bonds in the future.

Public and Private Improvements – Future Indebtedness

At the present time, a portion of the property in the Community Facilities District is undeveloped. Development of said portion depends upon both public and private improvement of land within the Community Facilities District. The construction of said improvements is contingent upon an approximate level of funding.

The Community Facilities District has the authority to issue Bonds which would be on a parity with the Series 2023 Bonds and the Outstanding Bonds. Upon the issuance of the Series 2023 Bonds, one or more series of Bonds, on a parity with the Series 2023 Bonds and Outstanding Bonds, in an aggregate principal amount up to approximately \$186,614,127.95 could be issued to finance the Projects. See “SECURITY FOR THE SERIES 2023 BONDS – Parity Obligations.”

The cost of public and private improvements within the Community Facilities District will increase the public and private debt for which the land within the Community Facilities District is the security. This increased debt could reduce the ability or desire of the property owners within the Community Facilities District to pay the annual Special Tax levied against their property. See “SECURITY FOR THE SERIES 2023 BONDS – Special Tax.”

Zoning and Land Use Decisions

The Special Tax is to be levied annually based upon the land use categories in effect for each taxable parcel. Decisions made by the governing bodies having control over zoning and land use decisions for property within the Community Facilities District will affect the prospective use of the property and, therefore, the tax base for the Special Tax. At the present time the City Council has control over zoning and land use decisions for property within the Community Facilities District which is located in the City. The County has control over zoning and land use decisions for property within the Community Facilities District which is located in unincorporated areas of the County. See “SECURITY FOR THE SERIES 2023 BONDS – Special Tax.”

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Special Tax Formula. In addition, the Act provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the Community Facilities District acquired by a public entity through a negotiated transaction, or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. It is possible that property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes could become exempt from the Special Tax. In addition, 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, for outstanding Bonds only, is to be treated as if it were a special assessment. See “SECURITY FOR THE SERIES 2023 BONDS – Special Tax.”

Insofar as the Act requires payment of the Special Tax by a federal entity acquiring property within the Community Facilities District, it may be unconstitutional. If for any reason property within the Community Facilities District becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government, another public agency or a religious organization, subject to the limitation of the Annual Special Tax, the Special Tax will be reallocated to the remaining taxable properties within the Community Facilities District. 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 timely payment of the Special Tax. Moreover, if a substantial portion of land within the Community Facilities District becomes exempt from the Special Tax because of public ownership, or otherwise, the maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Series 2023 Bonds when due and a default would occur with respect to the payment of such principal and interest.

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

As provided in the Special Tax Formula, the owner of a parcel of Undeveloped Property may elect to pay a Prepayment Tax prior to the issuance of a building permit for such parcel, which would negate such owner paying what might otherwise have been subject to an Annual Special Tax on Developed Property. Once a parcel has become Developed Property, the owner may not prepay the Annual Special Tax. Upon payment of the Prepayment Tax, the parcel is classified as Tax Exempt Property and is no longer subject to an Annual Special Tax. Gross Taxes pledged to the payment of debt service on the Bonds do not include the Prepayment Tax authorized to be paid under the Special Tax Formula. The Community Facilities District does not expect to levy any Special Taxes on Undeveloped Property, nor does it expect to use amounts received from any Prepayment Tax or any foreclosure proceeding under the Act or the Indenture to pay the principal of and interest on the Outstanding Bonds and the Series 2023 Bonds. However, to the extent the Special Tax levied for a Fiscal Year on all Developed Property, together with all other funds of the Community Facilities District legally available to pay Bond Requirements for such Fiscal Year are insufficient to pay Bond Requirements due to anticipated delinquencies in the payment of Special Taxes, Undeveloped Property subject to the Special Tax to make up any such deficiency will be reduced to the extent that owners of Undeveloped Property paid the Prepayment Tax.

Bankruptcy

The payment of Special Taxes and the ability of the Community Facilities District to foreclose the lien of a delinquent Special Tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditor's rights or by the laws of the State relating to judicial foreclosure.

The various legal opinions to be delivered concurrently with the delivery of the Series 2023 Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien would then be treated as an unsecured claim by the court. Further, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the Series 2023 Bonds and the possibility of

delinquent tax installments not being paid in full. The prosecution of foreclosure proceedings could also be delayed for other reasons, including crowded court calendars and procedural delaying tactics.

Disclosures to Future Purchasers

The Community Facilities District has recorded notice of special tax liens in the Office of the Los Angeles County Recorder. 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 obligation for Special Taxes in the purchase of property within the Community Facilities District or the lending of money secured thereby. Failure to disclose the existence of the Special Taxes or the full amount of the *pro-rata* share of debt on the land in the Community Facilities District may affect the willingness and ability of future owners of land within the Community Facilities District to pay the Special Taxes when due.

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

Billing of Special Taxes

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

Under provisions of the Act, the Special Taxes are billed on the regular property tax bills sent to owners of the properties within the Community Facilities District which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year. Such Special Tax installments are due and payable, and bear the same penalties and interest for nonpayment, as do regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See “SECURITY FOR THE SERIES 2023 BONDS – Delinquent Payments of Special Tax; Covenant for Foreclosure,” for a discussion of the provisions which apply, and procedures which the Community Facilities District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes with respect to the Community Facilities District.

Payments by FDIC and Other Governmental Agencies

The ability of the Community Facilities District to collect the Special Taxes and interest and penalties specified by State law, and to foreclose the lien of delinquent Special Taxes, may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “FDIC”) or other similar federal governmental agencies has or obtains an interest. On June 4, 1991, the FDIC issued

a Statement of Policy Regarding the Payment of State and Local Property Taxes (the “1991 Policy Statement”). The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the “Policy Statement”). The Policy Statement provides that real 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. With respect to property in California owned by the FDIC on January 9, 1997, and that was owned by the Resolution Trust Corporation (“RTC”) on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC’s prior practice of paying special taxes imposed pursuant to the Act if the taxes were imposed prior to the RTC’s acquisition of an interest in the property. All other special taxes may be challenged by the FDIC. The Community Facilities District is not aware of any FDIC or other Agency ownership.

The Community Facilities District is unable to predict what effect the FDIC’s application of the Policy Statement would have in the event of a delinquency on a parcel within the Community Facilities District in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale. Owners of the Series 2023 Bonds should assume that the Community Facilities District will be unable to foreclose on any parcel owned by the FDIC. Such an outcome could cause draws on the Reserve Account (the 2023 Reserve Policy) for the Series 2023 Bonds and perhaps, ultimately, a default in payment on the Series 2023 Bonds.

Cumulative Burden of Parity Taxes and Special Assessments

The Special Taxes constitute a lien against the parcels of land on which they have been levied. Such lien is on a parity with all special taxes 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 Community Facilities District has no control over the ability of other entities to issue indebtedness secured by *ad valorem* taxes, special taxes or assessments levied on all or a portion of the property within the Community Facilities District. In addition, the owners of property within the Community Facilities District may, without the consent or knowledge of the Community Facilities District, petition other public agencies to issue public indebtedness secured by *ad valorem* taxes, special taxes or

assessments. Any such special taxes may have a lien on such property on a parity with the lien of the Special Taxes. See “THE COMMUNITY FACILITIES DISTRICT– Direct and Overlapping Debt.”

Value-to-Debt Ratios

The estimated value-to-debt ratios set forth in the table entitled “VALUE TO DEBT RATIOS FOR DEVELOPED PROPERTY WITH ALL LAND SECURED DEBT FISCAL YEAR 2023-24” (see “THE COMMUNITY FACILITIES DISTRICT – Assessed Valuation”) are based on the Los Angeles County Assessor’s secured tax roll for fiscal year 2023-24, of the Developed Property in the Community Facilities District, and the direct and overlapping debt allocable to property in the Community Facilities District as of September 1, 2023. No assurance can be given that such value-to-debt ratios will be maintained over time. As discussed herein, many factors which are beyond the control of the Community Facilities District could adversely affect the property values within the Community Facilities District. The Community Facilities District also has no control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Special Taxes. See “– Cumulative Burden of Parity Taxes and Special Assessments” and “THE COMMUNITY FACILITIES DISTRICT – Direct and Overlapping Debt.” A decrease in the assessed values in the Community Facilities District or an increase in the parity liens on property in the Community Facilities District, or both, could result in a lowering of the value-to-debt ratios of the property in the Community Facilities District.

Hazardous Substances

The market value of the property in the Community Facilities District is subject to diminution upon the future release or discovery thereon of a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions 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 “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) had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels be affected by a hazardous substance, would be to reduce the marketability and value by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The Community Facilities District has not independently verified, and is not aware, that any owner (or operator) of any of the parcels within the Community Facilities 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 Community Facilities District is not aware of them.

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

Natural Disasters

The Community Facilities District, like all California communities, may be subject to unpredictable seismic activity, fires, or flooding in the wake of fires or in the event of unseasonable rainfall. The occurrence of seismic activity, fires or flooding in or around the Community Facilities District could result in substantial damage to properties in the Community Facilities District which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes when due.

Risk of Climate Change. The change in the earth's average atmospheric temperature, generally referred to as "climate change," is expected to, among other things, increase the frequency of extreme weather events. The direct risks posed by climate change currently include or are expected to include more extreme heat events, increased incidence of wildfire and drought, rising sea levels, changes in precipitation levels, including flooding, and more intense storms. As greenhouse gas emissions continue to accumulate, climate change may intensify and increase the frequency of such extreme weather events. One or more of such extreme weather events could negatively impact the assessed value of the property within the Community Facilities District. The Community Facilities District cannot predict the timing, extent, or severity of climate change and its impact on property values in the Community Facilities District.

Risk of Earthquake. The Community Facilities District is located in a seismically active region. The most notable earthquake faults in the region include the San Andreas and over 100 smaller active faults. Property values could be reduced by the complete or partial destruction of taxable property as a result of an earthquake.

Risk of Drought. Most recently, the State has experienced periods of extreme precipitation, after having experienced severe drought conditions that led to the Governor of California (the "Governor") declaring a Statewide drought emergency in spring 2021. While storms have helped ease drought impacts, regions and communities across the State continue to experience water supply shortages, especially communities that rely on groundwater supplies that have been severely depleted in recent years. In March 2023, the Governor rolled back some drought emergency provisions that were deemed no longer needed due to then current water conditions, while maintaining other measures that support regions and communities still facing water supply challenges, and that continue building up long-term water resilience. The Community Facilities District cannot predict the extent to which drought conditions within the Community Facilities District, the School District, the County or any of the adjoining counties could cause reduced economic activity within the boundaries of the Community Facilities District or the extent to which drought conditions may impact facilities or the assessed value of taxable property within the Community Facilities District.

Risk of Wildfire. Property damage due to wildfire could result in significant damage to, destruction of, and significant decreases in the assessed value of taxable property within the boundaries of the Community Facilities District, as well as in damage to or destruction of facilities and property. In recent years, portions of the State, including the Community Facilities District, the School District, the County and adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Notable incidents that have impacted the County and adjacent counties in recent years include the Creek Fire, Holy Fire, Charlie Fire, Woolsey Fire, Saddle Ridge Fire, Tick Fire, Lake Fire, Bobcat Fire, Blue Ridge Fire and Silverado Fire. The Charlie Fire, which started in September 2018, burned around Charlie Canyon Road and Tapia Canyon Road near the City of Castaic. The Tick Fire, which started in October 2019, burned around Tick Canyon Road and Summit Knoll Road in Canyon Country. However, within the boundaries of the Community Facilities District, no facilities or property was damaged or destroyed by said wildfires or other recent wildfires. As a result of property damage from the Woolsey Fire, Lake Fire and Bobcat Fire, the County implemented recovery programs in conjunction

with local, state and federal agencies to address issues such as damage assessment, household hazardous waste removal, fire debris removal, insurance collection assistance and rebuilding efforts. The adjacent counties of Orange and Ventura have also been impacted by the wildfires mentioned above. The Community Facilities District cannot predict the extent to which any future wildfires within the Community Facilities District, the School District, County, or any of the adjoining counties could cause reduced economic activity within the boundaries of the Community Facilities District or the extent to which wildfires may impact facilities or the assessed value of taxable property within the Community Facilities District.

Limitations on Remedies

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Series 2023 Bonds or to preserve the tax-exempt status of the Series 2023 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Series 2023 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or others similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Right to Vote on Taxes Act

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 ("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."

Among other things, Section 3 of Article XIII states that "... the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. Although the matter is not free from doubt, it is likely that the exercise by the voters of the initiative power referred to in Article XIII C to reduce or terminate a Special Tax is subject to the same restrictions as are applicable to the Board of Trustees of the School District, as the legislative body for the Community Facilities District, pursuant to the Act. 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 Series 2023 Bonds.

It may be possible, however, for voters or the Community Facilities District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Series 2023 Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Taxes for Expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Series 2023 Bonds.

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

Ballot Initiatives and Legislative Measures

Proposition 218 was adopted pursuant to a measure qualified for the ballot pursuant to California’s constitutional initiative process, and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the Legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State or local districts to increase revenues or to increase appropriations or on the ability of a landowner to complete the development of property. See “– Land Development.”

For example, among measures on the November 3, 2020, ballot was California Proposition 15, the Tax on Commercial and Industrial Properties for Education and Local Government Funding Initiative which, if approved, would have resulted in the *ad valorem* property tax commercial and industrial properties being based on market value rather than the tax on commercial and industrial properties continuing to be based on the purchase price of such properties, subject to an annual increase at the rate of inflation or two percent (2%), whichever is lower. The adoption of any such initiative or enactment of legislation might place limitations on the ability of the State, the County, the School District or local districts to increase revenues or to increase appropriations or on the ability of a property owner to complete the development of the property.

Loss of Tax Exemption

As discussed under the caption “CONCLUDING INFORMATION – Tax Matters,” interest on the Series 2023 Bonds could become includable in gross income for federal income taxation purposes retroactive to the date the Series 2023 Bonds were issued, as a result of a failure of the Community Facilities District to comply with certain provisions of the Code. In order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2023 Bonds, the Community Facilities District has covenanted in the Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2023 Bonds under Section 103 of the Code. Interest on the Series 2023 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2023 Bonds were issued as a result of acts or omissions of the Community Facilities District in violation of the Code. Should such an event of taxability occur, the Series 2023 Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the mandatory redemption provisions of the Indenture. See “THE SERIES 2023 BONDS – Redemption.”

Bond Insurance Risk Factors

The Community Facilities District has acquired the Series 2023 Bond Insurance Policy to guarantee the scheduled payment of principal and interest on the Series 2023 Bonds. The following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Series 2023 Bonds when all or a portion becomes due, any Owner of the Series 2023 Bonds shall have a claim under the Series 2023 Bond Insurance Policy for such payments. The Series 2023 Bond Insurance Policy does not insure against redemption premium. The payment of principal and interest in connection with mandatory

redemption of the Series 2023 Bonds by the Community Facilities District which is recovered by the Community Facilities District from the Owner as a voidable preference under applicable bankruptcy law is covered by the Series 2023 Bond Insurance Policy; however, such payments will be made by BAM at such time and in such amounts as would have been due absent such redemption by the Community Facilities District unless BAM chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of BAM without appropriate consent. BAM may direct and must consent to any remedies and BAM's consent may be required in connection with amendments to any applicable legal documents.

In the event BAM is unable to make payment of principal and interest on the Series 2023 Bonds as such payments become due under the Series 2023 Bond Insurance Policy, the Series 2023 Bonds are payable solely from the moneys received pursuant to the applicable legal documents. In the event BAM becomes obligated to make payments with respect to the Series 2023 Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2023 Bonds or the marketability (liquidity) for the Series 2023 Bonds.

The long-term ratings on the Series 2023 Bonds are dependent in part on the financial strength of BAM and its claims-paying ability. BAM's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the BAM and of the ratings on the Series 2023 Bonds as insured by BAM will not be subject to downgrade and such event could adversely affect the market price of the Series 2023 Bonds or the marketability (liquidity) for the Series 2023 Bonds. See "RATINGS" herein.

The obligations of BAM are contractual obligations and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Community Facilities District nor the School District has made independent investigation into the claims-paying ability of BAM and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Community Facilities District to pay principal of and interest on the Series 2023 Bonds and the claims-paying ability of BAM, particularly over the life of the investment. See "BOND INSURANCE" for further information provided by BAM regarding BAM and the Series 2023 Bond Insurance Policy and for instructions for obtaining current financial information concerning BAM.

Limited Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2023 Bonds or, if a secondary market exists, that such Series 2023 Bonds can be sold for any particular price. Although the Community Facilities District has committed to provide certain statutorily required financial and operating information, there can be no assurance that such information will be available to Owners on a timely basis. The failure to provide the required annual financial information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of credit rating for the Series 2023 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.

No assurance can be given that the market price for the Series 2023 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Code), or changes in interpretation of the Code, or any action of the IRS, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Series 2023 Bonds for audit or examination, or the course or result of any IRS audit or examination of the Series 2023 Bonds or obligations that present similar tax issues as the Series 2023 Bonds.

Inflation Reduction Act

Changes enacted by federal tax legislation (the Public Law No. 117-169, also referred to as the “Inflation Reduction Act”) were enacted into law on August 16, 2022. The Inflation Reduction Act (H.R. 5376, 117th Congress) includes a 15% alternative minimum tax to be imposed on the “adjusted financial statement income,” as defined in the Inflation Reduction Act, of certain corporations for tax years beginning after December 31, 2022. Interest on the Series 2023 Bonds will be included in the “adjusted financial statement income” of such corporations for purposes of computing such alternative minimum tax.

IRS Audit of Tax-Exempt Bond Issues

The IRS has initiated an expanded program for the auditing or examination of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2023 Bonds will be selected for audit or examination by the IRS. It is also possible that the market value of such 2023 Bonds might be affected as a result of such an audit of such 2023 Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2023 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners of the Series 2023 Bonds from realizing the full current benefit of the tax status of such interest.

The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, liquidity of or marketability of, the Series 2023 Bonds. In recent years, legislative changes were proposed in Congress, which, if enacted, would result in additional federal income tax being imposed on certain owners of tax-exempt state or local obligations, such as the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion. As discussed in this Official Statement, under the caption “CONCLUDING INFORMATION – Tax Matters,” interest on the Series 2023 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2023 Bonds were issued as a result of future acts or omissions of the Community Facilities District in violation of its covenants in the Indenture. Should such an event of taxability occur, the Series 2023 Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

Backup Withholding

Interest paid with respect to tax-exempt obligations such as the Series 2023 Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest with respect to the Series 2023 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s

taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Cyber Security

School districts, like other governmental and business entities, face significant risks relating to the use and application of computer software and hardware for educational and operational and management purposes. The School District also collects, processes, and distributes an enormous amount of private, protected and personal information on students, staff, parents, visitors, vendors and contractors. As the custodian of such information, the School District may face cybersecurity threats from time to time. Given the importance of cybersecurity for school districts, federal lawmakers approved the K-12 Cybersecurity Act of 2021 to study cybersecurity risks that school districts face and develop recommended guidelines and an online training toolkit for school district officials to address such cybersecurity risks.

In June 2017, the School District experienced a cybersecurity ransomware attack. Although no school information was breached during the incident, the School District retained outside consultants to assist with the attack. The School District has since implemented new firewalls, a new network operation center and remote offsite back-ups. In addition, the School District conducts periodic training for its employees and has hired a Security Systems Administrator. The School District employs security systems to protect against cyberattacks and maintains a policy on responsible use of technology that is applicable to students and employees. Currently, the School District implemented the Multi Factor Authentication to add additional security and also uses the Sophos XDR and Managed Detection and Response (MDR) to monitor all network traffic for threats from hackers. The School District also activated “Wasabi” to provide a cloud-based disaster recovery solution to ensure business continuity and Palo Alto Networks used to scan all network traffic for anomalies and security threats. As a result, the School District expects that any disruptions caused by a cybersecurity attack would be temporary in nature. In the event of a cybersecurity attack, the School District maintains a cybersecurity insurance policy with Public Risk Innovation, Solutions, and Management under its cyber liability coverage program. There can be no assurance that a future cyberattack incident or attempted cyberattack incident would not compromise the personal information that the School District collects, processes and stores or cause a disruption in District operations, particularly given that students, teachers, and staff are accessing District computer systems and platforms remotely which may increase the risks of intrusion by third parties.

Infectious Disease Outbreak – COVID-19

The global outbreak of the novel coronavirus COVID-19 (“COVID-19”), a respiratory disease declared to be a pandemic (the “Pandemic”) by the World Health Organization, was a widespread public health emergency that significantly affected the national capital markets and national, State and local economies in various ways. Both the State and the County took actions designed to mitigate the spread of COVID-19, including requiring the temporary closure of non-essential businesses. The spread of COVID-19 altered the behavior of businesses and people in a manner that has had a negative effect on global and local economies, including activities that generate, in particular, transient occupancy taxes or hotel taxes, sales and use taxes, and property taxes.

While the number of cases of COVID-19 and related deaths have decreased significantly in the State since the height of the Pandemic, County, State and federal actions may be taken to contain future COVID-19 outbreaks or other public health emergencies.

Through the previous course of the Pandemic, several national and statewide public health emergencies were declared, with related orders. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on

March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Also on March 13, 2020, California Governor Gavin Newsom issued Executive Order N-26-20, proclaiming a State of Emergency to exist in California as a result of the threat of COVID-19. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 16, 2020, the Governor issued Executive Order N-28-20, imposing temporary restrictions on the application of landlord/tenant law, which authorized local governments to halt evictions for renters and homeowners, slowed foreclosures, and provided protections against utility shutoffs for Californians affected by COVID-19, provided that the order does not relieve a tenant from the obligation to pay rent, or restrict the landlord's ability to recover rent that is due. The order expanded a local government's authority to limit residential or commercial evictions, but only as to nonpayment evictions caused by a documented loss of income caused by the Pandemic or the governmental responses. In August 2020, the Governor ordered an extension of protections through January 31, 2021, unless extended. The order also requested banks and other financial institutions to halt foreclosures and related evictions during this time period.

The County Treasurer permitted certain taxpayer relief, upon application, allowing for waiver of penalties, costs and other charges when failure to make a timely payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect. The Community Facilities District is not aware of a significant impact on the collection of property taxes within the Community Facilities District.

On April 29, 2020, the Governor released a four-stage plan for reopening of the economy. This initial plan provided for limited reopenings of business dependent on each county's rate of infection and hospitalization. On August 28, 2020, the Governor released a new system, "Blueprint for a Safer California." Starting September 9, 2020, the State began utilizing a four-tier, color-coded system for tracking COVID-19 trends. The new system determined when counties can move forward with business reopenings. The four tiers, purple (widespread), substantial (red), moderate (orange), and minimal (yellow), have a different set of rules regarding what businesses are and aren't allowed to reopen, whether they may open indoors or outdoors, and at what capacity they can operate. Counties were required to remain at each tier for a minimum of 21 days.

In January 2021, the County was assigned to the restrict purple tier. By March 2021, County was assigned to the less restrictive red tier into the first quarter of 2021, and by the end of March 2021, the County was assigned to the moderate (orange) tier. Likewise, by the end of the first quarter of 2021, with widespread vaccination underway in the United States and many countries worldwide, some of the governmental-imposed stay-at-home orders and restrictions on operations of schools and businesses implemented to respond to and control the outbreak were eased. On or about June 15, 2021, the Governor of California lifted most statewide Pandemic restrictions were lifted.

Many of the federal, State and local actions and policies under the disaster declarations and shelter-in-place orders referenced above are focused on limiting instances where the public can congregate or interact with each other, each of which affect to some degree the operation of businesses and directly impact the economy. Orders and restrictions have changed over time and remain subject to change. Information provided by County Health Officials is available at: <https://www.publichealth.lacounty.gov/media/coronavirus/>. The Community Facilities District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated in this Official Statement

by such reference. The information on such website is not incorporated herein by such reference or otherwise.

As a result of the outbreak of COVID-19, the School District closed its schools for in-person instruction in March 2020 for the remainder of the 2019-20 school year, implemented a distance learning model and continued to use the distance model until August 9, 2021, the beginning of the 2021-22 school year, at which point the School District returned to in-person instruction. At such time, the School District offered an independent study program to students who did not wish to participate in in-person instruction.

Pursuant to the COVID-19 relief measures, the School District has been allocated approximately \$124.15 million in State and federal funding to mitigate the impact of the COVID-19 pandemic during fiscal year 2019-20 through September 30, 2024. As of the Fiscal Year 2023-24 Budget, the School District has spent or encumbered approximately \$68.59 million of such State and federal funding on COVID-19 related expenditures, such as cleaning supplies, technology, COVID-19 testing and staffing. The School District currently expects such funding will cover the increased expenditures relating to COVID-19 that the School District has incurred and expects to incur through September 30, 2024.

While State and federal one-time COVID-19 relief funding has provided and will continue to provide some immediate relief to school districts, including the School District, the short-term and long-term impacts of the COVID-19 outbreak on the School District's operations and finances are not fully known as the situation continues to evolve. The School District cannot predict whether similar legislation providing State and federal one-time relief funding would be enacted in the future in the event the outbreak severity of COVID-19 returns or a similar or other outbreak of a highly contagious disease or epidemic disease were to occur in the future.

Any further or future outbreak of COVID-19 or variants thereof or another infectious disease, or the fear of any such outbreak, and measures taken to prevent or reduce it, could adversely impact State, national and global economic activities and, accordingly, adversely impact the financial condition and operations in and around the Community Facilities District, and the extent of impact could be material. These events and other factors resulting from such an outbreak, particularly if prolonged, could result in, or increase the likelihood of, the occurrence of certain of the other potential adverse effects described in this Official Statement, including declines assessed values, or in the collection of property tax revenues, within the Community Facilities District. Neither the Community Facilities District nor the School District can predict what further impact any further or future outbreak of COVID-19 or variants thereof or another infectious disease may have on the assessed values of property within the Community Facilities District.

CONTINUING DISCLOSURE

The Community Facilities District has covenanted for the benefit of the holders and beneficial owners of the Series 2023 Bonds to provide certain financial information and operating data relating to the Community Facilities District to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System ("EMMA") by not later than 270 days after the end of the Community Facilities District's fiscal year, commencing with the report for the 2022-23 Fiscal Year (which is due not later than March 26, 2024) (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of enumerated events will be filed by the Community Facilities District with the MSRB through EMMA. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is included in APPENDIX D – "Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) adopted by the SEC under the Exchange Act (the "Rule").

In the past five years, the Community Facilities District has been contractually obligated to comply with the Rule with respect to the Outstanding Bonds, as was the School District with respect to its obligations. Neither failed under the Rule during that period with respect to annual filings or reportable events, except for the School District filing its annual report for Fiscal Year 2018-19 one day late.

Mission Trail Advisors, LLC currently serves as the Community Facilities District's dissemination agent in connection with each of the Community Facilities District's prior continuing disclosure undertakings pursuant to the Rule and will serve as dissemination agent in connection with the continuing disclosure undertaking pursuant to the Rule relating to the Series 2023 Bonds.

CONCLUDING INFORMATION

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Community Facilities District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C hereto.

To the extent the issue price of any maturity of the Series 2023 Bonds is less than the amount to be paid at maturity of such Series 2023 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2023 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2023 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2023 Bonds is the first price at which a substantial amount of such maturity of the Series 2023 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2023 Bonds accrues daily over the term to maturity of such Series 2023 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2023 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2023 Bonds. Beneficial Owners of the Series 2023 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2023 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2023 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2023 Bonds is sold to the public.

Series 2023 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial

Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2023 Bonds. The Community Facilities District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2023 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2023 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2023 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2023 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2023 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2023 Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2023 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2023 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Community Facilities District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Community Facilities District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2023 Bonds ends with the issuance of the Series 2023 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Community Facilities District or the Beneficial Owners regarding the tax-exempt status of the Series 2023 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Community Facilities District legitimately disagrees, may not be practicable.

Any action of the IRS, including but not limited to selection of the Series 2023 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2023 Bonds, and may cause the Community Facilities District or the Beneficial Owners to incur significant expense.

Payments on the Series 2023 Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2023 Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Series 2023 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2023 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Legal Opinions

The validity of the Series 2023 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Community Facilities District. See APPENDIX C – “PROPOSED FORM OF BOND COUNSEL OPINION.” Bond Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Community Facilities District by its counsel, Garcia Hernández Sawhney, LLP, San Diego, California, and by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the Community Facilities District and for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California.

Financial Interests

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and Disclosure Counsel with respect to the Series 2023 Bonds and will receive compensation from the Community Facilities District contingent upon the sale and delivery of the Series 2023 Bonds. Mission Trail Advisors, LLC is acting as the Community Facilities District’s municipal advisor (the “Municipal Advisor”) with respect to the Series 2023 Bonds. Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as counsel to the Underwriter with respect to the Series 2023 Bonds. Payment of the fees and expenses of the Municipal Advisor and counsel to the Underwriter is also contingent upon the sale and delivery of the Series 2023 Bonds.

Municipal Advisor

Mission Trail Advisors, LLC has acted as Municipal Advisor to the Community Facilities District in connection with the issuance of the Series 2023 Bonds. Mission Trail Advisors, LLC, in its capacity as Municipal Advisor, is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement, and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income

tax status of the Series 2023 Bonds, or the possible impacts of any present, pending or future actions taken by any legislative or judicial bodies that may affect the Series 2023 Bonds.

No Litigation

No litigation is pending or, to the best knowledge of the Community Facilities District, threatened, concerning the validity of the Series 2023 Bonds and a certificate of the Community Facilities District to that effect will be furnished to the Underwriter at the time of the original delivery of the Series 2023 Bonds. The Community Facilities District is not aware of any litigation pending or threatened which questions the existence of the Community Facilities District or contests the Community Facilities District's power to levy and collect the Special Taxes or authority to issue the Series 2023 Bonds.

Underwriting

The Series 2023 Bonds are being purchased by Samuel A. Ramirez & Co., Inc. (the "Underwriter"). Pursuant to a Bond Purchase Agreement between the Underwriter and the Community Facilities District (the "Purchase Agreement"), the Underwriter has agreed to purchase all of the Series 2023 Bonds for an aggregate purchase price of \$27,179,844.60, which represents the par amount of the Series 2023 Bonds, plus a net original issue premium of \$628,964.60, and less an Underwriter's discount of \$214,120.00. The Purchase Agreement provides that the Underwriter will purchase all of the Series 2023 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Series 2023 Bonds to certain dealers, institutional investors and others at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriter.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities and mortgage loan servicing. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various financial services and investment banking services for the School District and for the Community Facilities District, for which it received or will receive customary fees and expenses.

Ratings

S&P Global Ratings, a division of S&P Global ("S&P") has assigned its rating of "A" to the Series 2023 Bonds. A rating agency generally bases its rating on its own investigations, studies and assumptions as well as information and materials furnished to it (which may include information and materials from the Community Facilities District, which are not included in this Official Statement). The rating reflects only the view of the rating agency furnishing the same, and any explanation of the significance of the rating should be obtained only from the rating agency providing the same. Such rating is not a recommendation to buy, sell or hold the Series 2023 Bonds. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency providing the same, if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2023 Bonds. Neither the Underwriter nor the Community Facilities District has undertaken any responsibility after the offering of the Series 2023 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

In addition, it is expected that S&P will assign its insured rating of “AA” to the Series 2023 Bonds with the understanding that, upon delivery of the Series 2023 Bonds, if any, the Series 2023 Bond Insurance Policy will be delivered by BAM. See “BOND INSURANCE.” Such rating is expected to be assigned solely as a result of the issuance of the Series 2023 Bond Insurance Policy and will reflect only the rating agency’s view of the claims-paying ability and financial strength of BAM. None of the Community Facilities District, the School District nor the Underwriter have made any independent investigation of the claims-paying ability of BAM and no representation is made that any insured rating of the Series 2023 Bonds, if any, based upon the purchase of the Series 2023 Bond Insurance Policy will remain higher than the rating agency’s uninsured rating of the Series 2023 Bonds described above, which did not take bond insurance into account. The existence of the Series 2023 Bond Insurance Policy will not, of itself, negatively affect such uninsured rating. Thus, when making an investment decision, potential investors should carefully consider the ability of the Community Facilities District to pay principal of and interest on the Series 2023 Bonds, if any, and the claims paying ability of BAM, particularly over the life of the investment. Any downward revision or withdrawal of any rating of BAM may have an adverse effect on the market price or the marketability (liquidity) for the Series 2023 Bonds.

Miscellaneous

The quotations from, and the summaries and explanations of the Indenture, the Continuing Disclosure Certificate, the Act, and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for the full and complete statements of their respective provisions.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is submitted only in connection with the sale of the Series 2023 Bonds by the Community Facilities District. This Official Statement is not to be construed as a contract or agreement between the Community Facilities District and the purchasers of the Series 2023 Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Community Facilities District.

**PALMDALE ELEMENTARY SCHOOL
DISTRICT COMMUNITY FACILITIES
DISTRICT NO. 90-1**

By: /s/ Dr. Raul Maldonado
Superintendent of the
Palmdale School District

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax, determined as shown below, shall be levied each year by the Governing Board of the Palmdale Elementary School District (the “District”) [the School District as described in this Official Statement] within the boundaries of Community Facilities District No. 90-1 (the “CFD”):

1. Definitions. The following definitions shall apply:
 - (a) “Administrative Expenses” means the costs incurred by the District for the costs associated with the creation of the CFD, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred on order to carry out the authorized purposes of the CFD.
 - (b) “Annual Special Tax” has the meaning given to that term in Section 3.
 - (c) “Assessable Space” means all of the square footage within the perimeter of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio, detached accessory structure, or similar area as determined by the public agency issuing the building permit.
 - (d) “Assessor’s Parcel” means a parcel of land designated on a map of the Los Angeles County Assessor and which parcel has been assigned a discrete identifying number.
 - (e) “Board” means the Board of the Palmdale Elementary School District.
 - (f) “Bond Requirements” means the amount necessary taking into consideration anticipated delinquencies (i) to pay principal of and interest on the bonds at that time outstanding in the CFD, (ii) to make any deposits required to be made with respect to any reserve fund created with respect to such bonds, and (iii) to pay for Administrative Expenses.
 - (g) “Developed Property” means any Assessor’s Parcels in the CFD which are zoned for residential use and for which a building permit for a residential dwelling unit(s) has been issued by June 15th of the prior Fiscal Year; provided, however, that Developed Property shall not include an Assessor’s Parcel for which a Prepayment Tax has been levied and collected pursuant to Section 4 hereof.
 - (h) “Fiscal Year” means the period starting July 1 and ending the following June 30.
 - (i) “Ordinance” means the Ordinance adopted by the Board, as the legislative body of the CFD, pursuant to California Government Code Section 53340 to levy the Special Tax.
 - (j) “Prepayment Tax” has the meaning given to that term in Section 4.
 - (k) “School Facilities” shall be those school facilities (including land) and other facilities which the CFD is authorized to acquire, lease and/or construct.

- (l) “Special Tax” means the maximum special tax that may be levied on any Developed or Undeveloped Property for any Fiscal Year. Special Taxes include, collectively, Annual Special Taxes and Prepayment Taxes.
- (m) “Tax-Exempt Property” means any property within the CFD which is not Developed or Undeveloped Property, and includes property owned or operated by a public agency.
- (n) “Undeveloped Property” means any Assessor’s Parcel in the CFD which is Zoned for residential use and for which no building permit has been issued by June 15th of the previous Fiscal Year.
- (n) “Undeveloped Property Tax” has the meaning given to that term in Section 5.
- (o) “Zoned” means any lot or parcel of land used, zoned, allowed or designated for a residential purpose on the applicable General Plan, Specific Plan or Community Plan which the City of Palmdale or the County of Los Angeles utilizes and relies upon for planning purposes and for the approval of development.

2. Classification of Property. At the beginning of each Fiscal Year or at such other time as the Board deems desirable, beginning in 1990 the District shall cause each Assessor’s Parcel in the CFD to be classified as one of the following: Developed Property, Undeveloped Property or Tax-Exempt Property.

3. Developed Property: Annual Special Tax. A Special Tax may be levied pursuant to this Section on Developed Property to the extent necessary to pay the Bond Requirements and to provide for the cost of constructing, leasing and/or acquiring the School Facilities.

All Developed Property shall be subject to a maximum Special Tax (the “Annual Special Tax”) in each Fiscal Year equal to \$0.22 per square foot of Assessable Space; provided, however, that the Annual Special Tax rate of \$0.22 per square foot of Assessable Space shall be increased in each Fiscal Year after the Fiscal Year ending on June 30, 1991 by an amount equal to 2% of the maximum Annual Special Tax rate for the prior Fiscal Year.

4. Alternative Prepayment Tax. In lieu of paying an Annual Special Tax on Developed Property, the owner of any Assessor’s Parcel of Undeveloped Property may elect to prepay the Annual Special Tax (the “Prepayment Tax”) (i) with respect to any Assessor’s Parcel for which a building permit has been issued prior to the adoption of the Ordinance, within 30 days after the adoption of the Ordinance, and (ii) with respect to any Assessor’s Parcel for which a building permit has not been issued prior to the adoption of the Ordinance, at or prior to the time of issuance of a building permit with respect to such Assessor’s Parcel. The maximum Prepayment Tax rate which may be levied in each Fiscal Year is 52.25 per square foot of Assessable Space; provided, however, that the maximum Prepayment Tax rate shall be increased in each Fiscal Year after the Fiscal Year ending on June 30, 1991 by an amount equal to 2% of the maximum Prepayment Tax rate for the prior Fiscal Year. Upon payment and satisfaction of any Prepayment Tax, the Assessor’s Parcel with respect to which such Prepayment Tax has been levied and collected shall be characterized as Tax Exempt Property and shall not be subject to an Annual Special Tax. Prepayment Taxes levied and collected pursuant to this Section 4 may be used to pay the Bond Requirements and to provide for the cost of financing, constructing, leasing and/or acquiring the School Facilities.

5. Undeveloped Property Tax. A Special Tax may be levied pursuant to this section on Undeveloped Property (the “Undeveloped Property Tax”) to the extent necessary to pay the Bond Requirements subject to the limitations set forth below.

In the event that on July 1 of any Fiscal Year, the maximum projected revenues that can be generated from the levy of the Special Tax for such Fiscal Year on all Developed Property together with all other funds of the CFD legally available to pay the Bond Requirements, shall be insufficient to pay the Bond Requirements for such Fiscal Year due to anticipated delinquencies in the payment of Special Taxes, then all Undeveloped Property shall be subject to a Special Tax, for such Fiscal Year only, up to an amount not to exceed, per acre of Undeveloped Property (or a proportionate amount thereof for any portion of such acre), the lesser of (i) \$750 or (ii) the aggregate amount of the actual delinquencies in the payment of Special Taxes for the prior Fiscal Year, divided by the total number of acres of Undeveloped Property in the [CFD].

6. Calculation of the Special Tax on Developed Property and Undeveloped Property.

At the beginning of each Fiscal Year, beginning in 1991, the Board, as the governing body of the CFD, shall cause the Special Tax to be calculated and levied as follows:

First: For each parcel of Developed Property, the Board shall compute the amount of the Assessable Space and multiply that amount by the Annual Special Tax rate in effect for such Fiscal Year pursuant to Section 3 hereof.

Second: If additional moneys are needed to pay the Bond Requirements after the maximum Annual Special Tax rate has been levied on all Developed Property pursuant to the first step, the CFD shall apply all legally available moneys of the CFD to the payment of the Bond Requirements.

Third: If additional moneys are needed to pay the Bond Requirements after the first two steps have been completed, then the CFD shall levy an Undeveloped Special Tax on each parcel of Undeveloped Property in an amount sufficient to pay the Bonds Requirements up to the maximum amount specified in Section 5.

Fourth: In addition, for all Undeveloped Property, the Board shall declare the Prepayment Tax rate in effect for such Fiscal Year at which time an owner can elect to prepay the Annual Special Tax.

7. Limitations. The Board shall not impose any Special Tax on any Tax-Exempt Property.

8. Appeals and Interpretation Procedure. Any taxpayer subject to the Special Tax claiming that the amount or application of the Special Tax has not been properly computed may file a notice with the District appealing the levy of the Special Tax. The Superintendent or designee will promptly review the appeal and, if necessary, meet with the applicant and decide the appeal. If the findings of the Superintendent or designee verify that the tax should be modified or changed, the Special Tax levy shall be corrected and, if applicable, a refund shall be granted. Any dispute over the decision of the Superintendent or designee shall be referred to the Board and the decision of the Board with respect to the Special Tax shall be final.

Interpretation may be made by Resolution of the Board for purposes of clarifying any vagueness or uncertainty as it relates to the application of the Special Tax rate, or application of the method of apportionment, or the classification of properties or any definition applicable to the CFD.

9. Claims for Refund. All claims for refund of Special Taxes collected on behalf of the CFD shall be filed with the Superintendent of the District not later than one year after the date the Special Tax has been paid to the County. The claimant shall file the claim within this time period and the claim shall be finally acted upon by the Board as a prerequisite to the claimant bringing suit thereon.

The procedure described in this Rate and Method of Apportionment of Special Tax shall be the exclusive claims procedure for claimants seeking a refund of Special Taxes. The decision of the Board in response to a claim for refund of Special Taxes shall be final.

10. Collection of Special Tax. The Annual Special Tax shall be collected each year upon the applicable Assessor's Parcels in the CFD in the same manner as ordinary *ad valorem* property taxes are collected and the Prepayment Tax shall be collected by the Board at the time of issuance of a building permit; provided, however, that the CFD may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations. All Special Taxes shall be subject to the same penalties and lien priorities in the case of delinquency as is provided for *ad valorem* taxes. The District shall cause the actions required above to be done for each Fiscal Year in a timely manner to assure that the schedule of the Special Taxes to be collected are received by the Auditor of the County of Los Angeles for inclusion with billings for such *ad valorem* taxes for the applicable Fiscal Year. The Special Tax shall be levied and collected only so long as it is needed to pay the Bond Requirements or to pay to construct lease arid/or acquire the facilities of the CFD. In the event of a delinquency, the CFD will pursue foreclosure in a timely manner.

APPENDIX B

SUMMARY OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary reflects amendments to the Indenture contained in the Fourth Supplemental Indenture which are expected to take effect and are conditional upon the successful closing of the Series 2023 Bonds. These summaries do not purport to be comprehensive or definitive and are subject to all of the terms and provisions of the Indenture, to which reference is hereby made.

Definitions

“Abandonment” means a finding adopted by resolution of the Board that the District and the School District are ceasing to make every reasonable effort to complete the Project with respect to any Series of Bonds or otherwise failing to proceed with due diligence to complete the Project to any Series of Bonds.

“Accreted Value” means, with respect to any Capital Appreciation Bond or, prior to its Conversion Date, any Convertible Capital Appreciation Bond, as of any date of calculation, the sum of the initial principal amount thereof and the interest accrued thereon to such date of calculation, compounded from the date of initial issuance at the stated yield to maturity thereof on each February 1 and August 1, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

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

“Annual Debt Service” means, for any Bond Year, the sum on the first day of such Bond Year of (1) the interest falling due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Serial Bonds are retired as scheduled and that the Outstanding Term Bonds are redeemed from sinking account payments as scheduled, and (2) the principal amount of Outstanding Bonds falling due by their terms in such Bond Year or required to be paid or redeemed from mandatory sinking fund payments in such Bond Year as provided in the Indenture or in any Supplemental Indenture, together with any premium thereon; provided, however, that Annual Debt Service shall not include (a) interest on Bonds which is to be paid from amounts constituting capitalized interest held in a fund or account solely available to pay such interest and invested in Federal Securities or held in cash, or (b) to the extent so unexpended, that portion of the proceeds of any Parity Bonds required to remain unexpended and to be held in escrow pursuant to the terms of a Supplemental Indenture invested in Federal Securities or an investment authorized in clauses (10) or (11) of the definition of Authorized Investments, provided that (i) projected interest earnings on such proceeds, plus such amounts, if any, deposited by the District in the Bond Service Fund, are sufficient to pay the interest due on such portion of the Parity Bonds so long as it is required to be held in escrow and (ii) the conditions for the release of such proceeds from escrow, insofar as they relate to the coverage requirement for Annual Special Taxes and satisfaction of the Reserve Requirement are substantially similar to those for the issuance of Parity Bonds.

“Annual Special Taxes” means the annual special taxes authorized to be levied in accordance with Section 3 of the Special Tax Formula on Developed Property lying within the District on behalf of the District pursuant to the election referred to in the recitals of the Indenture and in accordance with the Act. Annual Special Taxes shall not include any Prepayment Taxes (as defined in the Special Tax Formula).

“Assessor’s Parcel” means a parcel of land designated on a map of the Los Angeles County Assessor and which parcel has been assigned a discrete identifying number.

“Authorized Denomination” means, with respect to any Series of Bonds, any denomination authorized by the Indenture or any Supplemental Indenture under which such Bonds are issued.

“Authorized Investments” means, if and to the extent permitted by law, the following:

(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) Participation certificates (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts) and Senior Debt obligations.

(b) Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) Consolidated system-wide bonds and notes.

(c) Federal Home Loan Banks (FHL Banks) Consolidated debt obligations.

(d) Federal National Mortgage Association (FNMA) Senior debt obligations and Mortgage-backed securities (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts).

(e) Student Loan Marketing Association (SLMA) Senior debt obligations (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

(f) Financing Corporation (FICO) Debt obligations.

(g) Resolution Funding Corporation (REFCORP) Debt obligations.

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

(5) Deposits, the aggregate amount of which are fully insured by the Federal Deposit

Insurance Corporation, in banks which have capital and surplus of at least \$5 million.

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

(7) "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', or better, by Moody's and 'A', or better, by S&P or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.
- (b) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (a) above and rated 'A-1+' by S&P and 'MIG-1' or better by Moody's.
- (c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated 'AA', or better, by S&P and Aa, or better, by Moody's.

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

- (a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;
- (b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;
- (c) the principal of and interest on the United States Treasury Obligations (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 trustee in trust for owners of the municipal obligations;
- (e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and
- (f) cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(9) Money market funds rated ‘AAm’ or ‘AAm-G’, or better, by S&P.

(10) 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 S&P and Moody’s; or (2) any broker-dealer with “retail customers” or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least “A” by S&P and Moody’s, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated “A” or better by S&P and Moody’s and acceptable to the Series 1999 Bond Insurer, provided that:

(a) The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody’s to maintain an “A” rating in an “A” rated structured financing (with a market value approach);

(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 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) All other requirements of S&P in respect of repurchase agreements shall be met;

(e) The repurchase agreement shall provide that if during its term the provider’s rating by either Moody’s or S&P is withdrawn or suspended or falls below “A-” by S&P or “A3” by Moody’s, as appropriate, the provider must, at the direction of the District or the Trustee (who shall give such direction if so directed by the Series 1999 Bond Insurer), within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement with no penalty or premium to the District or Trustee.

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

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

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction 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 District and the Trustee agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;
- (c) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;
- (d) the District or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the District and the Series 1999 Bond Insurer) 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 Series 1999 Bond Insurer;
- (e) the investment agreement shall provide that if during its term
 - (i) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and
 - (ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the District or the Trustee (who shall give such direction if so directed by the Series 1999 Bond Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or Trustee;
- (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 District or the Trustee (who shall give such direction if so directed by the Series 1999 Bond Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate, 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 District or Trustee, as appropriate.

To the extent that any of the requirements concerning any Authorized Investments embody a legal conclusion, the Trustee shall be entitled to conclusively rely upon a certificate from an Authorized Officer of the District or an opinion of counsel to such party, that such requirement has been met.

“Authorized Officer of the District” means the Superintendent of the School District, the Deputy Superintendent of the School District or any other person appointed by the Board.

“Balloon Indebtedness” means indebtedness twenty-five percent (25%) or more of the principal of which matures on the same date and such amount is not required by the documents governing such indebtedness to be amortized by payment or redemption prior to such date. If any indebtedness consists partially of Variable Rate Indebtedness and partially of indebtedness bearing interest at a fixed rate, the portion constituting Variable Rate Indebtedness and the portion bearing interest at a fixed rate shall be treated as separate issues for purposes of determining whether any such indebtedness constitutes Balloon Indebtedness.

“Board” means the governing body of the School District.

“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 Insurer” means, as to each Series of Bonds, the institution, if any, insuring the payment of principal and interest on such Series of Bonds.

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

“Bond Service Fund” means the Bond Service Fund established pursuant to the Master Indenture.

“Bond Subsidy Payments” means, with respect to the Series 2011A QSCB Bonds, the amounts which are payable by the Federal government under Section 6431 of the Code, which the District has elected to receive under Section 54AA(g)(1) of the Code.

“Bond Year” means the period of twelve consecutive months beginning on August 2 in any year during which Bonds are or will be Outstanding; provided, however, that (A) the first Bond Year with respect to the Series 1999 Bonds shall begin on the date the Series 1999 Bonds are delivered and shall end on the next succeeding August 1, (B) the first Bond Year with respect to the Series 2011 Bonds shall begin on the date the Series 2011 Bonds are delivered and shall end on the next succeeding August 1, and the final Bond

Year with respect to the Series 2011 Bonds shall begin on August 2, 2027 and end on June 1, 2027, (C) the first Bond Year with respect to the Series 2012 Bonds shall begin on the date the Series 2012 Bonds are delivered and shall end on the next succeeding August 1, (D) the period of twelve consecutive months beginning on the date the Series 2017 Bonds are delivered and shall end on the next succeeding August 1, (E) the period of twelve consecutive months beginning on the date the Series 2023 Bonds are delivered and shall end on the next succeeding August 1, and (F) the first Bond Year with respect to any additional series of Bonds secured on a parity with the Bonds shall be designated in the Supplemental Indenture relating to such Bonds.

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

“Bonds” mean the Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds issued pursuant to the Indenture, including the Series 2023 Bonds, the Series 2017 Bonds, the Series 2012 Bonds, the Series 2011 Bonds, the Series 1999 Bonds, and any additional bonds issued under the Indenture.

“Business Day” means any day other than a Saturday, Sunday, or a day on which banks in the State or the State of New York are authorized to be closed.

“Capital Appreciation Bonds” means Bonds designated as such in the Indenture or a Supplemental Indenture and on which interest accrues but which interest is payable only at maturity or upon prior redemption.

“Capitalized Interest Subaccount” means any Capitalized Interest Subaccount created in the Interest Account in the Bond Service Fund, or any Capitalized Interest Subaccount created in the Interest Account in the Bond Service Fund pursuant to a Supplemental Indenture.

“Certificate of Completion” means, with respect to any Series of Bonds, the notice filed with the Trustee by an Authorized Officer of the District, stating that the portion of the Project relating to such Series of Bonds has been substantially completed.

“Code” means the Internal Revenue Code of 1986, as amended.

“Community Facilities District” or **“District”** means the Palmdale Elementary School District Community Facilities District No. 90-1.

“Construction Account” means the Construction Account established pursuant to the Master Indenture for each Series of Bonds.

“Construction Fund” means the Construction Fund established pursuant to the Master Indenture.

“Construction Period Termination Date” means, with respect to any Series of Bonds, the earlier of (a) payment or reimbursement of the Project Costs with respect to the Project relating to such Series of Bonds and delivery to the Trustee of the Certificate of Completion, or (b) Abandonment of the Project relating to such Series of Bonds and delivery to the Trustee of notice of Abandonment.

“Continuing Disclosure Certificate (Series 2023)” means the continuing disclosure certificate executed by the Community Facilities District, dated the Series 2023 Closing Date, in connection with issuance of the Series 2023 Bonds.

“Conversion Date” shall mean the date on which any Convertible Capital Appreciation Bond ceases to accrete in value and on which such Convertible Capital Appreciation Bond begins to accrue current interest based upon the Conversion Value thereof.

“Conversion Value” means the Accreted Value of the Convertible Capital Appreciation Bonds at the Conversion Date.

“Convertible Capital Appreciation Bonds” means the Series 2012 Bonds designated as such as provided in the Second Supplemental Indenture or any other Supplemental Indenture.

“County” means the County of Los Angeles, California.

“Current Interest Bonds” means any Bonds which are not designated as Capital Appreciation Bonds or Convertible Capital Appreciation Bonds.

“Debt Service Developed Property” means, as calculated in each Fiscal Year, each parcel of Developed Property for which a certificate of occupancy has been issued by the City of Palmdale or the County, as applicable, and either (A) is owned of record, in the best judgment of the District, by one or more natural persons as determined by reference to the most recent equalized assessment roll prepared by the County Auditor, or (B) has been assigned the land use designation of “apartment” as determined by reference to the records of the County. No parcel of Developed Property that has qualified as Debt Service Developed Property shall lose its designation as such as a result of a subsequent change in circumstances.

“Depository” means DTC or if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the District discontinues use of the Depository pursuant to the Indenture, any other securities depository which agrees to follow procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the District.

“Developed Property” means any Assessor’s Parcels in the District which are zoned for residential use and for which a building permit for a residential dwelling unit(s) has been issued by June 15th of the prior Fiscal Year, provided, however, that Developed Property shall not include an Assessor’s Parcel for which a Prepayment Tax has been levied and collected pursuant to Section 4 of the Special Tax Formula.

“EMMA” means the Electronic Municipal Market Access website of the MSRB, currently located at <http://emma.msrb.org>.

“Escrow Agreement” means the escrow agreement by and between the District and the Escrow Bank, dated as of May 1, 2017.

“Escrow Bank” means U.S. Bank National Association, as escrow bank and as Trustee for the Series 2017 Bonds.

“Escrow Fund” means the Escrow Fund established pursuant to the Master Indenture.

“Event of Default” means those events set forth in the Indenture described under the heading “Events of Default and Remedies of Bondholders – Events of Default.”

“Excess Earnings Fund” means the Excess Earnings Fund established pursuant to the Master Indenture.

“Federal Securities” mean direct obligations issued by the United States Treasury, obligations the

timely payment of interest on and principal of which is unconditionally guaranteed by the United States of America (including obligations issued or held in book-entry on the books of the Department of the Treasury of the United States of America), evidences of ownership of proportionate interests in future interest and principal payments on such direct obligations 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 such underlying obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated or Pre-Refunded Municipal Obligations.

“First Supplemental Indenture” means the Supplemental Indenture No. 1, dated as of July 1, 2011, by and between the District and the Trustee, relating to the Series 2011 Bonds.

“Fiscal Year” means the period beginning on July 1 in any year and ending on the following June 30 or any other fiscal year established by the District.

“Fourth Supplemental Indenture” means the Supplemental Indenture No. 4, dated as of December 1, 2023, by and between the Community Facilities District and the Trustee, relating to the Series 2023 Bonds.

“Gross Taxes” mean (i) the amount of all Special Taxes and (ii) proceeds from the sale of property collected pursuant to the foreclosure provisions of the Act and the Indenture or any Supplemental Indenture for the delinquency of such Special Taxes.

“Indenture” means the Master Indenture, as amended and supplemented by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture.

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

- (1) is in fact independent and not under the domination of the District;
- (2) does not have any substantial interest, direct or indirect, in the District; and
- (3) is not connected with the District as a member, officer or employee of the District, but who, or each of whom, may be regularly retained to make annual or other reports to the District.

“Insolvency Proceeding” means any proceeding commenced under the United States Bankruptcy Code or other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law.

“Interest Account” means the Interest Account established pursuant to the Master Indenture.

“Interest Payment Date” means with respect to (i) any Current Interest Bond, February 1 and August 1 in each year and, without duplication, the maturity date or earlier redemption or defeasance thereof, (ii) any Capital Appreciation Bond, the maturity date thereof, and (iii) any Convertible Capital Appreciation Bond, the first February 1 and August 1 after the applicable Conversion Date, and each February 1 and August 1 thereafter.

“IRS” means the Internal Revenue Service.

“Late Payment Rate” means, with respect to the Series 1999 Reserve Policy, the lesser of (a) the

greater of (i) the per annum rate of interest, publicly announced from time to time by The Chase Manhattan Bank (N.A.) at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by The Chase Manhattan Bank (N.A.)) plus 3% and (ii) the then applicable highest rate of interest on the Series 1999 Bonds, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event The Chase Manhattan Bank (N.A.) ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base leading rate of such national bank as the Series 1999 Bond Insurer shall specify. The Late Payment Rate with respect to the Series 2017 Reserve Policy, means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3.00%, and (ii) the then applicable highest rate of interest on the Series 2017 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as Series 2017 Bond Insurer shall specify.

“Late Payment Rate (Series 2023)” with respect to the Series 2023 Reserve Policy, means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in the City of New York, New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 5%, and (ii) the then applicable highest rate of interest on the Series 2023 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate (Series 2023) on any amount owing to BAM shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

“Master Indenture” means the Indenture dated as of December 1, 1999 between the District and the Trustee, under which the Bonds are authorized and secured.

“Maturity Amount” means the Accreted Value of any Capital Appreciation Bond on its maturity date.

“Maximum Annual Debt Service” as computed from time to time with respect to Bonds then Outstanding, means the maximum amount of principal and interest becoming due in the then current or any future Fiscal Year, calculated by the District or by an Independent Financial Consultant as provided in this definition. For purposes of calculating Maximum Annual Debt Service, the following assumptions shall be used to calculate the principal and interest becoming due in any Fiscal Year:

(i) in determining the principal amount due in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including any scheduled redemption of Bonds on the basis of accreted value and for such purpose, the redemption payment shall be deemed a principal payment;

(ii) if any of the Outstanding Series of Bonds constitute Balloon Indebtedness or Balloon Indebtedness and Variable Rate Indebtedness or if Bonds then proposed to be issued would

constitute Balloon Indebtedness or Balloon Indebtedness and Variable Rate Indebtedness, then, for purposes of determining Maximum Annual Debt Service, such amounts as constitute Balloon Indebtedness shall be treated as if the principal amount of such Bonds were to be amortized in substantially equal annual installments of principal and interest over a term of 25 years; the interest rate used for such computation shall be 12% per annum;

(iii) if any Outstanding Bonds constitute Tender Indebtedness or if Bonds then proposed to be issued would constitute Tender Indebtedness, then for purposes of determining the amounts of principal and interest due in any Fiscal Year on such Bonds, the options or obligations of the owners of such Bonds to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity (but any such amount treated as a maturity shall not be eligible for treatment as Balloon Indebtedness) occurring on the first date on which owners of such Bonds may or are required to tender such Bonds, except that any such option or obligation to tender Bonds shall be ignored and not treated as a principal maturity if (1) such Bonds are rated in one of the two highest long-term rating categories (without reference to gradations such as “plus” or “minus”) by Moody’s, if Moody’s is then maintaining a rating on Outstanding Bonds, and by S&P, if S&P is then maintaining a rating on Outstanding Bonds, or such Bonds are rated in the highest short-term, note or commercial paper rating categories by Moody’s, if Moody’s is then maintaining a rating on Outstanding Bonds and by S&P. if S&P is then maintaining a rating on Outstanding Bonds, and (2) any obligation, if any, the District may have. other than its obligations on such Bonds, to reimburse any person for having extended a credit or liquidity facility or a bond insurance policy, or similar arrangement, shall either be subordinated to the obligation of the District on the Bonds or be an obligation incurred under and meeting the tests and conditions for the issuance of Parity Bonds;

(iv) if any Bonds issued, or proposed to be issued, constitute Variable Rate Indebtedness, the interest rate on such Bonds shall be assumed to be the maximum interest rate specified in any credit or liquidity facility or other arrangement for the tender of such Bonds, or if no such facility or arrangement exists, the maximum stated interest rate which may be borne by such Bonds;

(v) if moneys or Federal Securities have been irrevocably deposited with and are held by the Trustee or another fiduciary bank to be used to pay principal and/or interest on specified Bonds, then the principal and/or interest to be paid from such moneys, Federal Securities or from the earnings thereon shall be disregarded and not included in calculating Maximum Annual Debt Service; and

(vi) if the Bonds are Paired Obligations, the interest rate on such Bonds shall be the resulting linked rate or effective fixed interest rate to be paid by the District with respect to such Paired Obligations.

“Moody’s” means Moody’s Investors Service, or its successors or assigns.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to SEC Rule 15c2-12. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through EMMA.

“Nonarbitrage Certificate” means, as the context requires, a Tax and Nonarbitrage Certificate of the District delivered on the date of issuance and delivery of a Series of Bonds.

“Outstanding” means all Bonds theretofore issued by the District except:

- (1) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture or any Supplemental Indenture;
- (3) From and after the date fixed for redemption, Bonds or portions thereof designated for redemption for which notice of redemption has been duly given and the amount necessary for redemption has been made available for that purpose; and
- (4) Bonds for the payment of which funds or eligible securities in the necessary amount shall have theretofore been deposited with the Trustee in accordance with the Indenture (whether on or prior to the maturity or redemption date of such Bonds).

“Paired Obligations” means any indebtedness or portion of indebtedness designated as Paired Obligations in the Supplemental Agreement or other document authorizing the issuance or incurrence thereof, which are simultaneously issued or incurred (i) the principal of which is of equal amount maturing and to be redeemed (or canceled after acquisition thereof) on the same dates and in the same amounts, and (ii) the interest rates on which, taken together, result in an irrevocably fixed interest rate obligation of the District for the terms of such indebtedness.

“Parity Bonds” mean all bonds, notes or other similar evidences of indebtedness heretofore or hereafter issued, payable out of the Gross Taxes and which, as provided in the Indenture or any Supplemental Indenture, rank on a parity with the Series 1999 Bonds and the Series 2011 Bonds.

“Preference Claim” means any claim in connection with an Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 1999 Bonds.

“Prepayment Tax” means the alternative prepayment tax available to an owner of an Assessor’s Parcel of Undeveloped Property as set forth in the Master Indenture.

“Pre-Refunded Municipal Obligations” means pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively.

“Principal,” “principal” or “principal amount” means, as of any date of calculation, with respect to (i) any Current Interest Bond, the principal amount thereof, (ii) any Capital Appreciation Bond, the Accreted Value thereof, and (iii) any Convertible Capital Appreciation Bond, the Accreted Value thereof.

“Principal Account” means the Principal Account established pursuant to the Master Indenture.

“Project” means the acquisition, construction and/or leasing of school facilities and equipment and other facilities to be used in conjunction with school facilities as more particularly described in the Resolution of Formation.

“Project Costs” mean all expenses of and incidental to the acquisition and/or construction of the Project.

“Qualified School Construction Bonds” means the Series 2011A QSCB Bonds issued under the First Supplemental Indenture, which are designated as direct-pay qualified school construction bonds under Section 54A of the Code.

“Redemption Account” means the Redemption Account established pursuant to the Indenture for each Series of Bonds.

“Redemption Fund” means the Redemption Fund established pursuant to the Master Indenture.

“Reserve Fund” means the Reserve Fund established pursuant to the Master Indenture.

“Reserve Requirement” means, with respect to the Series 2012A Bonds, (i) as of any date of calculation, an amount equal to the lowest of: (i) 10% of the original aggregate principal amount of the Series 2012A Bonds, (ii) Maximum Annual Debt Service on the Series 2012A Bonds, or (iii) 125% of the average Annual Debt Service on the Outstanding Series 2012A Bonds. For purposes of determining if the amount on deposit in the Reserve Account meets the Reserve Requirement for the Series 2012A Bonds, any Surety Instrument deposited with the Trustee shall be deemed to be a deposit in the amount of the policy available to be drawn or the amount available to be drawn of the credit facility provided.

With respect to the Series 2012B Bonds, “Reserve Requirement” means (i) as of any date of calculation, an amount equal to the lowest of: (i) 10% of the original aggregate principal amount of the Series 2012B Bonds, (ii) Maximum Annual Debt Service on the Series 2012B Bonds, or (iii) 125% of the average Annual Debt Service on the Outstanding Series 2012B Bonds. For purposes of determining if the amount on deposit in the Reserve Account meets the Reserve Requirement for the Series 2012B Bonds, any Surety Instrument deposited with the Trustee shall be deemed to be a deposit in the amount of the policy available to be drawn or the amount available to be drawn of the credit facility provided.

With respect to the Series 2011A QSCB Bonds, “Reserve Requirement” means, as of any date of calculation, an amount equal to the lowest of: (i) 10% of the original aggregate principal amount of the Series 2011A QSCB Bonds, (ii) Maximum Annual Debt Service on the Series 2011A QSCB Bonds, or (iii) 125% of the average Annual Debt Service on Outstanding Series 2011A QSCB Bonds. The Reserve Requirement with respect to the Series 2011A QSCB Bonds is subject to the limitation that it shall never exceed an amount which would, in the opinion of Bond Counsel, be determined to be a reasonably required reserve fund within the meaning of the Code and the rulings issued by the United States Department of the Treasury.

With respect to the Series 2011B Taxable Non-Subsidy Bonds, “Reserve Requirement” means, as of any date of calculation, an amount equal to the lowest of: (i) 10% of the original aggregate principal amount of the Series 2011B Taxable Non-Subsidy Bonds, (ii) Maximum Annual Debt Service on the Series 2011B Taxable Non-Subsidy Bonds, or (iii) 125% of the average Annual Debt Service on Outstanding Series 2011B Taxable Non-Subsidy Bonds.

With respect to the Series 1999 Bonds, “Reserve Requirement” means, as of any date of calculation, an amount equal to the lowest of: (i) 10% of the original aggregate principal amount of the Series 1999 Bonds, (ii) Maximum Annual Debt Service on the Series 1999 Bonds, or (iii) 125% of the average Annual Debt Service on the Outstanding Series 1999 Bonds. The Reserve Requirement with respect to the Series 1999 Bonds is subject to the limitation that it shall never exceed an amount which would, in the opinion of Bond Counsel, be determined to be a reasonably required reserve fund within the meaning of the Code and the rulings issued by the United States Department of the Treasury. For purposes of determining if the amount on deposit in the Reserve Account meets the Reserve Requirement for the Series 1999 Bonds, any Surety Instrument deposited with the Trustee shall be deemed to be a deposit in the amount of the policy

available to be drawn or the amount available to be drawn of the credit facility provided.

With respect to any other Series of Bonds, “Reserve Requirement” shall have the meaning given to such term in the Supplemental Indenture pursuant to which such Series of Bonds is issued.

With respect to all Bonds in the aggregate, “Reserve Requirement” means the sum of the Reserve Requirements for each Outstanding Series of Bonds.

“**Resolution of Formation**” means Resolution No. 17-9091 adopted by the Board on October 16, 1990, as amended by Resolution No. 22-9091 adopted by the Board on October 29, 1990, pursuant to which the School District formed the District.

“**S&P**” means Standard and Poor’s Ratings Services, or its successors or assigns.

“**School District**” means the Palmdale School District.

“**SEC**” means the United States Securities and Exchange Commission.

“**Second Supplemental Indenture**” means the Supplemental Indenture No. 2, dated as of September 1, 2012, between the District and the Trustee.

“**Serial Bonds**” mean Bonds for which no mandatory sinking account payments are provided in the Indenture or in any Supplemental Indenture.

“**Series**” means, when used with reference to the Bonds, all of the bonds authenticated and delivered on original issuance and identified pursuant to the Indenture or any Supplemental Indenture authorizing Parity Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Indenture or any Supplemental Indenture.

“**Series 1999 Bond Insurance Policy**” means the municipal bond insurance policy issued by the Series 1999 Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 1999 Bonds.

“**Series 1999 Bond Insurer**” means, with respect to the Series 1999 Bonds, Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto. The Series 1999 Bond Insurer shall constitute a provider of a Surety Instrument as contemplated in the Indenture.

“**Series 1999 Bonds**” mean the \$24,952,151.10 original principal amount of the Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds, Series 1999, issued under the Master Indenture.

“**Series 1999 Policy Costs**” means, with respect to the Series 1999 Reserve Policy, repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate.

“**Series 1999 Reserve Policy**” means the municipal bond debt service reserve insurance policy issued by the Series 1999 Bond Insurer guaranteeing principal of and interest on the Series 1999 Bonds to a maximum amount equal to the amount of the Reserve Requirement with respect to the Series 1999 Bonds.

“**Series 1999 Surety Instrument**” means (i) a letter of credit or a line of credit issued by a bank or other financial institution with long-term debt obligations which are rated in the three highest rating categories (without regard to modifiers) by Moody’s and S&P, but in no event less than the rating on the

Series 1999 Bonds (if the Series 1999 Bonds are then rated), or (ii) a surety bond or an insurance policy issued by an insurance company whose claims paying ability is rated in the three highest rating categories by Moody's and S&P.

“Series 2011 Bonds” means the Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds, Series 2011 consisting of the Series 2011A QSCB Bonds and the Series 2011B Taxable Non-Subsidy Bonds.

“Series 2011A QSCB Bonds” means the Bonds issued under the Indenture and designated as “Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds, Series 2011A (Direct Pay Qualified School Construction Bonds)”.

“Series 2011B Taxable Non-Subsidy Bonds” means the Bonds issued under the Indenture and designated as “Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds, Series 2011B (Taxable Non-Subsidy)”.

“Series 2012 Bonds” means the Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds, Series 2012 consisting of the Series 2012A Bonds and the Series 2012B Refunding Bonds.

“Series 2012 Bond Insurance Policy” means the insurance policy issued by the Series 2012 Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2012 Bonds when due.

“Series 2012 Bond Insurer” means, with respect to the Series 2012 Bonds, Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof. The Series 2012 Bond Insurer shall constitute a Bond Insurer as such term is defined and used in the Master Indenture.

“Series 2012 Closing Date” means September 27, 2012 or such earlier or later date as an Authorized Officer of the District may establish, which shall be the date on which the Series 2012 Bonds are delivered by the District to the original purchaser thereof.

“Series 2012 Project” means the buildings, improvements, and land described in Exhibit E attached to the Indenture.

“Series 2012A Bonds” means the Bonds issued under the Indenture and designated as “Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds, Series 2012A.”

“Series 2012A Costs of Issuance” mean the costs of issuing the Series 2012A Bonds, including but not limited to, all printing and document preparation expenses in connection with the Second Supplemental Indenture, the Series 2012A Bonds and the Official Statement pertaining to the Series 2012A Bonds and any and all other agreements, instruments, certificates or other documents issued in connection therewith; legal fees and expenses of counsel with respect to issuing the Series 2012A Bonds, financing the Series 2012 Project and preparing disclosure materials with respect to Series 2012A Bonds; any computer and other expenses incurred in connection with the Series 2012A Bonds; the initial fees and expenses of the Trustee and its counsel, if any (including without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance of the Series 2012A Bonds or the implementation of the financing for the Series 2012 Project, to the extent such fees and expenses are approved by the District, provided that any Series 2012A Costs of Issuance for the Series 2012A Bonds that are paid from the proceeds of the Series 2012A Bonds shall not exceed one and a half

percent (1.5%) of the aggregate principal amount of such Series 2012A Bonds.

“Series 2012B Costs of Issuance” mean the costs of issuing the Series 2012B Bonds, including but not limited to, all printing and document preparation expenses in connection with the Second Supplemental Indenture, the Series 2012B Bonds and the Official Statement pertaining to the Series 2012B Bonds and any and all other agreements, instruments, certificates or other documents issued in connection therewith; legal fees and expenses of counsel with respect to issuing the Series 2012B Bonds, preparing disclosure materials with respect to Series 2012B Bonds; any computer and other expenses incurred in connection with the Series 2012B Bonds; the initial fees and expenses of the Escrow Agent and its counsel, if any (including without limitation, origination fees and first annual fees payable in advance); the fees and expenses of the Verification Agent; the initial fees and expenses of the Trustee and its counsel, if any (including without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance of the Series 2012B Bonds, to the extent such fees and expenses are approved by the District, provided that any Series 2012B Costs of Issuance for the Series 2012B Bonds that are paid from the proceeds of the Series 2012B Bonds shall not exceed one and a half percent (1.5%) of the aggregate principal amount of such Series 2012B Bonds.

“Series 2012B Refunding Bonds” means the Bonds issued under the Indenture and designated as “Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Refunding Bonds, Series 2012B”.

“Series 2012A Reserve Account” means the Series 2012A Reserve Account established pursuant to the Second Supplemental Indenture.

“Series 2012B Reserve Account” means the Series 2012B Reserve Account established pursuant to the Second Supplemental Indenture.

“Series 2012B Reserve Policy” means the municipal bond debt service reserve insurance policy issued by the Series 2012 Bond Insurer, guaranteeing principal of and interest on the Series 2012B Refunding Bonds to a maximum amount equal to \$290,750, which, when combined proceeds of the Series 2012B Refunding Bonds deposited into the Series 2012B Reserve Account pursuant to the Indenture, is calculated to be the amount of the Reserve Requirement with respect to the Series 2012B Refunding Bonds. The Series 2012B Reserve Policy shall constitute a Surety Instrument as defined in the Master Indenture.

“Series 2017 Authorized Denominations” means \$5,000 and any integral multiple thereof.

“Series 2017 Bonds” means the Series 2017A Bonds and the Series 2017 Bonds.

“Series 2017 Bond Insurance Policy” means the insurance policy issued by the Series 2017 Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2017 Bonds when due.

“Series 2017 Bond Insurer” means, with respect to the Series 2017 Bonds, Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof. The Series 2017 Bond Insurer shall constitute a Bond Insurer as such term is defined and used in the Master Indenture.

“Series 2017 Closing Date” means May 25, 2017 or such earlier or later date as an Authorized Officer of the District may establish, which shall be the date on which the Series 2017 Bonds are delivered by the District to the original purchaser thereof

“Series 2017 Costs of Issuance Accounts” has the meaning given to such term in the Third Supplemental Indenture.

“Series 2017 Costs of Issuance Fund” has the meaning given to such term in the Third Supplemental Indenture.

“Series 2017 Project” means the buildings and/or improvements described in the Third Supplemental Indenture and by this reference made a part thereof.

“Series 2017 Reserve Accounts” means the Series 2017A Reserve Account and the Series 2017B Reserve Account.

“Series 2017A Bonds” means the \$16,185,000 original principal amount of Bonds issued under the Indenture and designated as “Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds, Series 2017A”.

“Series 2017A Construction Account” means the account by that name established within the Construction Fund pursuant to the Third Supplemental Indenture.

“Series 2017A Costs of Issuance” mean the costs of issuing the Series 2017A Bonds, including but not limited to, all printing and document preparation expenses in connection with the Third Supplemental Indenture, the Series 2017A Bonds and the Official Statement pertaining to the Series 2017A Bonds and any and all other agreements, instruments, certificates or other documents issued in connection therewith; legal fees and expenses of counsel with respect to issuing the Series 2017A Bonds, financing the Series 2017 Project and preparing disclosure materials with respect to Series 2017A Bonds; any computer and other expenses incurred in connection with the Series 2017A Bonds; the initial fees and expenses of the Trustee and its counsel, if any (including without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance of the Series 2017A Bonds or the implementation of the financing for the Series 2017 Project, to the extent such fees and expenses are approved by the Community Facilities District, provided that any Series 2017A Costs of Issuance for the Series 2017A Bonds that are paid from the proceeds of the Series 2017A Bonds shall not exceed one and a half percent (1.5%) of the aggregate principal amount of such Series 2017A Bonds.

“Series 2017A Costs of Issuance Account” has the meaning given to such term the Third Supplemental Indenture.

“Series 2017A Excess Earnings Account” has the meaning given to such term in the Third Supplemental Indenture.

“Series 2017A Redemption Account” has the meaning given to such term in the Third Supplemental Indenture.

“Series 2017A Reserve Account” has the meaning given to such term in the Third Supplemental Indenture.

“Series 2017A Reserve Policy” means the municipal bond debt service reserve insurance policy issued by the Series 2017 Bond Insurer, guaranteeing principal of and interest on the Series 2017A Bonds to a maximum amount equal to \$1,618,500, which is calculated to be the amount of the Series 2017A Reserve Requirement. The Series 2017A Reserve Policy shall constitute a Surety Instrument as defined in the Indenture.

“Series 2017A Reserve Requirement” means (i) as of any date of calculation, an amount equal to the lowest of: (i) 10% of the original aggregate principal amount of the Series 2017A Bonds, (ii) Maximum Annual Debt Service on the Series 2017A Bonds, or (iii) 125% of the average Annual Debt Service on the Outstanding Series 2017A Bonds. For purposes of determining if the amount on deposit in the Series 2017A Reserve Account meets the Series 2017A Reserve Requirement, any Surety Instrument deposited with the Trustee shall be deemed to be a deposit in the amount of the policy available to be drawn or the amount available to be drawn of the credit facility provided.

“Series 2017B Bonds” means the \$13,845,000 original principal amount of Bonds issued under the Indenture and designated as “Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Refunding Bonds, Series 2017B (Federally Taxable)”.

“Series 2017B Costs of Issuance” mean the costs of issuing the Series 2017B Bonds, including but not limited to, all printing and document preparation expenses in connection with the Third Supplemental Indenture, the Series 2017B Bonds and the Official Statement pertaining to the Series 2017B Bonds and any and all other agreements, instruments, certificates or other documents issued in connection therewith; legal fees and expenses of counsel with respect to issuing the Series 2017B Bonds, preparing disclosure materials with respect to Series 2017B Bonds; any computer and other expenses incurred in connection with the Series 2017B Bonds; the initial fees and expenses of the Escrow Bank and its counsel, if any (including without limitation, origination fees and first annual fees payable in advance); the fees and expenses of the Verification Agent; the initial fees and expenses of the Trustee and its counsel, if any (including without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance of the Series 2017B Bonds, to the extent such fees and expenses are approved by the Community Facilities District, provided that any Series 2017B Costs of Issuance for the Series 2017B Bonds that are paid from the proceeds of the Series 2017B Bonds shall not exceed one and a half percent (1.5%) of the aggregate principal amount of such Series 2017B Bonds.

“Series 2017B Costs of Issuance Account” has the meaning given to such term in the Third Supplemental Indenture.

“Series 2017B Redemption Account” has the meaning given to such term in the Third Supplemental Indenture.

“Series 2017B Refunding Fund” means the Refunding Fund established pursuant to the Escrow Agreement.

“Series 2017B Reserve Account” has the meaning given to such term in the Third Supplemental Indenture.

“Series 2017B Reserve Policy” means the municipal bond debt service reserve insurance policy issued by the Series 2017 Bond Insurer, guaranteeing principal of and interest on the Series 2017B Bonds to a maximum amount equal to \$1,384,500, which is calculated to be the amount of the Series 2017B Reserve Requirement. The Series 2017B Reserve Policy shall constitute a Surety Instrument as defined in the Indenture.

“Series 2017B Reserve Requirement” means (i) as of any date of calculation, an amount equal to the lowest of: (i) 10% of the original aggregate principal amount of the Series 2017B Bonds, (ii) Maximum Annual Debt Service on the Series 2017B Bonds, or (iii) 125% of the average Annual Debt Service on the Outstanding Series 2017B Bonds. For purposes of determining if the amount on deposit in the Series 2017B Reserve Account meets the Series 2017B Reserve Requirement, any Surety Instrument deposited with the Trustee shall be deemed to be a deposit in the amount of the policy available to be drawn or the amount

available to be drawn of the credit facility provided.

“Series 2023 Authorized Denomination” means \$5,000 and any integral multiple thereof.

“Series 2023 Bonds” means the \$26,765,000 original principal amount of Bonds issued under the Indenture and designated as “Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds, Series 2023.”

“Series 2023 Bond Insurance Policy” means the insurance policy issued by the Series 2023 Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2023 Bonds when due.

“Series 2023 Bond Insurer” means, with respect to the Series 2023 Bonds, Build America Mutual Assurance Company, or any successor thereto. The Series 2023 Bond Insurer shall constitute a Bond Insurer as such term is defined and used in the Master Indenture.

“Series 2023 Closing Date” means December 7, 2023 or such earlier or later date as an Authorized Officer of the Community Facilities District may establish, which shall be the date on which the Series 2023 Bonds are delivered by the Community Facilities District to the original purchaser thereof.

“Series 2023 Capitalized Interest Subaccount” means the account of that name established pursuant to the Fourth Supplemental Indenture.

“Series 2023 Costs of Issuance Fund” has the meaning given to such term in the Fourth Supplemental Indenture.

“Series 2023 Construction Account” means the account by that name established within the Construction Fund pursuant to the Fourth Supplemental Indenture.

“Series 2023 Costs of Issuance” mean the costs of issuing the Series 2023 Bonds, including but not limited to, all printing and document preparation expenses in connection with the Fourth Supplemental Indenture, the Series 2023 Bonds and the Official Statement pertaining to the Series 2023 Bonds and any and all other agreements, instruments, certificates or other documents issued in connection therewith; legal fees and expenses of counsel with respect to issuing the Series 2023 Bonds, financing the Series 2023 Project and preparing disclosure materials with respect to Series 2023 Bonds; any computer and other expenses incurred in connection with the Series 2023 Bonds; the initial fees and expenses of the Trustee and its counsel, if any (including without limitation, origination fees and first annual fees payable in advance); and other fees and expenses incurred in connection with the issuance of the Series 2023 Bonds or the implementation of the financing for the Series 2023 Project, to the extent such fees and expenses are approved by the Community Facilities District, provided that any Series 2023 Costs of Issuance for the Series 2023 Bonds that are paid from the proceeds of the Series 2023 Bonds shall not exceed one and a half percent (1.5%) of the aggregate principal amount of such Series 2023 Bonds.

“Series 2023 Costs of Issuance Fund” has the meaning given to such term in the Fourth Supplemental Indenture.

“Series 2023 Excess Earnings Account” has the meaning given to such term in in the Fourth Supplemental Indenture.

“Series 2023 Interest Subaccount” means the account of that name established pursuant to the Fourth Supplemental Indenture.

“Series 2023 Principal Subaccount” means the account of that name established pursuant to the Fourth Supplemental Indenture.

“Series 2023 Project” means the buildings and/or improvements described in the Fourth Supplemental Indenture and by this reference made a part thereof.

“Series 2023 Redemption Account” has the meaning given to such term in the Fourth Supplemental Indenture.

“Series 2023 Reserve Account” has the meaning given to such term in in the Fourth Supplemental Indenture.

“Series 2023 Reserve Policy” means the municipal bond debt service reserve insurance policy issued by the Series 2023 Bond Insurer, guaranteeing principal of and interest on the Series 2023 Bonds to a maximum amount equal to \$2,676,500, which is calculated to be the amount of the Series 2023 Reserve Requirement. The Series 2023 Reserve Policy shall constitute a Surety Instrument as defined in the Indenture.

“Series 2023 Reserve Requirement” means (i) as of any date of calculation, an amount equal to the lowest of: (i) 10% of the original aggregate principal amount of the Series 2023 Bonds, (ii) Maximum Annual Debt Service on the Series 2023 Bonds, or (iii) 125% of the average Annual Debt Service on the Outstanding Series 2023 Bonds. For purposes of determining if the amount on deposit in the Series 2023 Reserve Account meets the Series 2023 Reserve Requirement, any Surety Instrument deposited with the Trustee shall be deemed to be a deposit in the amount of the policy available to be drawn or the amount available to be drawn of the credit facility provided.

“Special Tax Formula” means the Rate and Method of Apportionment of Special Tax attached as an appendix to the Official Statement.

“Special Tax Fund” means the Special Tax Fund established pursuant to the Master Indenture.

“Special Taxes” mean the sum of (i) the Annual Special Taxes and (ii) the undeveloped property taxes authorized to be levied in accordance with Section 5 of the Special Tax Formula on property lying within the District on behalf of the District pursuant to the election referred to in the recitals of the Indenture and in accordance with the Act. Special Taxes shall not include any Prepayment Taxes (as defined in the Special Tax Formula).

“State” means the State of California.

“Supplemental Indenture” means any indenture supplemental to the Master Indenture executed in accordance with the provisions described under the heading “SUPPLEMENTAL INDENTURES,” including the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture.

“Surety Instrument” means with respect to the Series 1999 Bonds, a Series 1999 Surety Instrument, and with respect to any other Series of Bonds, such surety instrument as shall be defined in the Supplemental Indenture relating thereto.

“Tax Certificate” means the Tax and Nonarbitrage Certificate of the District delivered in connection with the Series 2012 Bonds and the Tax Certificate of the District delivered in connection with the Series 2017A Bonds. The Tax Certificate of the Community Facilities District delivered in connection

with the Series 2023 Bonds. The Tax Certificate shall constitute a Nonarbitrage Certificate as defined in the Master Indenture.

“Tax-Exempt Property” means any property within the CFD which is not Developed or Undeveloped Property, and includes property owned or operated by a public agency.

“Tender Indebtedness” means any indebtedness or portions of indebtedness a feature of which is an option, on the part of the holders of such indebtedness, or an obligation, under the terms of such indebtedness, to tender all or a portion of such indebtedness to the District, the Trustee or other fiduciary or agent for payment or purchase and requiring that such indebtedness or portions of indebtedness be purchased if properly presented.

“Term Bonds” means Bonds which are payable on or before their specified maturity dates from mandatory sinking account payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date.

“Third Supplemental Indenture” means the Supplemental Indenture No. 3, dated as of May 1, 2017, by and between the District and the Trustee relating to the Series 2017 Bonds.

“Transfer Amount” means, with respect to (i) any Outstanding Current Interest Bond, the aggregate principal amount thereof, (ii) any Outstanding Capital Appreciation Bond, the Maturity Amount thereof, and (iii) any Outstanding Convertible Capital Appreciation Bond, the Conversion Value thereof.

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

“Undeveloped Property” means any Assessor’s Parcel in the District which is zoned for residential use and for which no building permit has been issued by June 15th of the previous fiscal year.

“Variable Rate Indebtedness” means any portion of indebtedness the interest rate on which is not established at the time of incurrence of such indebtedness and has not at some subsequent date been established at a single numerical rate for the entire term of the indebtedness.

“Verification Agent” means Causey Demgen & Moore P.C.

Funds and Accounts

The Indenture establishes the following funds and accounts:

Special Tax Fund. The Special Tax Fund shall be held by the Trustee for the benefit of the Bondowners. In each Bond Year, the District shall pay all Gross Taxes to the Trustee for deposit in the Special Tax Fund on each date on which it receives them from the County until such time as the amounts on deposit in the Special Tax Fund, including interest earnings thereon, equal the aggregate amounts required to be paid as set forth in subsections (i), (ii) and (iii) below in such Bond Year. On or before the fifteenth day preceding each February 1 and August 1, with respect to the transfers pursuant to (i) below, or five Business Days preceding each Interest Payment Date, with respect to transfers pursuant to (ii) and (iii) below, the Trustee is required to withdraw from the Special Tax Fund the amount necessary to make the following deposits or payments in the following order of priority:

(i) To the Bond Service Fund, an amount necessary, together with amounts on deposit therein and available for such purpose, to pay the Annual Debt Service coming due and payable on such Interest

Payment Date with respect to the Outstanding Bonds in such Bond Year;

(ii) To the Reserve Fund, an amount necessary to maintain the Reserve Requirement therein; and

(iii) To the Series 1999 Bond Insurer, the Series 2011 Bond Insurer, the Series 2017 Bond Insurer, the Series 2023 Bond Insurer and the bond insurer for any subsequent Series of Bonds, pro rata based on the amounts drawn on their respective policies, to the extent of any amount due if not paid pursuant to (i) or (ii) above.

The Trustee shall transfer all amounts on deposit in the Special Tax Fund on August 2 of each year to the District to be used for any lawful purpose.

Costs of Issuance Fund and Series 2023 Costs of Issuance Fund. The Trustee shall establish a Costs of Issuance Fund for each Series of Bonds. The moneys on deposit in the Series 2023 Costs of Issuance Fund relating to the Series 2023 Bonds shall be held by the Trustee and utilized from time to time to pay the Series 2023 Costs of Issuance of the Series of Series 2023 Bonds.

There will be deposited in the Series 2023 Costs of Issuance Fund that portion of the proceeds of the Series 2023 Bonds required to be deposited therein pursuant to the Fourth Supplemental Indenture. The Trustee shall disburse money from the Series 2023 Costs of Issuance Fund on such dates and in such amounts as are necessary to pay Series 2023 Costs of Issuance, in each case, promptly after receipt of, and in accordance with, a written request of an Authorized Officer of the District in the form attached to the Fourth Supplemental Indenture, together with invoices therefor. On the date which is six months following the Series 2023 Closing Date, or upon the earlier written request of an Authorized Officer of the District, all amounts (if any) remaining in the Series 2023 Costs of Issuance Fund shall be transferred by the Trustee to the Series 2023 Costs of Issuance Fund shall be closed.

Bond Service Fund. The Bond Service Fund shall be held in trust by the Trustee for the benefit of the Bondholders. The Trustee shall deposit moneys on or before each Interest Payment Date in the following amounts and accounts in and in the following order of priority:

Interest Account. In the Interest Account, an amount which, when added to the amount then contained in the Interest Account and available to pay interest on the Bonds in the applicable Bond Year, equals the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on the next Interest Payment Date. If the Bonds have been accelerated pursuant to the Indenture, interest shall be due and payable on the unpaid Principal Amount of all Outstanding Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds).

The Trustee shall establish a separate Interest Subaccount within the Interest Account in the Bond Service Fund for each Series of Bonds, each of which shall be designated the "Series _____ Interest Subaccount." Any moneys in a Series Interest Subaccount shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Series of Bonds to which the Series Interest Subaccount relates as it shall become due and payable (including accrued interest on any such Bonds).

The Trustee shall establish a separate Capitalized Interest Subaccount within the Interest Account in the Bond Service Fund for each Series of Bonds, each of which shall be designated the "Series _____ Capitalized Interest Subaccount." If the amount available to pay interest on the Bonds on any Interest Payment Date is not sufficient to pay in full all interest due and payable on such Interest Payment Date, then the Trustee shall apply (i) available amounts on deposit in a Capitalized Interest Subaccount to the

payment of interest on the Series of Bonds for which such amounts were pledged ratably according to the interest then due on such Series of Bonds, (ii) all other such amounts on deposit in separate subaccounts to the payment of interest on the applicable Series of Bonds, and (iii) all other such amounts to the payment of interest ratably, according to the amounts of interest then due (after application of any capitalized interest) without any discrimination or preference, provided that amounts in a Series Reserve Account may only be used to pay interest on the Series of Bonds to which the Series Reserve Account relates.

Principal Account. In the Principal Account, an amount which, when added to the amount then contained in the Principal Account, equals the principal becoming due and payable on the Outstanding Bonds, by reason of maturity, mandatory redemption pursuant to the Indenture or any Supplemental Indenture or acceleration pursuant to the Indenture, on the next Interest Payment Date. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it shall become due and payable at maturity or upon mandatory sinking fund redemption.

The Trustee shall establish a separate Principal Subaccount within the Principal Account in the Bond Service Fund for each Series of Bonds, each of which shall be designated the "Series ____ Principal Subaccount." Any moneys in a Series Principal Subaccount shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Series of Bonds to which the Series Principal Subaccount relates as it shall become due and payable or upon mandatory sinking fund redemption.

If the amount available shall not be sufficient to pay in full all the principal of the Bonds due and payable, then to the payment of such principal, ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference, provided that amounts transferred from a Series Reserve Account to a Series Principal Subaccount may only be used to pay interest on the Series of Bonds to which the Series Reserve Account relates.

In the event there are no longer Bonds or Parity Bonds Outstanding, any moneys remaining in the Bond Service Fund shall be transferred to the Special Tax Fund at the written request of the District.

Reserve Fund. The Trustee shall hold the Reserve Fund as a trust fund for the benefit of the Bondholders. The Trustee shall establish a separate Reserve Account within the Reserve Fund for each Series of Bonds, each of which shall be designated the "Series ____ Reserve Account." The Trustee shall hold the Series 1999 Reserve Policy on deposit in the 1999 Reserve Account. The Trustee shall deposit the amount set forth in the First Supplemental Indenture in the Series 2011A QSCB Reserve Account. The Trustee shall deposit the amount set forth in the First Supplemental Indenture in the Series 2011B Taxable Non-Subsidy Reserve Account. From the proceeds of the sale of any additional Series of Bonds there shall be deposited in the Reserve Account of the Reserve Fund established with respect to such Series an amount equal to the Reserve Requirement for such Series of Bonds.

Moneys in the Reserve Fund established for a Series or Series of Bonds (each a "Series Reserve Account") shall be used solely for the purpose of paying the principal of and interest on a Series of Bonds to which such account relates as the same shall become due in the event that the moneys in the Bond Service Fund are insufficient therefor, and for that purpose the Trustee shall withdraw from the Series Reserve Account, for deposit in the accounts within the Bond Service Fund, moneys necessary to pay payment of principal of and interest on the Series of Bonds to which the Series Reserve Account relates. If on February 2 or August 2 of each year, the amount on deposit in a Series Reserve Account relates is in excess of the Reserve Requirement for the Series of Bonds for which the Series Reserve Account relates, the Trustee shall transfer such excess to the applicable accounts in the Bond Service Fund for payment of principal of and interest on such Series of Bonds. Moneys on deposit in any Series Reserve Account shall be transferred to the Bond Service Fund upon the final maturity of the related Series of Bonds and applied to the payment of the principal of and interest on the last Outstanding maturity of such Series of Bonds.

The District reserves the right initially to deposit into any Series Reserve Account therein other than any Series Reserve Account related to the series 2011 Bonds, and thereafter to substitute, at any time and from time to time, a Surety Instrument in substitution for or in place of all or any portion of the Reserve Requirement for a Series of Bonds, under the terms of which the Trustee is entitled to draw amounts when required for the purposes of the Indenture. Notwithstanding anything else in the Indenture or in the First Supplemental Indenture, a Surety Instrument may not be deposited into any Series Reserve Account in the Reserve Fund securing the Series 2011 Bonds. Upon deposit by the District with the Trustee of any such Surety Instrument, at the written direction of the District, (i) the Trustee shall transfer to the Construction Fund for the Series to which the Series Reserve Account relates from the balance then in the Series Reserve Account an amount equal to the stated amount of such Surety Instrument, or (ii) the Trustee shall transfer such amount to the District for any other use; provided, however, that the District first delivers to the Trustee an opinion of Bond Counsel; and provided further, that the prior written consent of the Series 1999 Bond Insurer shall have been obtained in connection with the delivery of a Surety Instrument other than the Series 1999 Reserve Policy. If a draw on a Series Reserve Account is required when such Series Reserve Account is comprised partly of moneys and partly of a Surety Instrument, then the Trustee shall draw first from the moneys on deposit in such Series Reserve Account and then, if necessary, from the Surety Instrument related to such Series of Bonds.

Any shortfall in a Series Reserve Account shall be replenished in accordance with the Indenture. In the event that the amount on deposit in more than one Series Reserve Account is less than the Reserve Requirement for the applicable Series of Bonds and amounts available are not sufficient to replenish all such Series Reserve Accounts, then deposits will be made into such Series Reserve Accounts on a pro rata basis based on the amounts of the shortfalls in such Series Reserve Accounts.

Construction Fund. The Trustee shall hold the Construction Fund. The Trustee shall establish a separate Construction Account within the Construction Fund for each Series of Bonds, each of which shall be designated the “Series ____ Construction Account.” Each Series of Bonds shall be issued to finance a portion of the Project, and the Project Costs of the portion of the Project, and the Project Costs of the portion of the Project to be financed by such Series of Bonds shall be paid from the Construction Account established with respect to such Series. Except as otherwise provided in the Indenture, moneys in each Construction Account shall be applied exclusively to pay the Project Costs associated with the portion of the Project to be financed by such Series.

Upon receipt of, and in accordance with, a written request of an Authorized Officer of the District in substantially the form attached to the Indenture incorporated therein by this reference, the Trustee shall pay the Project Costs from amounts on deposit in the applicable Construction Account. The Trustee shall be responsible for the safekeeping and investment of the moneys held in the Construction Fund and the disposition thereof in accordance with the Indenture and any Supplemental Indenture. Notwithstanding anything in the Indenture to the contrary, the Trustee may rely upon the representations made in such written request.

There shall be deposited in the Series 2023 Construction Account that portion of the proceeds of the Series 2023 Bonds required to be deposited therein pursuant to the Fourth Supplemental Indenture. There shall also be deposited into the Series 2023 Construction Account (i) any amounts transferred from the Series 2023 Costs of Issuance Account pursuant to Fourth Supplemental Indenture, and (ii) any interest earnings transferred pursuant to the Master Indenture. The Trustee shall pay the Project Costs of the Series 2023 Project from the Series 2023 Construction Account.

Excess Earnings Fund. The Trustee shall establish a separate Excess Earnings Account in the Excess Earnings Fund for each Series of Bonds, each of which shall be designated the “Series ____ Excess Earnings Account.” The Trustee shall then deposit into the related Series Excess Earnings Account all

amounts as instructed by the District in writing in accordance with the provisions of the Nonarbitrage Certificate for such Series of Bonds. Notwithstanding anything to the contrary in the Indenture, all earnings on amounts invested in the Excess Earnings Fund, or in any Excess Earnings Account therein, shall be retained therein, except to the extent provided by a Nonarbitrage Certificate. Notwithstanding any other provision thereof, moneys may be transferred at the written request of the District from any fund or account described in the Indenture to the Excess Earnings Fund, or any Series Excess Earnings Account therein, to the extent such transfer is required to comply with a Nonarbitrage Certificate. The Trustee shall pay the moneys on deposit in the Excess Earnings Fund, or any Series Excess Earnings Account therein, to the federal government as instructed by the District in writing. In the event moneys are no longer required by the Nonarbitrage Certificate to be maintained in the Excess Earnings Fund, or any Series Excess Earnings Account therein, such moneys shall be transferred to the Special Tax Fund at the written request of the District. The Trustee shall be deemed conclusively to have complied with its obligations with respect to the Excess Earnings Fund and rebatable arbitrage if it follows the written instructions of the District given under the Indenture.

The Trustee shall deposit into the Series 2023 Excess Earnings Account all amounts as instructed by the Community Facilities District in writing in accordance with the provisions of the Tax Certificate. Notwithstanding anything to the contrary in the Indenture, all earnings on amounts invested in the Series 2023 Excess Earnings Account shall be retained therein, except to the extent provided by the Tax Certificate. Notwithstanding any other provision thereof, moneys may be transferred at the written request of the Community Facilities District from any fund or account described in the Indenture to the Series 2023 Excess Earnings Account to the extent such transfer is required to comply with the Tax Certificate. The Trustee shall pay the moneys on deposit in the Series 2023 Excess Earnings Account to the federal government as instructed by the Community Facilities District in writing. In the event moneys are no longer required by the Tax Certificate to be maintained in the Series 2023 Excess Earnings Account, such moneys shall be transferred to the Special Tax Fund at the written request of the Community Facilities District. The Trustee shall be deemed conclusively to have complied with its obligations with respect to the Series 2023 Excess Earnings Account and rebatable arbitrage if it follows the written instructions of the Community Facilities District given under the Indenture.

Redemption Fund. The Trustee shall hold the Redemption Fund in trust for the benefit of Bondowners. The Trustee shall establish a separate Redemption Account within the Redemption Fund for each Series of Bonds, each of which will be designated the “Series _____ Redemption Account.” Prior to any redemption date, the Trustee shall deposit in the related Redemption Account moneys made available for that purpose by the District which are sufficient to redeem, at the redemption prices payable as provided in the Indenture or in the applicable Supplemental Indenture, the Bonds designated for redemption. Such moneys must be set aside in the related Redemption Account solely for that purpose and shall be transferred to the Trustee on or before the applicable redemption date and be applied by the Trustee on or after the redemption date to the payment of the redemption price on the Series of Bonds to be redeemed upon presentation and surrender thereof. Any moneys remaining in the Redemption Fund when there are no longer Bonds Outstanding shall be transferred to the Special Tax Fund.

Escrow Fund. The Trustee shall hold the Escrow Fund segregated in trust for the benefit of the owners of the Refunded Bonds in a special trust fund, separate and apart from all other funds and moneys held by the Trustee, established and maintained by the Trustee exclusively for the purposes and in the manner described in the Indenture. On the Closing Date, the Trustee shall be provided with certain direct noncallable Federal Securities or Pre-Refunded Municipal Obligations which shall be irrevocably pledged solely to pay principal of, premium (if any) and interest on the Refunded Bonds. The owners of the Refunded Bonds are granted a first priority pledge of and lien on all amounts held in the Escrow Fund. The Trustee shall apply the funds and securities held in the Escrow Fund as provided in the Escrow Agreement.

Investment of Funds and Accounts

Obligations purchased as investments of moneys in any fund or account in which investments are authorized shall be deemed at all times to be a part of such fund or account. Moneys in the funds and accounts established by the Indenture shall be invested from time to time by the Trustee at the written direction of an Authorized Officer of the District, in Authorized Investment so long as:

(a) Moneys in the Construction Fund shall be invested in obligations which will by their terms mature or be available for withdrawal as close as practicable to the date the District estimates the moneys represented by the particular investment will be needed for withdrawal from the Construction Fund;

(b) Moneys in the Bond Service Fund shall be invested only in obligations which will by their terms mature or be available for withdrawal on the applicable dates so as to ensure the payment of principal and interest on the Bonds as the same become due; and

(c) Moneys in the Reserve Fund shall be invested only in obligations which mature no longer than five years from the date of investment.

The Trustee shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer for such funds and accounts or from such funds and accounts. For the purpose of determining at any given time the balance in any fund or account, any such investments constituting a part of such fund and account shall be valued at their original cost. Notwithstanding anything in the Indenture to the contrary, the Trustee shall not be responsible for any loss from any investments authorized pursuant to the Indenture. The Trustee shall be entitled to rely conclusively upon the written instructions of an Authorized Officer of the District as to the fact that an investment is permitted by the laws of the State and constitutes an Authorized Investment under the Indenture, and the Trustee shall not be required to make any further investigation with respect thereto. The Trustee or its affiliates may act as sponsor, principal or agent in the making or disposing of any investment. Any Authorized Investments that are registrable securities shall be registered in the name of the Trustee.

Deposit of Investment Earnings. Investment earnings on amounts on deposit in any Excess Earnings Account related to a Series of Bonds shall be retained therein. Investment earnings on all other funds and accounts established under the Indenture shall be transferred to the Reserve Fund to the extent of any deficiency therein, then (i) prior to the Construction Period Termination Date for any Series of Bonds, be transferred to the Construction Accounts of the Construction Fund on a pro rata basis and (ii) after the Construction Period Termination Date, be transferred to the Interest Account of the Bond Service Fund.

Investments in the Absence of Direction. In the absence of any written direction of an Authorized Officer of the District, the Trustee shall invest the moneys on deposit in the funds and accounts established under the Indenture in the Authorized Investments identified in clause (9) of the definition thereof.

Covenants of the District

So long as any of the Bonds issued under the Indenture are Outstanding and unpaid, the District makes the following covenants with the Bondowners under the provisions of the Act and the Indenture or any Supplemental Indenture (to be performed by the District or its proper officers, agents or employees), which covenants are necessary, convenient and desirable to secure the Bonds and tend to make them more marketable; provided, however, that said covenants shall not require the District to expend any funds or moneys other than the Gross Taxes.

Punctual Payment. The District covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued under the Indenture or any Supplemental Indenture, together with the premium thereon, if any is payable, on the dates, at the place and in the manner set forth in the Bonds and in accordance with the Indenture and any Supplemental Indenture to the extent Gross Taxes are available therefor, and that it will make or cause to be made the payments into the Special Tax Fund, all in strict conformity with the terms of the Bonds and the Indenture and any Supplemental Indenture, and that it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and all Supplemental Indentures and of the Bonds issued thereunder, and that the time of such payment and performance is of the essence to the District's contract with the Bondowners thereunder.

Limits on Issuance of Parity Bonds and Other Additional Indebtedness. The District may at any time issue Parity Bonds payable from the Gross Taxes and secured by a lien and charge upon the Gross Taxes equal to the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture or under any Supplemental Indenture, but only subject to the following specific conditions, which are made by the Indenture conditions precedent to the issuance of any such Parity Bonds:

(a) The District shall be in compliance with all covenants set forth in the Indenture and any Supplemental Indenture 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 which shall specify the following:

- (i) 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 (i) the purposes of aiding in financing the Project, including payment of all costs incidental to or connected with such financing, and/or (ii) the purpose of refunding any Outstanding Bonds, including payment of all costs incidental to or connected with such refunding;
- (ii) The authorized principal amount of such Parity Bonds;
- (iii) The date, the maturity date or dates and the interest rate or rates or method of determining the interest rate of such Parity Bonds;
- (iv) The description of the Parity Bonds, the place of payments thereof and the procedure for execution and authentication;
- (v) The denomination and method of numbering of such Parity Bonds;
- (vi) The redemption premiums, if any, and the redemption terms, if any, for such Parity Bonds; provided that, in the event that less than all of such Parity Bonds are to be redeemed at any one time, the Trustee shall redeem that amount of Outstanding Bonds issued prior to the issuance of such Parity Bonds and that amount of such Parity Bonds in the proportion which the principal amount of Outstanding Bonds issued prior to the issuance of such Parity Bonds bears to the then outstanding principal amount of such Parity Bonds (except that such proviso shall not apply to redemptions of the Series 2011A QSCB Bonds pursuant to the First Supplemental

Indenture;

- (vii) The amount and due date of each mandatory sinking fund payment, if any, for such Parity Bonds;
- (viii) The amount, if any, to be deposited from the proceeds of such Parity Bonds in the applicable Series Reserve Fund to increase the amount therein to the Reserve Requirement for such Series of Bonds;
- (ix) The form of such Parity Bonds; and
- (x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The District and the Trustee shall have received the following documents, 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 accept any of such documents bearing a prior date):

- (i) A certified copy of the Supplemental Indenture authorizing the issuance of such Parity Bonds;
- (ii) A written request of the District as to the delivery of such Parity Bonds;
- (iii) An opinion of Bond Counsel to the effect that (a) the District has the right and power under the Act to execute and deliver the Indenture and the Supplemental Indenture relating to such Parity Bonds, and the Indenture and all such Supplemental Indentures have been duly executed and delivered 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), and (b) 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 the Indenture and all Supplemental Indentures thereto and entitled to the benefits of the Indenture and all such Supplemental Indentures, and such Parity Bonds have been duly and validly executed and delivered in accordance with the Act and the Indenture and all such Supplemental Indentures; and a further opinion of Bond Counsel to the effect that, assuming compliance by the District with certain tax covenants, the issuance of the Parity Bonds will not adversely affect the exclusion from gross income for federal income tax purposes or the exemption from State personal income taxation of interest on any Outstanding Bonds theretofore issued;
- (iv) A certificate of the District containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture;
- (v) A certificate or certificates from one or more Independent Financial Consultants which, when taken together, certify that (i) the amount of the maximum Annual Special Taxes that may be levied by the District on Debt Service Developed Property, as of the date of certification, in each Fiscal Year pursuant to the Act and

the applicable resolutions and ordinances of the District, assuming that such annual Special Taxes are measured in each such Fiscal Year to the maximum extent provided in the Special Tax Formula, is at least equal in each corresponding Bond Year to the Maximum Annual Debt Service on all Outstanding Bonds theretofore issued and the Parity Bonds proposed to be issued in such Bond Year, plus in such Bond Year 100% of the amount of Series 1999 Policy Costs owed and (ii) the amount of the maximum Annual Special Taxes that may be levied by the District, as of the date of certification, in each Fiscal Year pursuant to the Act and the applicable resolutions and ordinances of the District, assuming that such Annual Special Taxes are increased in each such Fiscal Year to the maximum extent provided in the Special Tax Formula, is at least equal in each corresponding Bond Year to 115% of the aggregate amount of the Maximum Annual Debt Service on all Outstanding Bonds theretofore issued and the Parity Bonds proposed to be issued in such Bond Year, plus in such Bond Year 100% of the amount of Series 1999 Policy Costs owed. For purposes of making the certifications required by this paragraph (5), the Independent Financial Consultants may rely on reports or certificates of such other persons as may be acceptable to the District, and the initial purchasers of the proposed Parity Bonds; and

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

In addition to the Series 1999 Policy Costs referenced above, the additional bonds test in the Indenture requires for at least one times coverage of the Series 2012B Policy Costs, Series 2017A Policy Costs, Series 2017B Policy Costs and Series 2023 Policy Costs then due and owing.

Levy of Special Tax. The Board of Trustees of the District shall levy or cause to be levied with respect to Debt Service Developed Property Special Taxes at least in an amount anticipated to be sufficient (after taking into account anticipated delinquencies in the payment of Special Taxes), together with any moneys on deposit in the Special Tax Fund or the Bond Service Fund (and, with respect to the final Bond Year for a Series of Bonds, in the Reserve Account with respect to such Series of Bonds (other than amounts available under a Surety Instrument)) and anticipated to be available in the next succeeding Bond Year to pay principal of, premium (if any) and interest on the Bonds and any amounts required to maintain the Reserve Fund at the Reserve Requirement or to pay Series 1999 Policy Costs.

In addition to the Series 1999 Policy Costs referenced above, the levy shall consider Series 2012B Policy Costs, Series 2017A Policy Costs, Series 2017B Policy Costs and Series 2023 Policy Costs.

The Board of Trustees of the District shall levy or cause to be levied Special Taxes at least in an amount anticipated to be sufficient (after taking into account anticipated delinquencies in the payment of Special Taxes), together with any moneys on deposit in the Special Tax Fund or the Bond Service Fund (and, with respect to the final Bond Year for a Series of Bonds, in the Reserve Account with respect to such Series of Bonds (other than amounts available under a Surety Instrument)) and anticipated to be available in the next succeeding Bond Year to pay 115% of the aggregate amount of principal of, premium (if any) and interest on the Bonds and any amounts required to maintain the Reserve Fund at the Reserve Requirement.

Zoning Changes. To the extent permitted by law, in the event that any parcel within the boundaries of the District undergoes a change of zoning so that it is Zoned (as defined in the Special Tax Formula) for residential use, the District shall take all reasonable steps to insure that such property shall be subject to the

lien of the Special Taxes.

Commencement of Foreclosure Proceedings. The District covenants for the benefit of the Owners of the Bonds that it shall commence or cause to be commenced judicial foreclosure proceedings by October 31 of each year against (i) all property owned by any single person or any property regardless of ownership with delinquent Special Taxes totaling more than \$25,000, and (ii) all property with delinquent Special Taxes if in the immediately preceding Fiscal Year it received Special Taxes in an amount which (together with amounts deposited into the Special Tax Fund and/or Bond Service Fund) were 95% or less than the Annual Debt Service established pursuant to the Indenture, for the current Bond Year or the amount in the Reserve Fund (plus the stated amount of any Surety Instrument, if any) is less than the Reserve Requirement. The District may, at its sole election, commence or cause to be commenced judicial foreclosure proceedings by October 31 of each year against any property with delinquent Special Taxes if in the immediately preceding Fiscal Year it received Special Taxes in an amount which (together with amounts deposited into the Special Tax Fund and/or Bond Service Fund) were less than 100%, but greater than 95%, of the Annual Debt Service established pursuant to the Indenture, for the current Bond Year. The District shall diligently pursue to completion each such foreclosure.

Special Tax Covenants. (a) In order to maintain the exclusion from gross income for federal income tax purposes of interest of any Bonds the interest on which is intended to be excluded from gross income under Section 103 of the Code for Federal tax purposes, the District covenants and represents that until there are no such Bonds which remain Outstanding the District will comply with all applicable requirements of Section 103 and Sections 141 through 150 of the Code. In furtherance of this covenant, the District agrees to comply with the requirements set forth in the Nonarbitrage Certificate.

(b) Notwithstanding any other provision of the Indenture to the contrary, upon the District's failure to observe, or refusal to comply with, the foregoing covenant, no person other than the Trustee and the Owners of the Bonds shall be entitled to exercise any right or remedy provided to the Owners under the Indenture or any Supplemental Indenture on the basis of the District's failure to observe, or refusal to comply with, such covenant.

(c) The Community Facilities District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds the interest on which is intended to be excluded from gross income under Section 103 of the Code. Without limiting the generality of the foregoing, the Community Facilities District shall comply with the requirements of the Tax Certificate, which is incorporated in the Indenture as if fully set forth therein. This covenant shall survive payment in full or defeasance of the Series 2017A Bonds.

(d) The Community Facilities District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2023 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Community Facilities District shall comply with the requirements of the Tax Certificate, which is incorporated in the Indenture as if fully set forth therein. This covenant shall survive payment in full or defeasance of the Series 2023 Bonds.

In the event that at any time the Community Facilities District is of the opinion that for purposes of the provisions of the Indenture described under the caption "SPECIAL TAX COVENANTS," it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established under the Indenture, the Community Facilities District shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Notwithstanding any provisions of this subsection (d), if the Community Facilities District shall provide to the Trustee an opinion of a firm of nationally recognized bond counsel selected by the Community Facilities District to the effect that any specified action required under this subsection (d) is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2023 Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this subsection (d) and of the Tax Certificate, and the covenants under the Fourth Supplemental Indenture shall be deemed to be modified to that extent.

General. The District will do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the District under the provisions of the Indenture. Any Bondowner may obtain information about the status of the construction of the Project by a written request for such information to the District addressed in care of the Trustee. The District warrants that upon the date of execution and delivery of any Series of Bonds, the conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the execution and delivery of such Series of Bonds will exist, have happened and have been performed and the execution and delivery of such Series of Bonds shall comply in all respects with the applicable laws of the State.

Extension of Payment of Bonds. The District will not directly or indirectly extend the maturity dates of any Series of Bonds or the time of payment of interest with respect thereto. Nothing in the Indenture shall be deemed to limit the right of the District to issue any securities for the purpose of providing funds for the redemption of any Series of Bonds and such issuance shall not be deemed to constitute an extension of the maturity of any Series of Bonds.

Reduction of Special Tax Revenues. The Special Tax Formula may be amended at any time in accordance with the Act without the consent or approval of the Trustee or any Bondowners; provided, however, that the Special Tax Formula may not be amended to reduce the rate at which the Special Taxes may be levied or to terminate the levy of the Special Tax unless the District receives the prior written consent of the Series 1999 Bond Insurer and determines that the reduction or termination of Special Taxes would not have a material adverse effect on the repayment of the Bonds. The District covenants that it will not permit the payment of a Prepayment Tax with respect to any Assessor's Parcel after the Assessor's Parcel has converted to Developed Property (as each of those terms is defined in the Special Tax Formula).

Continuing Disclosure. The Community Facilities District covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate (Series 2023), dated the date of issuance and delivery of the Series 2023 Bonds, as it may be amended from time to time in accordance with the terms thereof. Notwithstanding any other provision of the Fourth Supplemental Indenture, failure of the Community Facilities District to comply with the Continuing Disclosure Certificate (Series 2023) shall not be considered an Event of Default; however, any owner of Series 2023 Bonds may take such actions, as provided in the Continuing Disclosure Certificate (Series 2023), as may be necessary and appropriate to cause the Community Facilities District to comply with its obligations under the Continuing Disclosure Certificate (Series 2023).

Trustee

The District is authorized to appoint a Trustee which meets the requirements set forth therein. Any Trustee appointed will (i) be a trust company, a bank or a member of a bank holding company having the powers of a trust company having a corporate trust office in the State, (ii) have (or if such bank is a member of a bank holding company system, its bank holding company has) a combined capital and surplus of at least \$50,000,000 and (iii) be subject to supervision or examination by federal or state authority. If such bank, trust company or bank holding company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose

of the Indenture the combined capital and surplus of such bank, trust company or bank holding company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph, the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

The Trustee upon appointment by the District is authorized to and shall mail interest payments to the Bondowners, select Bonds for redemption, give notice of redemption and meetings of Bondowners, maintain the Bond Register and maintain and administer the funds and accounts established pursuant to the Indenture. The Trustee is authorized by the Indenture to pay the principal of and premium, if any, on the Bonds when the same are duly presented to it for payment at maturity or on call and redemption, to provide for the registration or transfer and exchange of Bonds presented to it for such purposes, to provide for the cancellation of Bonds, all as provided in the Indenture, and to provide for the authentication of Bonds, and shall perform all other duties assigned to or imposed on it as provided in the Indenture or any Supplemental Indenture. The Trustee shall keep accurate records of all funds administered by it and all Bonds paid and discharged by it. The Trustee initially appointed and any successor thereto may be removed by the District or the Series 1999 Bond Insurer at any time upon 30 days written notice and a successor or successors may be appointed; provided that such successor or successors shall be a bank or a trust company doing business in and having an office in the city where the predecessor did business and had an office. So long as any Bonds are Outstanding and unpaid the Trustee and any successor or successors thereto designated by the District shall continue to be Trustee of the District for all of said purposes until the designation of a successor or successors as Trustee.

A Trustee appointed under the Indenture may resign at any time upon written notice. Upon receiving such notice, the District shall promptly appoint a successor Trustee. If no successor Trustee has been selected within 60 days after delivery of such notice, the Trustee may petition a court of competent jurisdiction to appoint a successor. The successor Trustee shall execute, acknowledge and deliver to the District an instrument accepting its appointment, whereupon the Trustee shall be released from any further liability under the Indenture. The successor Trustee shall notify the Owners of the succession.

Recitals of Fact. The recitals of fact and all promises, covenants and agreements contained in the Indenture and in the 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 the Indenture or of the Bonds, the security for the Bonds or the tax status of interest thereon, and shall incur no responsibility in respect thereof, other than in connection with its duties or obligations set forth in the Indenture, in the Bonds or in any Parity Bonds or in the certificate of authentication and registration executed in connection therewith. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value. The Trustee shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct.

Duties and Liabilities of Trustee. The Trustee shall perform such duties and only such duties as are expressly and specifically set forth in the Indenture and any Supplemental Indenture, The permissive right of the Trustee to do things permitted in the Indenture shall not be construed as a duty.

Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under the Indenture shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

Liability of Trustee. The Trustee may become the Owner of Bonds of any Series with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depositary 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 Bondowners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds of such Series then Outstanding.

Subject to the rights of the Bond Insurer as provided in the Indenture, the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of any Series of 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 the Indenture or any Supplemental Indenture.

The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture.

The Trustee shall not be required to give any bond or surety in respect of the execution of the Indenture or any Supplemental Indenture or otherwise in respect of the Bonds.

Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds 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 may consult with counsel, who may be Bond Counsel or other counsel of or 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 by it under the Indenture in good faith and in accordance therewith; provided, however, the Trustee shall in no event delay any payment with respect to the Bonds in anticipation of any such opinion.

The Trustee may execute any of its trusts or powers or perform any of its duties set forth in the Indenture through attorneys, agents or receivers and, if it does so, all references to the Trustee in the Indenture shall be deemed to refer to such agent, attorney or receiver.

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

Whenever, in the administration of the trusts imposed upon it by the Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under of the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the District, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject during business hours and upon twenty-four (24) hours' notice to the inspection of the District and its agents and representatives duly authorized in writing.

Compensation and Indemnification. The District shall pay to the Trustee from time to time all

reasonable compensation for all services rendered under the Indenture.

To the extent permitted by law, the District agrees to indemnify the Trustee for, and to hold the Trustee and its officers, directors and employees harmless against, any loss, costs (including reasonable attorneys' fees and expenses), liability, expense or advance incurred or made; other than that which arises from negligence or willful misconduct on the part of the Trustee, arising out of or in connection with (i) the acceptance or administration of the trust created by the Indenture, (ii) the ownership, operation or use of the Project or (iii) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Bonds (unless such statement was furnished by the Trustee). The foregoing indemnity provision shall include the fees, costs and expenses of the Trustee in defending itself against any claim of liability. In the event that the District is required to indemnify the Trustee as provided in the Indenture, the District shall be subrogated to the rights of the Trustee, as the case may be, to recover such losses or damages from any other person or entity.

Defeasance

If all or part of a Series of Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest with respect to all or part of a Series of Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, an amount which, together with the amounts then on deposit in the Bond Service Fund and the Reserve Fund and available solely for the payment of such Bonds, is fully sufficient to pay the principal of premium (if any), and interest on all or part the Outstanding Bonds of any Series or maturity as and when the same shall become due and payable or, in the event of redemption thereof, before their respective maturity dates; or

(c) by depositing with an escrow bank meeting the financial criteria set forth in the Indenture, which may be the Trustee, in trust, direct noncallable Federal Securities or Pre-Refunded Municipal Obligations in such amount as a nationally recognized firm of independent certified public accountants determines will, together with the interest to accrue thereon and moneys then on deposit in the Bond Service Fund and the Reserve Fund allocable to such Series and deposited with such escrow bank together with the interest to accrue thereon, be fully sufficient to pay and discharge the principal of, premium (if any), and interest on all Bonds of such Series Outstanding as and when the same shall become due and payable;

then, at the election of the District, and notwithstanding that any Bonds of such Series shall not have been surrendered for payment, all obligations of the District under the Indenture with respect to such Series of Bonds Outstanding shall cease and terminate, except for (i) the obligation of the Trustee or such other escrow bank described in (c) above to pay or cause to be paid to the Owners of such Series of Bonds not so surrendered and paid, all sums due thereon, and (ii) the District's obligations under the Indenture. Notice of such election shall be filed with the Trustee. Any funds held by the Trustee, at the time of receipt of such notice from the District, which are not required for the purpose above mentioned, shall be paid over to the Special Tax Fund. The Trustee shall be entitled to receive a report from a nationally recognized accounting firm as to the sufficiencies of moneys and investments to provide for the payment of all Bonds to be defeased pursuant to the provisions set forth above and an opinion of Bond Counsel to the effect that such action is authorized by and in accordance with the Indenture.

Supplemental Indentures

Supplemental Indentures Without Bondowner Consent. Subject to the provisions of the Indenture, the District and the Trustee may from time to time, and at any time, without notice to or consent of any of the Bondowners, execute indentures supplemental to the Indenture as shall not be inconsistent with the terms and provisions thereof (which Supplemental Indentures shall thereafter form a part thereof) for any of the following purposes:

- (i) to cure any ambiguity, to correct or supplement any provision which may be inconsistent with any other provision in the Indenture, or to make any additional provisions with respect to matters or questions arising under the Indenture or any Supplemental Indenture, provided that such action shall not adversely affect the interests of the Bondowners;
- (ii) to add to the covenants and agreements of and the limitations and the restrictions upon the District, contained in the Indenture or any Supplemental Indenture, other covenants, agreements, limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Indenture or any Supplemental Indenture as theretofore in effect;
- (iii) to modify, alter, amend or supplement the Indenture or any Supplemental Indenture in any other respect which is not materially adverse to interests of the Bondowners; and
- (iv) 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 Indenture.

The Trustee may rely in entering into any such Supplemental Indenture on an opinion of Bond Counsel stating that the above requirements have been met with respect to such Supplemental Indenture.

Supplemental Indenture With Bondowner Consent. Subject to the Indenture, and exclusive of the Supplemental Indentures covered by the Indenture as summarized under the caption “Supplemental Indentures – Supplemental Indentures Without Bondowner Consent,” either the Bond Insurers during any period in which such Bond Insurers are not in default under the bond insurance policies provided by such Bond Insurers, acting unanimously, or the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or of any Series of Bonds then Outstanding if such Supplemental Indenture will affect only the Bondowners of a particular Series) and the Bond Insurers during any period in which such Bond Insurers are not in default under the bond insurance policies provided by such Bond Insurers, acting together, shall have the right to consent and approve of any Supplemental Indenture as shall be deemed necessary or desirable by the District for the purpose of waiving, modifying, altering, amending, adding to or rescinding any of the terms or provisions of the Indenture or any Supplemental Indenture; provided, however, that nothing in the Indenture shall permit, or be construed as permitting (a) an extension of the maturity date of the principal of, or the payment date of interest on, any Bond, (b) a reduction in the principal amount of, or redemption premium on, any Bond or the rate of interest thereon, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds the Owners of which are required to consent to such Supplemental Indenture, without the consent of the Owners of all Bonds then Outstanding.

Events of Default and Remedies of Bondowners

Events of Default. Subject to the Indenture or similar provisions of Supplemental Indentures, the following events shall be Events of Default:

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

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

(c) Default by the District in the observance of any of the covenants, agreements or conditions on its part contained in the Indenture or any Supplemental Indenture or in the Bonds if such default shall have continued for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the District by the Trustee, or to the District and the Trustee by the Owners of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that such default shall not constitute an Event of Default under the Indenture if the District shall commence to cure such default within the 30-day period and thereafter diligently and in good faith proceed to cure such default within a reasonable period of time; and

(d) An Insolvency Proceeding shall be commenced by or against the District.

Acceleration of Maturities. If an Event of Default has occurred, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall, upon notice in writing to the District, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything contained in the Indenture, any Supplemental Indenture or in the Bonds to the contrary notwithstanding. As soon as practicable after such acceleration, the Trustee shall notify the Owners of the acceleration by notice mailed first-class to the Owners of record as of the date of acceleration.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the District shall deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable fees, charges and expenses of the Trustee, (including without limitation counsel fees) and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding by written notice to the District and the Trustee, or the Trustee if such declaration was made by the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or will affect any subsequent default, or shall impair or exhaust any right or power consequent thereon. In the case of any such annulment, the District, the Trustee and the Owners shall be restored to their former positions and rights under the Indenture. Notwithstanding the foregoing, the Trustee may not waive any Event of Default which consists of a breach of a covenant set forth in the Indenture with respect to the exclusion from gross income for federal tax purposes of interest on the Bonds.

Notice of such declaration having been given as aforesaid, anything to the contrary contained in the Indenture or in the Bonds notwithstanding, interest shall continue to accrue on such Bonds from and after the date set forth in such notice until principal on the Bonds is paid (which shall be not more than seven days from the date of such declaration).

Application of Tax Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Gross Taxes and any other funds (other than the amounts in the Excess Earnings Fund) then held or thereafter received by the Trustee under any of the provisions of the Indenture or any Supplemental Indenture will be applied by the Trustee as follows and in the following order of priority:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture; and

(2) To the payment of the principal of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid), subject to the provisions of the Indenture, as follows:

First: To the payment to the persons entitled thereto of all interest then due and payable and as of the first date of payment following the occurrence of an Event of Default, and, if the amount available shall not be sufficient to pay in full all such interest, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due and payable, whether at maturity, by call for redemption, or by acceleration, with interest on the overdue principal at the rate borne by the respective Bonds from the respective dates upon which such Bonds became due and payable, and if the amount available will not be sufficient to pay in full all the principal of the Bonds due and payable, together with such interest on Bonds, then to the payment first of such interest, ratably, according to the amount of interest due on such date, and then to the payment of such principal, ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Trustee to Represent Bondowners. The Trustee is irrevocably appointed by the Indenture (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture, and applicable provisions of the law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondowner, the Trustee in its discretion may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power granted in the Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Indenture or any law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the tax revenues and other assets pledged under the Indenture or the Bonds pending such proceedings.

All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of the Indenture.

Bondowners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondowners not parties to such direction.

Limitation on Bondowners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture or any applicable law with respect to such Bond unless (1) such Owner previously shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers therein before granted or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of 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 of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Indenture or applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Nothing in the Indenture, or in the Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity or upon call for redemption, as provided in the Indenture, but only out of the tax revenues and other assets pledged in the Indenture therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

In case any proceedings taken by the Trustee or any one or more Bondowners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondowner, then in every such case the District, the Trustee and the Bondowner, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the District, the Trustee and the Bondowner shall continue as though no such proceedings had been taken.

No remedy in the Indenture conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be

construed to be a waiver of any such default or an acquiescence therein; nor shall any waiver of any default or breach of duty or contract by any Owner affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach; and every power and remedy given by the Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

Miscellaneous

Cancellation of Bonds. All Bonds surrendered to the Trustee for payment upon maturity or redemption shall upon payment therefor be cancelled immediately. Any Bond purchased by the District as authorized in the Indenture shall be delivered to the Trustee and cancelled forthwith and shall not be reissued. All Bonds cancelled by the Trustee shall be destroyed and the Trustee shall deliver to the District a certificate of such destruction.

Severability. If any covenant, agreement or provision, or any portion thereof, contained in the Indenture, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of the 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 the Indenture and the Bonds issued pursuant thereto shall remain valid and the Bondowners shall retain all valid rights and benefits accorded to them under the Indenture and the Constitution and laws of the State.

Provisions With Respect to Bond Insurance for the Series 1999 Bonds

Notwithstanding anything to the contrary set forth in other sections of the Indenture, the following provisions of the Indenture govern so long as the Series 1999 Bond Insurance Policy remains in full force and effect and the Series 1999 Bond Insurer is not in default thereunder.

Acceleration of Maturities of Bonds. No acceleration of the maturities of the Bonds, other than the Series 2011 Bonds, may be made without obtaining the prior written consent of the Series 1999 Bond Insurer. In the event the maturity of the Series 1999 Bonds is accelerated, the Series 1999 Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the District) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Series 1999 Bond Insurer's obligations under the Series 1999 Bond Insurance Policy shall be fully discharged.

Series 1999 Bond Insurer as Holder of Bonds. The Series 1999 Bond Insurer shall be deemed to be the sole holder of the Series 1999 Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 1999 Bonds insured by it are entitled to take pertaining to the Trustee, defaults and remedies, pursuant to the Indenture.

Supplemental Indentures. (a) In the event holders of Series 1999 Bonds insured by the Series 1999 Bond Insurer shall consent to any modification to the Indenture, the Series 1999 Bond Insurer's consent shall also be required to effectuate such insured Bondowners' consent. In such circumstance, Series 1999 Bond Insurer consent shall not be taken into consideration in determining whether the required percentage of Bondowners' consent has been obtained.

(b) No provision of the Indenture expressly recognizing or granting rights in or to the Series 1999 Bond Insurer shall be modified without the consent of the Series 1999 Bond Insurer.

(c) No amendment or supplement to the Indenture which (1) does not require the consent of Bondowners on the basis that it is not to the detriment of, or does not adversely affect (materially or otherwise), Bondowners or (2) requires the consent of a majority of Bondowners, may become effective except upon obtaining the prior written consent of the Series 1999 Bond Insurer, which consent shall not be unreasonably withheld.

(d) Copies of any modification or amendment to the Indenture requiring the approval of the Series 1999 Bond Insurer shall be sent to S&P and Moody's at least 15 days prior to the effective date thereof.

Rights of Series 1999 Bond Insurer. The rights granted to the Series 1999 Bond Insurer under the Indenture to request, consent to or direct any action are rights granted to the Series 1999 Bond Insurer in consideration of its issuance of the Series 1999 Bond Insurance Policy. Any exercise by the Series 1999 Bond Insurer of such rights is merely an exercise of the Series 1999 Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf of the Bondowners nor does such action evidence any position of the Series 1999 Bond Insurer, positive or negative, as to whether Bondowner consent is required in addition to consent of the Series 1999 Bond Insurer.

Suspension of Rights of Series 1999 Bond Insurer. Rights of the Series 1999 Bond Insurer to direct or consent to District, Trustee or Bondowner actions under the Indenture shall be suspended during any period in which the Series 1999 Bond Insurer is in default in its payment obligations under the Series 1999 Bond Insurance Policy (except to the extent of amounts previously paid by the Series 1999 Bond Insurer and due and owing to the Series 1999 Bond Insurer) and shall be of no force or effect in the event the Series 1999 Bond Insurance Policy is no longer in effect or the Series 1999 Bond Insurer asserts that the Series 1999 Bond Insurance Policy is not in effect or the Series 1999 Bond Insurer shall have provided written notice that it waives such rights.

Third Party Beneficiary. The Series 1999 Bond Insurer shall be included as a third party beneficiary to the Indenture.

Insolvency Proceedings; Preference Claims. The Trustee shall promptly notify the Series 1999 Bond Insurer of either of the following as to which it has actual knowledge: (i) the commencement of an Insolvency Proceeding by or against the District and (ii) the making of any Preference Claim in connection with any Insolvency Proceeding.

Each Bondowner, by its purchase of Series 1999 Bonds, and the Trustee hereby agree that the Series 1999 Bond Insurer may at any time during the continuation of an Insolvency Proceeding direct all matters relating to such Insolvency Proceeding, including, without limitation, (i) all matters relating to any Preference Claim, (ii) the direction of any appeal of any order relating to any Preference Claim and (iii) the posting of any surety supersedeas or performance bond pending any such appeal. In addition, and without limitation of the foregoing, the Series 1999 Bond Insurer shall be subrogated to the rights of the Trustee and each Bondowner in any Insolvency Proceeding to the extent it is subrogated pursuant to the Indenture, including without limitation, any rights of any party to an adversary proceeding action with respect to any court order issued in connection with any such Insolvency Proceeding.

Payment of Costs. To the extent permitted by law, the District hereby agrees to pay or reimburse the Series 1999 Bond Insurer any and all charges, fees, costs and expenses which the Series 1999 Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in respect of the Indenture, (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture whether or not executed or completed, (iv) the violation by the District of

any law, rule or regulation, or any judgment, order or decree applicable to it or (v) any litigation or other dispute in connection with the Indenture or the transactions contemplated hereby, other than amounts resulting from the failure of the Series 1999 Bond Insurer to honor its obligations under the Series 1999 Bond Insurance Policy. The Series 1999 Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture.

Maximum Annual Debt Service. Balloon Indebtedness shall be deemed to mature at the earlier of the actual maturity date and 25 years.

Authorized Investments. Any moneys in any of the funds and accounts under the Indenture invested pursuant to the Indenture shall only be invested in Authorized Investments.

Investments purchased with funds on deposit in the Series 1999 Reserve Account, other than repurchase agreements or investment agreements, shall have an aggregate weighted term to maturity not exceeding five years.

Reserve Fund. Investments in the Reserve Fund, other than repurchase agreements or investment agreements, shall have an aggregate weighted term to maturity not exceeding five years.

Series 1999 Reserve Policy. The District shall repay any draws under the Series 1999 Reserve Policy and pay all related reasonable expenses incurred by the Series 1999 Bond Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Series 1999 Bond Insurer at the Late Payment Rate.

Repayment of Series 1999 Policy Costs shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Series 1999 Policy Costs related to such draw.

Amounts in respect of Series 1999 Policy Costs paid to the Series 1999 Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Series 1999 Bond Insurer on account of principal due, the coverage under the Series 1999 Reserve Policy will be increased by a like amount, subject to the terms of the Series 1999 Reserve Policy.

All cash and investments in the Series 1999 Reserve Account shall be transferred to the Bond Service Fund for payment of debt service on the Series 1999 Bonds before any drawing may be made on the Series 1999 Reserve Policy or on any other Surety Instrument credited to the Series 1999 Reserve Account. Payment of any Series 1999 Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on any Surety Instrument (including the Series 1999 Reserve Policy) held in the Series 1999 Reserve Account on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying available cash and investments in the Series 1999 Reserve account as provided above. Payment of Series 1999 Policy Costs and reimbursement of amounts with respect to other Surety Instruments in the Series 1999 Reserve Account shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 1999 Reserve Account.

If the District shall fail to pay any Series 1999 Policy Costs in accordance with the requirements of clause (a) above, the Series 1999 Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 1999 Bonds or (ii) remedies which would adversely affect owners of the Series 1999 Bonds.

The Indenture shall not be discharged until all Series 1999 Policy Costs owing to the Series 1999 Bond Insurer shall have been paid in full. The District's obligation to pay such amounts shall expressly survive payment in full of the Series 1999 Bonds.

In order to secure the District's payment obligations with respect to the Series 1999 Policy Costs, there shall be granted in favor of the Series 1999 Bond Insurer a security interest (subordinate only to that of the owners of the Bonds) in all revenues and collateral pledged as security for the Bonds, other than any amounts in funds and accounts established under the Indenture that do not secure the Series 1999 Bonds.

The Trustee shall ascertain the necessity for a claim upon the Series 1999 Reserve Policy and provide notice to the Series 1999 Bond Insurer in accordance with the terms of the Series 1999 Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Series 1999 Bonds.

Provisions With Respect to Bond Insurance for the Series 2012 Bonds

Notwithstanding anything to the contrary set forth in other sections of the Indenture, the following provisions of the Indenture govern so long as the Series 2012 Bond Insurance Policy remains in full force and effect and the Series 2012 Bond Insurer is not in default thereunder; provided, however, that the paragraphs under the heading "Claims Upon the Series 2012 Bond Insurance Policy and Payments by and to the Series 2012 Bond Insurer" shall continue to apply in all events to the extent of any amounts paid by the Series 2012 Bond Insurer under the Series 2012 Bond Insurance Policy.

Series 2012 Surety Instruments. The prior written consent of the Series 2012 Bond Insurer shall be a condition precedent to the deposit of any credit instrument, other than the Series 2012B Reserve Policy or any policy provided by the Series 2012 Bond Insurer, provided in lieu of a cash deposit into the Series 2012 Reserve Accounts. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Series 2012A Reserve Account shall be applied solely to the payment of debt service due on the Series 2012A Bonds and amounts on deposit in the Series 2012B Reserve Account shall be applied solely to the payment of debt service due on the Series 2012B Refunding Bonds.

Series 2012 Bond Insurer as Sole Holder of Series 2012 Bonds. The Series 2012 Bond Insurer shall be deemed to be the sole holder of the Series 2012 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2012 Bonds insured by it are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. Remedies granted to the Owners of the Series 2012 Bonds shall expressly include mandamus.

Limitation on Acceleration of Series 2012 Bonds. The maturity of Series 2012 Bonds insured by the Series 2012 Bond Insurer shall not be accelerated without the consent of the Series 2012 Bond Insurer and in the event the maturity of the Series 2012 Bonds is accelerated, the Series 2012 Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the District) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Series 2012 Bond Insurer's obligations under the Series 2012 Bond Insurance Policy with respect to such Series 2012 Bonds shall be fully discharged.

Grace Periods. No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Series 2012 Bond Insurer. No grace period shall be permitted for payment defaults.

Third Party Beneficiary. The Series 2012 Bond Insurer shall be included as a third party beneficiary to the Indenture.

Purchase of Series 2012 Bonds. The exercise of any provision of the Indenture which permits the purchase of Series 2012 Bonds in lieu of redemption shall require the prior written approval of the Series 2012 Bond Insurer if any Series 2012 Bond so purchased is not cancelled upon purchase.

Amendments. Any amendment, supplement, modification to, or waiver of, the Indenture or any other transaction document, including any underlying security agreement (each a “Related Document”), that requires the consent of Owners of the Series 2012 Bonds or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.

Events of Default. Unless the Series 2012 Bond Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Series 2012 Construction Account shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Series 2012 Bonds.

Consideration. The rights granted to the Series 2012 Bond Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Series 2012 Bond Insurance Policy. Any exercise by the Series 2012 Bond Insurer of such rights is merely an exercise of the Series 2012 Bond Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the Series 2012 Bonds and such action does not evidence any position of the Series 2012 Bond Insurer, affirmative or negative, as to whether the consent of the Owners of the Series 2012 Bonds or any other person is required in addition to the consent of the Series 2012 Bond Insurer.

Provisions Relating to Defeasance. Only (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidences 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, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for “AAA” defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Series 2012 Bonds unless the Series 2012 Bond Insurer otherwise approves.

To accomplish defeasance of the Series 2012 Bonds, the District shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Series 2012 Bond Insurer (“Accountant”) verifying the sufficiency of the escrow established to pay the Series 2012 Bonds in full on the maturity or redemption date (“Verification”), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Series 2012 Bond Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2012 Bond Bonds are no longer “Outstanding” under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the Series 2012 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the District, Trustee and Series 2012 Bond Insurer. The Series 2012 Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Series 2012 Bonds shall be deemed “Outstanding” under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

Discharge of Indenture. Amounts paid by the Series 2012 Bond Insurer under the Series 2012 Bond Insurance Policy shall not be deemed paid for purposes of the Indenture and the Series 2012 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the District in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Series 2012 Bond Insurer have been paid in full or duly provided for.

Priority of Pledge. Each of the District and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Gross Taxes under applicable law.

Claims Upon the Series 2012 Bond Insurance Policy and Payments by and to the Series 2012 Bond Insurer. If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Series 2012 Bonds due on such Payment Date, the Trustee shall give notice to the Series 2012 Bond Insurer and to its designated agent (if any) (the “Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2012 Bonds due on such Payment Date, the Trustee shall make a claim under the Series 2012 Bond Insurance Policy and give notice to the Series 2012 Bond Insurer and the Series 2012 Bond Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2012 Bonds and the amount required to pay principal of the Series 2012 Bonds, confirmed in writing to the Series 2012 Bond Insurer and the Series 2012 Bond Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Series 2012 Bond Insurance Policy.

The Trustee shall designate any portion of payment of principal on Series 2012 Bonds paid by the Series 2012 Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2012 Bonds registered to the then current Owner of the Series 2012 Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2012 Bond to the Series 2012 Bond Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Series 2012 Bond shall have no effect on the amount of principal or interest payable by the District on any Series 2012 Bond or the subrogation rights of the Series 2012 Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Series 2012 Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2012 Bond. The Series 2012 Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Series 2012 Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the Series 2012 Bonds referred to as the “Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Series 2012 Bond Insurance Policy in trust on behalf of Owners of the Series 2012 Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Series 2012 Bonds in the same manner as principal and interest payments are to be made with respect to the Series 2012 Bonds under the sections of the Indenture regarding payment of Series 2012 Bonds. It shall not be necessary for such

payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the District agrees to pay to the Series 2012 Bond Insurer (i) a sum equal to the total of all amounts paid by the Series 2012 Bond Insurer under the Series 2012 Bond Insurance Policy (the “Insurer Advances”); and (ii) interest on such Insurer Advances from the date paid by the Series 2012 Bond Insurer until payment thereof in full, payable to the Series 2012 Bond Insurer at the Late Payment Rate per annum (collectively, the “Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2012 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The District covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Gross Taxes and payable from such Gross Taxes on a parity with debt service due on the Series 2012 Bonds.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Series 2012 Bond payment date shall promptly be remitted to the Insurer.

Survival of Obligations. The Series 2012 Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2012 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2012 Bond Insurance Policy. Each obligation of the District to the Series 2012 Bond Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

Reimbursement of Costs. The District shall pay or reimburse the Series 2012 Bond Insurer any and all charges, fees, costs and expenses that the Series 2012 Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Series 2012 Bond Insurance Policy. The Series 2012 Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

Application of Funds Upon Default. After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the District or rebate only after the payment of past due and current debt service on the Series 2012 Bonds and amounts required to restore the Series 2012 Reserve Accounts to the applicable Series 2012 Reserve Requirement.

Nonpayment. The Series 2012 Bond Insurer shall be entitled to pay principal or interest on the Series 2012 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the District (as such terms are defined in the Insurance Policy) and any amounts due on the Series 2012 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Series 2012 Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Series 2012 Bond Insurance Policy.

Issuance of Additional Bonds. Notwithstanding satisfaction of the other conditions to the issuance

of Additional Bonds set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Series 2012 Reserve Accounts are fully funded at the applicable Series 2012 Reserve Requirement upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Series 2012 Bond Insurer.

Trustee Consideration of Series 2012 Insurance Policy. In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series 2012 Bonds or the rights of the Owners of the Series 2012 Bonds, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Series 2012 Bond Insurance Policy.

Limitation on Contracts. No contract shall be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Series 2012 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Series 2012 Bond Insurer. The District shall not enter into any interest rate exchange agreement or other rate maintenance agreement secured by and payable from the Gross Taxes without the prior written consent of the Series 2012 Bond Insurer.

Provisions With Respect to the Series 2012B Reserve Policy

Notwithstanding anything to the contrary set forth in other sections of the Indenture, the below provisions shall govern so long as the Series 2012B Reserve Policy remains in full force and effect and the Series 2012 Bond Insurer is not in default thereunder.

a) Repayment of Draws. The District shall repay any draws under the Series 2012B Reserve Policy and pay all related reasonable expenses incurred by the Series 2012 Bond Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Series 2012 Bond Insurer at the Late Payment Rate. “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Series 2012B Refunding Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Series 2012 Bond Insurer shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, “Series 2012B Policy Costs”) shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Series 2012B Policy Costs related to such draw.

Amounts in respect of Series 2012B Policy Costs paid to the Series 2012 Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Series 2012 Bond Insurer on account of principal due, the coverage under the Series 2012B Reserve Policy will be increased by a like amount, subject to the terms of the Series 2012B Reserve Policy.

All cash and investments in the Series 2012B Reserve Account shall be transferred to the Series 2012B Interest Subaccount and the Series 2012B Principal Subaccount, as applicable, for payment of debt

service on Series 2012B Refunding Bonds before any drawing may be made on the Series 2012B Reserve Policy or any other credit facility credited to the Series 2012B Reserve Account in lieu of cash (a “Series 2012B Credit Facility”). Payment of any Series 2012B Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Series 2012B Credit Facilities (including the Series 2012B Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2012B Reserve Account. Payment of Series 2012B Policy Costs and reimbursement of amounts with respect to other Series 2012B Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2012B Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) Acceleration. If the District shall fail to pay any Series 2012B Policy Costs in accordance with the requirements of the above subsection (a), the Series 2012 Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2012B Refunding Bonds or (ii) remedies which would adversely affect owners of the Series 2012B Refunding Bonds.

(c) Survival of Series 2012B Policy Costs. The Indenture shall not be discharged until all Series 2012B Policy Costs owing to the Series 2012 Bond Insurer shall have been paid in full. The District’s obligation to pay such amounts shall expressly survive payment in full of the Series 2012B Refunding Bonds.

(d) Additional Bonds Test and Rate Covenant. The additional bonds test and the rate covenant in the Indenture shall expressly provide for at least one times coverage of the Series 2012 Policy Costs then due and owing.

(e) Duties of the Trustee. The Indenture shall require the Trustee to ascertain the necessity for a claim upon the Series 2012B Reserve Policy in accordance with the provisions of subsection (a) above and to provide notice to the Series 2012 Bond Insurer in accordance with the terms of the Series 2012B Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Series 2012B Refunding Bonds. Where deposits are required to be made by the District with the Trustee to the Series 2012B Interest Subaccount and the Series 2012B Principal Subaccount for the Series 2012B Refunding Bonds more often than semi-annually, the Trustee shall be instructed to give notice to the Series 2012 Bond Insurer of any failure of the District to make timely payment in full of such deposits within two business days of the date due.

Provisions with Respect to the Series 2017 Bond Insurance Policy

Notwithstanding anything to the contrary set forth in other sections of the Indenture, the following provisions of the Indenture shall govern so long as the Series 2017 Bond Insurance Policy remains in full force and effect or amounts are owed to the Series 2017 Bond Insurer and the Series 2017 Bond Insurer is not in default thereunder; provided, however, that the paragraphs described in the Indenture under the headings “FUNDS AND ACCOUNTS – Creation of Bond Funds and Special Tax Fund; Deposit of Gross Taxes,” “PROVISIONS WITH RESPECT TO THE SERIES 2012 BOND INSURANCE POLICY AND SERIES 2012B RESERVE POLICY – Claims Upon the Series 012 Bond Insurance Policy and Payments by and to the Series 2012 Bond Insurer,” “ – Survival of Obligations” and “ – Reimbursement of Costs,” shall continue to apply in all events to the extent of any amounts paid by the Series 2017 Bond Insurer under the Series 2017 Bond Insurance Policy.

Series 2017 Surety Instruments. The prior written consent of the Series 2017 Bond Insurer shall be a condition precedent to the deposit of any credit instrument (other than the Series 2017A Reserve Policy, the Series 2017B Reserve Policy or any policy provided by the Series 2017 Bond Insurer) provided in lieu of a cash deposit into the Series 2017 Reserve Accounts. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Series 2017A Reserve Account shall be applied solely to the payment of debt service due on the Series 2017A Bonds and amounts on deposit in the Series 2017B Reserve Account shall be applied solely to the payment of debt service due on the Series 2017B Bonds.

Series 2017 Bond Insurer as Sole Holder of Series 2017 Bonds. The Series 2017 Bond Insurer shall be deemed to be the sole holder of the Series 2017 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2017 Bonds insured by it are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Series 2017 Bond, the Trustee (solely with respect to the Series 2017 Bonds) and each holder of a Series 2017 Bonds appoint the Series 2017 Bond Insurer as their agent and attorney-in-fact and agree that the Series 2017 Bond Insurer may at any time during the continuation of any proceeding by or against the Community Facilities District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct, solely with respect to the Series 2017 Bonds, all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee (solely with respect to the Series 2017 Bonds) and each holder of a Series 2017 Bond delegate and assign to the Series 2017 Bond Insurer, to the fullest extent permitted by law, the rights of the Trustee and each holder of a Series 2017 Bond in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Owners of the Series 2017 Bonds shall expressly include mandamus.

Acceleration. The maturity of Series 2017 Bonds insured by the Series 2017 Bond Insurer shall not be accelerated without the consent of the Series 2017 Bond Insurer and in the event the maturity of the Series 2017 Bonds is accelerated, the Series 2017 Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Community Facilities District) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Series 2017 Bond Insurer’s obligations under the Series 2017 Bond Insurance Policy with respect to such Series 2017 Bonds shall be fully discharged.

Grace Periods. No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Series 2017 Bond Insurer. No grace period shall be permitted for payment defaults.

Third Party Beneficiary. The Series 2017 Bond Insurer shall be a third party beneficiary to the Indenture.

Purchase of Series 2017 Bonds. The exercise of any provision of the Indenture which permits the purchase of Series 2017 Bonds in lieu of redemption shall require the prior written approval of the Series 2017 Bond Insurer if any Series 2017 Bond so purchased is not cancelled upon purchase.

Amendments. Any amendment, supplement, modification to, or waiver of, the Indenture or any other transaction document, including any underlying security agreement (each a “Related Document”),

that requires the consent of Owners of the Series 2017 Bonds or adversely affects the rights and interests of the Series 2017 Bond Insurer shall be subject to the prior written consent of the Series 2017 Bond Insurer.

Events of Default. Unless the Series 2017 Bond Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Series 2017A Construction Account shall not be disbursed, but shall instead be applied to the payment of debt service or redemption price of the Series 2017 Bonds.

Consideration. The rights granted to the Series 2017 Bond Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Series 2017 Bond Insurer in consideration of its issuance of the Series 2017 Bond Insurance Policy. Any exercise by the Series 2017 Bond Insurer of such rights is merely an exercise of the Series 2017 Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of the Series 2017 Bonds and such action does not evidence any position of the Series 2017 Bond Insurer, affirmative or negative, as to whether the consent of the Owners of the Series 2017 Bonds or any other person is required in addition to the consent of the Series 2017 Bond Insurer.

Provisions Relating to Defeasance. Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences 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, (4) subject to the prior written consent of the Series 2017 Bond Insurer, pre-refunded municipal obligations rated "AAA" or "Aaa" by S&P or Moody's, respectively, or (5) subject to the prior written consent of the Series 2017 Bond Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Series 2017 Bonds unless the Series 2017 Bond Insurer otherwise approves.

To accomplish defeasance of the Series 2017 Bonds, the Community Facilities District shall cause to be delivered to the Trustee and Series 2017 Bond Insurer (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Series 2017 Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the Series 2017 Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Series 2017 Bond Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the Series 2017 Bond Bonds are no longer "Outstanding" under the Indenture, and (iv) a certificate of discharge of the Trustee with respect to the Series 2017 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Community Facilities District, Trustee and Series 2017 Bond Insurer. The Series 2017 Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Series 2017 Bonds shall be deemed "Outstanding" under the Indenture unless and until the above criteria are met.

Discharge of Indenture. Amounts paid by the Series 2017 Bond Insurer under the Series 2017 Bond Insurance Policy shall not be deemed paid for purposes of the Indenture and the Series 2017 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Community Facilities District in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Series 2017 Bond Insurer have been paid in full or duly provided for.

Priority of Pledge. Each of the Community Facilities District and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Gross Taxes under applicable law.

Claims Upon the Series 2017 Bond Insurance Policy and Payments by and to the Series 2017 Bond Insurer. If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Series 2017 Bonds due on such Payment Date, the Trustee shall give notice to the Series 2017 Bond Insurer and to its designated agent (if any) (the “Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Series 2017 Bonds due on such Payment Date, the Trustee shall make a claim under the Series 2017 Bond Insurance Policy and give notice to the Series 2017 Bond Insurer and the Series 2017 Bond Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Series 2017 Bonds and the amount required to pay principal of the Series 2017 Bonds, confirmed in writing to the Series 2017 Bond Insurer and the Series 2017 Bond Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Series 2017 Bond Insurance Policy.

The Trustee shall designate any portion of payment of principal on Series 2017 Bonds paid by the Series 2017 Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2017 Bonds registered to the then current Owner of the Series 2017 Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2017 Bond to the Series 2017 Bond Insurer, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Series 2017 Bond shall have no effect on the amount of principal or interest payable by the Community Facilities District on any Series 2017 Bond or the subrogation rights of the Series 2017 Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Series 2017 Bond Insurer into the 2017 Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Series 2017 Bond. The Series 2017 Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Series 2017 Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners of the Series 2017 Bonds referred to as the “2017 Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Series 2017 Bond Insurance Policy in trust on behalf of Owners of the Series 2017 Bonds and shall deposit any such amount in the 2017 Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners of the Series 2017 Bonds in the same manner as principal and interest payments are to be made with respect to the Series 2017 Bonds under the sections of the Indenture regarding payment of Series 2017 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the Community Facilities District agrees to pay to the Series 2017 Bond Insurer (i) a sum equal to the total of all amounts paid by the Series 2017 Bond Insurer under the Series 2017 Bond Insurance

Policy (the “Insurer Advances”); and (ii) interest on such Insurer Advances from the date paid by the Series 2017 Bond Insurer until payment thereof in full, payable to the Series 2017 Bond Insurer at the Late Payment Rate per annum. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, the Community Facilities District acknowledges, covenants and agrees that (i) the Series 2017 Bond Insurer Advances are secured by a lien on and pledge of the Gross Taxes and payable from such Gross Taxes on a parity with debt service due on the Series 2017 Bonds, and (ii) the interest on such Insurer Advances are secured by a lien on and pledge of the Gross Taxes are payable from such Gross Taxes.

Funds held in the 2017 Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the 2017 Policy Payments Account following a Series 2017 Bond payment date shall promptly be remitted to the Series 2017 Bond Insurer.

Survival of Obligations. The Series 2017 Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2017 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2017 Bond Insurance Policy. Each obligation of the Community Facilities District to the Series 2017 Bond Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

Reimbursement of Costs. The Community Facilities District shall pay or reimburse the Series 2017 Bond Insurer any and all charges, fees, costs and expenses that the Series 2017 Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Series 2017 Bond Insurer to honor its obligations under the Series 2017 Bond Insurance Policy. The Series 2017 Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

Application of Funds Upon Default. After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Community Facilities District or rebate only after the payment of past due and current debt service on the Series 2017 Bonds and amounts required to restore the Series 2017 Reserve Accounts to the applicable Series 2017 Reserve Requirement.

Nonpayment. The Series 2017 Bond Insurer shall be entitled to pay principal or interest on the Series 2017 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Community Facilities District (as such terms are defined in the Series 2017 Bond Insurance Policy) and any amounts due on the Series 2017 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Series 2017 Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the Series 2017 Bond Insurance Policy) or a claim upon the Series 2017 Bond Insurance Policy.

Provision of Information. The Series 2017 Bond Insurer shall be provided with the following information by the Community Facilities District or Trustee, as the case may be:

(a) Annual audited financial statements within 180 days after the end of the Community Facilities District’s fiscal year (together with a certification of the Community Facilities District that it is

not aware of any default or Event of Default under the Indenture), and the Community Facilities District's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Series 2017 Bond Insurer shall reasonably request from time to time;

(b) Notice of any draw upon the Series 2017 Reserve Accounts within two Business Days after knowledge thereof other than (i) withdrawals of amounts in excess of the Series 2017A Reserve Requirement or the Series 2017B Reserve Requirement, and (ii) withdrawals in connection with a refunding of Series 2017 Bonds;

(c) Notice of any default known to the Trustee or the Community Facilities District within five Business Days after knowledge thereof;

(d) Prior notice of the advance refunding or redemption of any of the Series 2017 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(e) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(f) Notice of the commencement of Insolvency Proceeding;

(g) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Series 2017 Bonds;

(h) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and

All reports, notices and correspondence to be delivered to Owners of the Series 2017 Bonds under the terms of the Related Documents.

In addition, all information furnished pursuant to any continuing disclosure agreement, covenant or undertaking with respect to the Series 2017 Bonds, shall also be provided to the Series 2017 Bond Insurer, simultaneously with the furnishing of such information.

The Series 2017 Bond Insurer shall have the right to receive such additional information as it may reasonably request.

The Community Facilities District will permit the Series 2017 Bond Insurer to discuss the affairs, finances and accounts of the Community Facilities District or any information the Series 2017 Bond Insurer may reasonably request regarding the security for the Series 2017 Bonds with appropriate officers of the Community Facilities District and will use commercially reasonable efforts to enable the Series 2017 Bond Insurer to have access to the facilities, books and records of the Community Facilities District on any business day upon reasonable prior notice.

The Trustee shall notify the Series 2017 Bond Insurer of any failure of the Community Facilities District to provide notices, certificates and other information under the transaction documents.

Issuance of Parity Bonds. Notwithstanding satisfaction of the other conditions to the issuance of Parity Bonds set forth in the Indenture, no such issuance may occur (1) if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance and (2) unless the Series 2017 Reserve Accounts are fully funded at the Series 2017A Reserve Requirement and the Series 2017B Reserve Requirement, respectively,

upon the issuance of such Parity Bonds, in either case unless otherwise permitted by the Series 2017 Bond Insurer.

Trustee Consideration of Series 2017 Insurance Policy. In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Series 2017 Bonds or the rights of the Owners of the Series 2017 Bonds, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Series 2017 Bond Insurance Policy.

Limitation on Contracts. No contract shall be entered into or any action taken by which the rights of the Series 2017 Bond Insurer or security for or sources of payment of the Series 2017 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Series 2017 Bond Insurer. The Community Facilities District shall not enter into any interest rate exchange agreement or other rate maintenance agreement secured by and payable from the Gross Taxes without the prior written consent of the Series 2017 Bond Insurer.

Provisions with Respect to the Series 2017A Reserve Policy and the Series 2017B Reserve Policy

Notwithstanding anything to the contrary set forth in other sections of the Indenture, the section described below under the caption “ – Series 2017A Reserve Policy” shall govern so long as the Series 2017A Reserve Policy remains in full force and effect or amounts are owed to the Series 2017 Bond Insurer with respect to the Series 2017A Reserve Policy, and (b) the section described below under the caption “ – Series 2017B Reserve Policy” shall govern so long as the Series 2017B Reserve Policy remains in full force and effect or amounts are owed to the Series 2017 Bond Insurer with respect to the Series 2017B Reserve Policy.

Series 2017A Reserve Policy. (a) The Community Facilities District shall repay any draws under the Series 2017A Reserve Policy and pay all related reasonable expenses incurred by the Series 2017 Bond Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by Series 2017 Bond Insurer at the Late Payment Rate. If the interest provisions of this paragraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created in the Indenture, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding under the Indenture to the extent that interest otherwise due under the Indenture for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Series 2017 Bond Insurer, with the same force and effect as if the Community Facilities District had specifically designated such extra sums to be so applied and the Series 2017 Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created in the Indenture exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, “Series 2017A Policy Costs”) shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Series 2017A Policy Costs related to such draw.

Amounts in respect of Series 2017A Policy Costs paid to the Series 2017 Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to Series 2017 Bond Insurer on account of principal due, the coverage under the Series

2017A Reserve Policy will be increased by a like amount, subject to the terms of the Series 2017A Reserve Policy. The obligation to pay Series 2017A Policy Costs shall be secured by a lien on and pledge of the Gross Taxes subject only to the priority of payment provisions set forth under the Indenture.

All cash and investments in the Series 2017A Reserve Account shall be transferred to the Bond Service Fund for payment of debt service on Series 2017A Bonds before any drawing may be made on the Series 2017A Reserve Policy or any other credit facility credited to the Series 2017A Reserve Account in lieu of cash (a “Series 2017A Credit Facility”). Payment of any Series 2017A Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Series 2017A Credit Facilities (including the Series 2017A Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2017A Reserve Account. Payment of Series 2017A Policy Costs and reimbursement of amounts with respect to other Series 2017A Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2017A Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Community Facilities District shall fail to pay any Series 2017A Policy Costs in accordance with the requirements of the section “Series 2017A Reserve Policy,” the Series 2017 Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2017 Bonds or (ii) remedies which would adversely affect owners of the Series 2017 Bonds.

(c) The Indenture shall not be discharged until all Series 2017A Policy Costs owing to the Series 2017 Bond Insurer shall have been paid in full. The Community Facilities District’s obligation to pay such amounts shall expressly survive payment in full of the Series 2017 Bonds.

(d) The Community Facilities District shall include any Series 2017A Policy Costs then due and owing the Series 2017 Bond Insurer in the calculation of the levy and collection of the Special Tax.

(e) The Trustee shall ascertain the necessity for a claim upon the Series 2017A Reserve Policy in accordance with the provisions of the section “Series 2017A Reserve Policy” and shall provide notice to the Series 2017 Bond Insurer in accordance with the terms of the Series 2017A Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Series 2017 Bonds. Where deposits are required to be made by the Community Facilities District with the Trustee to the debt service fund for the Series 2017 Bonds more often than semi-annually, the Trustee shall be instructed to give notice to the Series 2017 Bond Insurer of any failure of the Community Facilities District to make timely payment in full of such deposits within two business days of the date due.

Series 2017B Reserve Policy. (a) The Community Facilities District shall repay any draws under the Series 2017B Reserve Policy and pay all related reasonable expenses incurred by the Series 2017 Bond Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by Series 2017 Bond Insurer at the Late Payment Rate. If the interest provisions of this paragraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created in the Indenture, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding under the Indenture to the extent that interest otherwise due under the Indenture for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be

applied upon principal immediately upon receipt of such moneys by the Series 2017 Bond Insurer, with the same force and effect as if the Community Facilities District had specifically designated such extra sums to be so applied and the Series 2017 Bond Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created in the Indenture exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Series 2017B Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Series 2017B Policy Costs related to such draw.

Amounts in respect of Series 2017B Policy Costs paid to the Series 2017 Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to Series 2017 Bond Insurer on account of principal due, the coverage under the Series 2017B Reserve Policy will be increased by a like amount, subject to the terms of the Series 2017B Reserve Policy. The obligation to pay Series 2017B Policy Costs shall be secured by a lien on and pledge of the Gross Taxes subject only to the priority of payment provisions set forth under the Indenture.

All cash and investments in the Series 2017B Reserve Account shall be transferred to the Bond Service Fund for payment of debt service on Series 2017B Bonds before any drawing may be made on the Series 2017B Reserve Policy or any other credit facility credited to the Series 2017B Reserve Account in lieu of cash (a "Series 2017B Credit Facility"). Payment of any Series 2017B Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Series 2017B Credit Facilities (including the Series 2017B Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2017B Reserve Account. Payment of Series 2017B Policy Costs and reimbursement of amounts with respect to other Series 2017B Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2017B Reserve Account. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Community Facilities District shall fail to pay any Series 2017B Policy Costs in accordance with the requirements of the section "Series 2017B Reserve Policy," the Series 2017 Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2017 Bonds or (ii) remedies which would adversely affect owners of the Series 2017 Bonds.

(c) The Indenture shall not be discharged until all Series 2017B Policy Costs owing to the Series 2017 Bond Insurer shall have been paid in full. The Community Facilities District's obligation to pay such amounts shall expressly survive payment in full of the Series 2017 Bonds.

(d) The Community Facilities District shall include any Series 2017B Policy Costs then due and owing the Series 2017 Bond Insurer in the calculation of the levy and collection of the Special Tax.

(e) The Trustee shall ascertain the necessity for a claim upon the Series 2017B Reserve Policy in accordance with the provisions of the section "Series 2017B Reserve Policy" and shall provide notice to the Series 2017 Bond Insurer in accordance with the terms of the Series 2017B Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Series 2017 Bonds. Where

deposits are required to be made by the Community Facilities District with the Trustee to the debt service fund for the Series 2017 Bonds more often than semi-annually, the Trustee shall be instructed to give notice to the Series 2017 Bond Insurer of any failure of the Community Facilities District to make timely payment in full of such deposits within two business days of the date due.

Provisions with Respect to the Series 2023 Bond Insurance Policy

Notwithstanding anything to the contrary set forth in other sections of the Indenture, the following provisions of the Indenture shall govern so long as the Series 2023 Bond Insurance Policy remains in full force and effect or amounts are owed to the Series 2023 Bond Insurer and the Series 2023 Bond Insurer is not in default thereunder, and the paragraphs described in the Indenture under the headings “PROVISIONS WITH RESPECT TO THE SERIES 2023 BOND INSURANCE POLICY AND SERIES 2023 RESERVE POLICY – Series 2023 Reserve Policy,” shall govern so long as the Series 2023 Reserve Policy remains in full force and effect or amounts are owed to the Series 2023 Bond Insurer with respect to the Series 2023 Bond Insurance Policy.

Series 2023 Surety Instruments. The prior written consent of the Series 2023 Bond Insurer shall be a condition precedent to the deposit of any credit instrument (other than the Series 2023 Reserve Policy or any policy provided by the Series 2023 Bond Insurer) provided in lieu of a cash deposit into the Series 2023 Reserve Account. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Series 2023 Reserve Account shall be applied solely to the payment of debt service due on the Series 2023 Bonds.

Series 2023 Bond Insurer as Sole Holder of Series 2023 Bonds. The Series 2023 Bond Insurer shall be deemed to be the sole holder of the Series 2023 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Series 2023 Bonds insured by it are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Series 2023 Bond, the Trustee (solely with respect to the Series 2023 Bonds) and each holder of a Series 2023 Bonds appoint the Series 2023 Bond Insurer as their agent and attorney-in-fact and agree that the Series 2023 Bond Insurer may at any time during the continuation of any proceeding by or against the Community Facilities District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct, solely with respect to the Series 2023 Bonds, all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee (solely with respect to the Series 2023 Bonds) and each holder of a Series 2023 Bond delegate and assign to the Series 2023 Bond Insurer, to the fullest extent permitted by law, the rights of the Trustee and each holder of a Series 2023 Bond in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Owners of the Series 2023 Bonds shall expressly include mandamus.

Acceleration. The maturity of Series 2023 Bonds insured by the Series 2023 Bond Insurer shall not be accelerated without the consent of the Series 2023 Bond Insurer and in the event the maturity of the Series 2023 Bonds is accelerated, the Series 2023 Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued, on such principal to the date of acceleration (to the extent unpaid by the Community Facilities District) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the Series 2023 Bond Insurer’s obligations under the Series 2023 Bond Insurance Policy with respect to such

Series 2023 Bonds shall be fully discharged.

Grace Periods. No grace period shall be permitted for payment defaults on the Series 2023 Bonds. No grace period for a covenant default shall exceed 30 days without the prior written consent of the Series 2023 Bond Insurer.

Third Party Beneficiary. The Series 2023 Bond Insurer shall be a third party beneficiary to the Indenture third party beneficiary of the Indenture and may enforce the provisions of the Indenture as if it were a party thereto.

Purchase of Series 2023 Bonds. The exercise of any provision of the Indenture which permits the purchase of Series 2023 Bonds in lieu of redemption shall require the prior written approval of the Series 2023 Bond Insurer if any Series 2023 Bond so purchased is not cancelled upon purchase.

Amendments, Supplements and Consents. The Series 2023 Bond Insurer's prior written consent is required for all amendments and supplements to the Indenture, with the exceptions noted below. The Community Facilities District shall send copies of any such amendments or supplements to the Series 2023 Bond Insurer and the rating agencies which have assigned a rating to the Series 2023 Bonds.

(a) *Consent of the Series 2023 Bond Insurer.* Any amendments or supplements to the Indenture shall require the prior written consent of the Series 2023 Bond Insurer with the exception of amendments or supplements:

i. To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or

ii. To grant or confer upon the holders of the Series 2023 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Series 2023 Bonds, or

iii. To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Indenture other conditions, limitations and restrictions thereafter to be observed, or

iv. To add to the covenants and agreements of the Community Facilities District in the Indenture other covenants and agreements thereafter to be observed by the Community Facilities District or to surrender any right or power therein reserved to or conferred upon the Community Facilities District.

v. To issue additional parity debt in accordance with the requirements set forth in the Indenture (unless otherwise specified in the Fourth Supplemental Indenture).

(b) *Consent of the Series 2023 Bond Insurer in Addition to Bondholder Consent.* Whenever the Indenture requires the consent of holders of Series 2023 Bonds, the Series 2023 Bond Insurer's consent shall also be required. In addition, any amendment, supplement, modification to, or waiver of, the Indenture that adversely affects the rights or interests of the Series 2023 Bond Insurer shall be subject to the prior written consent of the Series 2023 Bond Insurer.

(c) *Insolvency.* Any reorganization or liquidation plan with respect to the Community Facilities District must be acceptable to the Series 2023 Bond Insurer. The Trustee and each owner of the Series 2023 Bonds hereby appoint the Series 2023 Bond Insurer as their agent and attorney-in-fact with

respect to the Series 2023 Bonds and agree that the Series 2023 Bond Insurer may at any time during the continuation of any proceeding by or against the Community Facilities District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each owner of the Series 2023 Bonds delegate and assign to the Series 2023 Bond Insurer, to the fullest extent permitted by law, the rights of the Trustee and each owner of the Series 2023 Bonds with respect to the Series 2023 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(d) *Control by the Series 2023 Bond Insurer Upon Default.* Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, the Series 2023 Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Series 2023 Bonds or the Trustee or Paying Agent for the benefit of the holders of the Series 2023 Bonds under any Security Document. No default or event of default may be waived without the Series 2023 Bond Insurer’s written consent.

(e) *BAM as Owner.* Upon the occurrence and continuance of a default or an event of default, the Series 2023 Bond Insurer shall be deemed to be the sole owner of the Series 2023 Bonds for all purposes under the Indenture, including, without limitations, for purposes of exercising remedies and approving amendments.

(f) *Special Provisions for Insurer Default.* If a Series 2023 Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs (a) to (e) above to the contrary, (1) if at any time prior to or following an Series 2023 Insurer Default, the Series 2023 Bond Insurer has made payment under the Series 2023 Bond Insurance Policy, to the extent of such payment the Series 2023 Bond Insurer shall be treated like any other holder of the Series 2023 Bonds for all purposes, including giving of consents, and (2) if the Series 2023 Bond Insurer has not made any payment under the Series 2023 Bond Insurance Policy, the Series 2023 Bond Insurer shall have no further consent rights until the particular Series 2023 Insurer Default is no longer continuing or the Series 2023 Bond Insurer makes a payment under the Series 2023 Bond Insurance Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, “Series 2023 Insurer Default” means: (A) the Series 2023 Bond Insurer has failed to make any payment under the Series 2023 Bond Insurance Policy when due and owing in accordance with its terms; or (B) the Series 2023 Bond Insurer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the Series 2023 Bond Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the Series 2023 Bond Insurer (including without limitation under the New York Insurance Law).

Exercise of Rights by the Series 2023 Bond Insurer. The rights granted to the Series 2023 Bond Insurer under the Indenture to request, consent to or direct any action are rights granted to the Series 2023 Bond Insurer in consideration of its issuance of the Series 2023 Bond Insurance Policy. Any exercise by

the Series 2023 Bond Insurer of such rights is merely an exercise of the Series 2023 Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the Series 2023 Bonds and such action does not evidence any position of the Series 2023 Bond Insurer, affirmative or negative, as to whether the consent of the holders of the Series 2023 Bonds or any other person is required in addition to the consent of the Series 2023 Bond Insurer.

No contract shall be entered into or any action taken by which the rights of the Series 2023 Bond Insurer or security for or source of payment of the Series 2023 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Series 2023 Bond Insurer.

If an event of default occurs under any agreement pursuant to which any Obligation of the Community Facilities District has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Series 2023 Bonds or the Series 2023 Bond Insurer, as the Series 2023 Bond Insurer may determine in its sole discretion, then an event of default shall be deemed to have occurred under the Indenture for which the Series 2023 Bond Insurer or the Trustee, at the direction of the Series 2023 Bond Insurer, shall be entitled to exercise all available remedies under the Indenture, at law and in equity. For purposes of the foregoing "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the Series 2023 Bonds.

Provisions Relating to Defeasance.

The investments in the defeasance escrow relating to Series 2023 Bond shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by the Series 2023 Bond Insurer. At least (three) 3 Business Days prior to any defeasance with respect to the Series 2023 Bonds, the Community Facilities District shall deliver to the Series 2023 Bond Insurer draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Series 2023 Bonds, a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to the Series 2023 Bond Insurer and shall be in form and substance satisfactory to the Series 2023 Bond Insurer. In addition, the escrow agreement shall provide that:

(a) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the Series 2023 Bonds is excludable) from gross income of the holders of the Series 2023 Bonds of the interest on the Series 2023 Bonds for federal income tax purposes and the prior written consent of the Series 2023 Bond Insurer, which consent will not be unreasonably withheld.

(b) The Community Facilities District will not exercise any prior optional redemption of Series 2023 Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to the Series 2023 Bond Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(c) The Community Facilities District shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the Series 2023 Bond Insurer.

Series 2023 Bonds shall be deemed “Outstanding” under the Indenture unless and until the above criteria are met.

Claims Upon the Series 2023 Bond Insurance Policy and Payments by and to the Series 2023 Bond Insurer. If, on the third Business Day prior to the related scheduled interest payment date or principal payment date (“Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Series 2023 Bonds due on such payment date, the Paying Agent or Trustee shall immediately notify the Series 2023 Bond Insurer or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent or Trustee shall so notify the Series 2023 Bond Insurer or its designee.

In addition, if the Paying Agent or Trustee has notice that any holder of the Series 2023 Bonds has been required to disgorge payments of principal of or interest on the Series 2023 Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Paying Agent or Trustee shall notify the Series 2023 Bond Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of the Series 2023 Bond Insurer.

In the event that principal and/or interest due on the Series 2023 Bonds shall be paid by the Series 2023 Bond Insurer pursuant to the Series 2023 Bond Insurance Policy, the Series 2023 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Community Facilities District, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the Issuer to the registered owners shall continue to exist and shall run to the benefit of the Series 2023 Bond Insurer, and the Series 2023 Bond Insurer shall be subrogated to the rights of such registered owners.

The Paying Agent or Trustee shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Series 2023 Bonds as follows:

(a) If there is a deficiency in amounts required to pay interest and/or principal on the Series 2023 Bonds, the Paying Agent or Trustee shall (i) execute and deliver to the Series 2023 Bond Insurer, in form satisfactory to the Series 2023 Bond Insurer, an instrument appointing the Series 2023 Bond Insurer as agent and attorney-in-fact for such holders of the Series 2023 Bonds in any legal proceeding related to the payment and assignment to the Series 2023 Bond Insurer of the claims for interest on the Series 2023 Bonds, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Series 2023 Bond Insurance Policy payment from the Series 2023 Bond Insurer with respect to the claims for interest so assigned, (iii) segregate all such payments in a separate account (the “the Series 2023 Bond Insurer Policy Payment Account”) to only be used to make scheduled payments of principal of and interest on the Series 2023 Bond, and (iv) disburse the same to such respective holders; and

(b) If there is a deficiency in amounts required to pay principal of the Series 2023 Bonds, the Paying Agent or Trustee shall (i) execute and deliver to the Series 2023 Bond Insurer, in form satisfactory to the Series 2023 Bond Insurer, an instrument appointing the Series 2023 Bond Insurer as agent and attorney-in-fact for such holder of the Series 2023 Bonds in any legal proceeding related to the payment of such principal and an assignment to the Series 2023 Bond Insurer of the Series 2023 Bonds surrendered to

the Series 2023 Bond Insurer, (ii) receive as designee of the respective holders (and not as Paying Agent) in accordance with the tenor of the Series 2023 Bond Insurance Policy payment therefore from the Series 2023 Bond Insurer, (iii) segregate all such payments in the Series 2023 Bond Insurer Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Series 2023 Bond, and (iv) disburse the same to such holders.

The Trustee shall designate any portion of payment of principal on Series 2023 Bonds paid by the Series 2023 Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2023 Bonds registered to the then current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2023 Bond to the Series 2023 Bond Insurer, registered in the name directed by the Series 2023 Bond Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2023 Bond shall have no effect on the amount of principal or interest payable by the Community Facilities on any Series 2023 Bond or the subrogation or assignment rights of the Series 2023 Bond Insurer.

Payments with respect to claims for interest on and principal of Series 2023 Bonds disbursed by the Paying Agent or Trustee from proceeds of the Series 2023 Bond Insurance Policy shall not be considered to discharge the obligation of the Community Facilities District with respect to such Series 2023 Bonds, and the Series 2023 Bond Insurer shall become the owner of such unpaid Series 2023 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. The Indenture shall not be discharged or terminated unless all amounts due or to become due to the Series 2023 Bond Insurer have been paid in full or duly provided for.

Irrespective of whether any such assignment is executed and delivered, the Community Facilities District and the Paying Agent and Trustee agree for the benefit of the Series 2023 Bond Insurer that:

(a) They recognize that to the extent the Series 2023 Bond Insurer makes payments directly or indirectly (e.g., by paying through the Paying Agent or Trustee), on account of principal of or interest on the Series 2023 Bonds, the Series 2023 Bond Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the Community Facilities District, with interest thereon, as provided and solely from the sources stated in the Indenture and the Series 2023 Bonds; and

(b) They will accordingly pay to the Series 2023 Bond Insurer the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Series 2023 Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Series 2023 Bonds to holders, and will otherwise treat the Series 2023 Bond Insurer as the owner of such rights to the amount of such principal and interest.

Survival of Obligations. The Series 2023 Bond Insurer shall, to the extent it makes any payment of principal of or interest on the Series 2023 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2023 Bond Insurance Policy. Each obligation of the Community Facilities District to the Series 2023 Bond Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

Reimbursement of Costs; Additional Payments. The Community Facilities District agrees unconditionally that it will from Gross Taxes and the other assets pledged therefor under the Indenture pay or reimburse the Series 2023 Bond Insurer on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that the Series 2023 Bond Insurer may pay or incur, including, but not limited to, fees and expenses of the Series 2023 Bond Insurer's agents, attorneys, accountants, consultants, appraisers

and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Indenture (“Administrative Costs”). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of the Series 2023 Bond Insurer spent in connection with the actions described in the preceding sentence. The Community Facilities District agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate (Series 2023), compounded semi-annually, from the date that payment is first due to the Series 2023 Bond Insurer until the date the Series 2023 Bond Insurer is paid in full.

Notwithstanding anything in the Fourth Supplemental Indenture to the contrary, the Community Facilities District agrees to pay to the Series 2023 Bond Insurer from Gross Taxes and the other assets pledged therefor under the Indenture (i) a sum equal to the total of all amounts paid by the Series 2023 Bond Insurer under the Series 2023 Bond Insurance Policy (“the Series 2023 Bond Insurer Policy Payment”); and (ii) interest on such the Series 2023 Bond Insurer Policy Payments from the date paid by the Series 2023 Bond Insurer until payment thereof in full by the Community Facilities District, payable to the Series 2023 Bond Insurer at the Late Payment Rate (Series 2023) per annum (collectively, “the Series 2023 Bond Insurer Reimbursement Amounts”) compounded semi-annually. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, the Series 2023 Bond Insurer Reimbursement Amounts shall be, and the Community Facilities District hereby covenants and agrees that the Series 2023 Bond Insurer Reimbursement Amounts are, payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the Series 2023 Bonds on a parity with debt service due on the Series 2023 Bonds.

Nonpayment. The Series 2023 Bond Insurer shall be entitled to pay principal or interest on the Series 2023 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Series 2023 Bond Insurance Policy) and any amounts due on the Series 2023 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Series 2023 Bond Insurer has received a claim upon the Series 2023 Bond Insurance Policy.

Provision of Information. The Series 2023 Bond Insurer shall be provided with all notices and other information it is obligated to provide (i) under the Continuing Disclosure Certificate (Series 2023) and (ii) to the holders of Series 2023 Bonds or the Trustee under the Indenture.

Trustee; Name Change, Resignation, Removal. The Series 2023 Bond Insurer shall receive prior written notice of any name change of the trustee (the “Trustee”) or, if applicable, the paying agent (the “Paying Agent”) for the Series 2023 Bonds or the resignation or removal of the Trustee or, if applicable, the Paying Agent. Any Trustee must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets, or (C) otherwise approved by the Series 2023 Bond Insurer in writing.

No removal, resignation or termination of the Trustee or, if applicable, the Paying Agent shall take effect until a successor, meeting the requirements above or acceptable to the Series 2023 Bond Insurer, shall be qualified and appointed.

Provisions with Respect to the Series 2023 Reserve Policy

Notwithstanding anything to the contrary set forth in other sections of the Indenture, the section described below under the caption “ – Series 2023 Reserve Policy” shall govern so long as the Series 2023

Reserve Policy remains in full force and effect or amounts are owed to the Series 2023 Bond Insurer with respect to the Series 2023 Reserve Policy.

Series 2023 Reserve Policy. (a) The Community Facilities District shall, from Gross Taxes and the other assets pledged therefor under the Indenture, repay the Series 2023 Bond Insurer any draws under the Municipal Bond Debt Service Reserve Insurance Policy (the “Series 2023 Reserve Policy”) and pay all related reasonable charges, fees, costs, losses, liabilities and expenses (“Administrative Expenses (Series 2023)”) that the Series 2023 Bond Insurer may pay or incur. Interest shall accrue and be payable on such draws and Administrative Expenses (Series 2023) from the date of payment by the Series 2023 Bond Insurer at the Late Payment Rate (Series 2023).

Repayment of draws and payment of Administrative Expenses (Series 2023) and interest accrued thereon at the Late Payment Rate (Series 2023) (collectively, the “Series 2023 Policy Costs”) shall commence in the first month following each draw and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Series 2023 Policy Costs related to such draw.

Amounts in respect of Series 2023 Policy Costs paid to the Series 2023 Bond Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Series 2023 Bond Insurer on account of principal due, the coverage under the Series 2023 Reserve Policy will be reinstated by a like amount, subject to the terms of the Series 2023 Reserve Policy.

All cash and investments in the Series 2023 Reserve Account shall be transferred to the Series 2023 Interest Subaccount and the Series 2023 Principal Subaccount of the Bond Service Fund for payment of the debt service on the Series 2023 Bonds before any drawing may be made on the Series 2023 Reserve Policy or on any alternative credit instrument on deposit in the Series 2023 Reserve Account in lieu of cash (the “Series 2023 Alternative Credit Instrument”).

Payment of any Series 2023 Policy Cost shall be made prior to replenishment of any cash amounts. Draws on all “Series 2023 Alternative Credit Instruments (including the Series 2023 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the available coverage under each such “Series 2023 Alternative Credit Instrument) after applying all available cash and investments in the Series 2023 Reserve Account. Payment of Series 2023 Policy Cost and reimbursement of amounts with respect to other “Series 2023 Alternative Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2023 Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) Draws on the Series 2023 Reserve Policy may only be used to make payments on the Series 2023 Bonds (and for the avoidance of doubt, not any other obligations of the Community Facilities District, whether issued on parity with the Series 2023 Bonds, or otherwise).

(c) If the Community Facilities District shall fail to pay any Series 2023 Policy Costs in accordance with the requirements of paragraph (a) above, the Series 2023 Bond Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the Series 2023 Bonds, or (ii) remedies which would adversely affect owners of the Series 2023 Bonds.

(d) The Indenture shall not be discharged until all Series 2023 Policy Costs owing to the Series

2023 Bond Insurer shall have been paid in full. The Community Facilities District's obligation to pay such amounts shall expressly survive payment in full of the Series 2023 Bonds.

(e) In order to secure the Community Facilities District's payment obligations with respect to the Series 2023 Policy Costs, there is hereby granted and perfected in favor of the Series 2023 Bond Insurer a security interest (subordinate only to that of the owners of the Series 2023 Bonds) in the Gross Taxes and the other assets pledged therefor under the Indenture as security for the Series 2023 Bonds.

(f) The Trustee shall ascertain the necessity for a claim upon the Series 2023 Reserve Policy in accordance with the provisions of paragraph (a) above and shall provide notice to the Series 2023 Bond Insurer in accordance with the terms of the Series 2023 Reserve Policy at least five business days prior to each date upon which interest or principal is due on the Series 2023 Bonds. Where deposits are required to be made by the Community Facilities District with the Trustee to the Series 2023 Interest Subaccount and the Series 2023 Principal Subaccount of the Bond Service Fund for the Series 2023 Bonds more often than semi-annually, the Trustee or Paying Agent shall give notice to the Series 2023 Bond Insurer of any failure of the Community Facilities District to make timely payment in full of such deposits within two business days of the date due.

(g) The Series 2023 Reserve Policy shall expire on the earlier of the date the Series 2023 Bonds are no longer outstanding and the final maturity date of the Series 2023 Bonds.

(h) Series 2023 Policy Costs due and owing shall be included in debt service requirements for purposes of calculation of the additional bonds test and the rate covenant in the Indenture.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2023 Bonds, Orrick, Herrington & Sutcliffe LLP proposes to render its final approving opinion with respect to the Series 2023 Bonds in substantially the following form:

[Date of Delivery]

Palmdale Elementary School District
Community Facilities District No. 90-1
Palmdale, California

Palmdale Elementary School District
Community Facilities District No. 90-1
Special Tax Bonds, Series 2023
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Palmdale Elementary School District Community Facilities District No. 90-1 (the “Community Facilities District”) in connection with the issuance of \$26,765,000 aggregate principal amount of the Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds, Series 2023 (the “Series 2023 Bonds”), pursuant to the Indenture, dated as of December 1, 1999, by and between the Community Facilities District and U.S. Bank National Association, as successor trustee (the “Trustee”), as amended by the Supplemental Indenture No. 1, dated as of July 1, 2011, by and between the Community Facilities District and the Trustee, the Supplemental Indenture No. 2, dated as of September 1, 2012, by and between the Community Facilities District and the Trustee, the Supplemental Indenture No. 3, dated as of May 1, 2017, by and between the Community Facilities District and the Trustee, and as amended by the Supplemental Indenture No. 4, dated as of December 1, 2023, by and between the Community Facilities District and the Trustee (as so amended and supplemented, the “Indenture”). Capitalized undefined terms used herein have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate, opinions of counsel to the Community Facilities District and the Trustee, certificates of the Community Facilities District, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series 2023 Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series 2023 Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2023 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any

parties other than the Community Facilities District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2023 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2023 Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Community Facilities District in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the plans, specifications, maps, reports or other engineering or financial details of the proceedings, or upon the Special Tax Formula or the validity of the Special Taxes levied upon any individual parcel. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated November 28, 2023, or other offering material relating to the Series 2023 Bonds and express no opinion or view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2023 Bonds constitute the valid and binding special obligations of the Community Facilities District, payable, as provided in the Indenture, solely from Gross Taxes and the other assets pledged therefor under the Indenture.

2. The Indenture has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Community Facilities District.

3. Interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2023 Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by Palmdale Elementary School District Community Facilities District No. 90-1 (the “Community Facilities District”) in connection with the issuance of \$26,765,000 of its Palmdale Elementary School District Community Facilities District No. 90-1 Special Tax Bonds, Series 2023 (the “Series 2023 Bonds”). The Series 2023 Bonds are being issued pursuant to that Indenture, dated as of December 1, 1999, by and between the Community Facilities District and U.S. Bank Trust Company, National Association, as successor trustee (the “Trustee”), as supplemented and amended by that Supplemental Indenture No. 1, dated as of July 1, 2011, that Supplemental Indenture No. 2, dated as of September 1, 2012, that Supplemental Indenture No. 3, dated as May 1, 2017, and that Supplemental Indenture No. 4, dated as of December 1, 2023 (collectively, the “Indenture”). The Community Facilities District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Community Facilities District for the benefit of the Bondowners (Holders as defined herein) and Beneficial Owners of the Series 2023 Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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 Community Facilities District pursuant to, and as described in, Sections 3 and 4 hereof.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2023 Bonds (including persons holding Series 2023 Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean Mission Trail Advisors, LLC, or any successor Dissemination Agent designated in writing by the Community Facilities District and which has filed with the Community Facilities District a written acceptance of such designation.

“Financial Obligation” shall mean, for the purposes of the Listed Events set out in Section 5(a)(x) and 5(b)(viii), 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Series 2023 Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB

are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the Official Statement, dated November 28, 2023 (including all exhibits or appendices thereto), relating to the offer and sale of Series 2023 Bonds.

“Participating Underwriter” shall mean the original underwriter(s) of the Series 2023 Bonds required to comply with the Rule in connection with offering of the Series 2023 Bonds.

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

Section 3. Provision of Annual Reports. (a) The Community Facilities District shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of the Community Facilities District’s fiscal year, commencing with the report for the 2022-23 Fiscal Year (which is due not later than March 26, 2024), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the Community Facilities District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Community Facilities District’s fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Series 2023 Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the Community Facilities District shall provide the Annual Report to the Dissemination Agent (if other than the Community Facilities District). If the Community Facilities District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Dissemination Agent (if other than the Community Facilities District) shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the Community Facilities District), provide any Annual Report received by it to the MSRB as provided herein; and

(ii) (if the Dissemination Agent is other than the Community Facilities District), file a report with the Community Facilities District certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. Content of Annual Reports. The Community Facilities District’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the Community Facilities District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the Community Facilities District’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement,

and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the Community Facilities District, the Annual Report shall also include the following:

(i) Audited financial statements of the Community Facilities District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the Community Facilities District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements of the Community Facilities District, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(ii) Whether the Community Facilities District has fulfilled its covenant to pursue foreclosure proceedings against delinquent parcels pursuant to the Indenture.

(iii) A current statement of the information set forth in the Official Statement in the table entitled "Special Taxes by Tax Rate Category."

(iv) A current statement of the information set forth in the Official Statement in the table entitled "Special Tax Levy, Collections, and Delinquencies."

(v) A current statement of the information set forth in the Official Statement in the table entitled "Comparison of Estimated Maximum Annual Tax Revenues and Total Annual Debt Service."

(vi) A current statement of the information set forth in the Official Statement in the table entitled "Property Annexations to Date."

(vii) A current statement of the information set forth in the Official Statement in the table entitled "Secured Assessed Valuation of Developed Property."

(viii) A current statement of the information set forth in the Official Statement in the table entitled "Value to Debt Ratios for Developed Property with Community Facilities District Debt."

(ix) A current statement of the information set forth in the Official Statement in the table entitled "Value to Debt Ratios for Top 20 Taxpayers Within the Community Facilities District."

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Community Facilities District or related public entities, which have been made available to the public on the MSRB's website. The Community Facilities District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) The Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2023 Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers or their failure to perform;
- (v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) rating changes;
- (ix) bankruptcy, insolvency, receivership or similar event of the Community Facilities District; or
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Community Facilities District, any of which reflect financial difficulties.

For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Community Facilities District 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 Community Facilities District, 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 Community Facilities District.

(b) The Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2023 Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

- (i) unless described in paragraph 5(a)(v), other material 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;
- (ii) modifications to rights of Holders;
- (iii) bond calls;
- (iv) release, substitution, or sale of property securing repayment of the bonds;
- (v) non-payment related defaults;
- (vi) the consummation of a merger, consolidation, or acquisition involving the Community Facilities District or the sale of all or substantially all of the assets of the Community

Facilities District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) appointment of a successor or additional paying agent or the change of name of a paying agent; or

(viii) incurrence of a Financial Obligation of the Community Facilities District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Community Facilities District, any of which affect Holders.

(c) The Community Facilities District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3 hereof, as provided in Section 3(b) hereof.

(d) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the Community Facilities District determines would be material under applicable federal securities laws, the Community Facilities District shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2023 Bonds pursuant to the Indenture.

(e) The Community Facilities District intends to comply with the Listed Events described in subsection (a)(x) and subsection (b)(viii), and the definition of “Financial Obligation” in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Community Facilities District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2023 Bonds. If such termination occurs prior to the final maturity of the Series 2023 Bonds, the Community Facilities District shall give notice of such termination in a filing with the MSRB.

Section 8. Dissemination Agent. The Community Facilities District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Community Facilities District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Mission Trail Advisors, LLC.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Community Facilities 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 relates to the provisions of Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Community Facilities District with respect to the Series 2023 Bonds, or the type of business conducted;

(b) the undertaking, 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 Series 2023 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by the Holders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2023 Bonds.

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

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Community Facilities 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 required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the Community Facilities District chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the Community Facilities District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 11. Default. In the event of a failure of the Community Facilities District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Series 2023 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Community Facilities District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County or in U.S. Community Facilities District Court in or nearest to the County. 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 in the event of any failure of the Community Facilities District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and (if the Dissemination Agent is other than the Community Facilities District), the Community Facilities District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents,

harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Community Facilities District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2023 Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Community Facilities District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Series 2023 Bonds, and shall create no rights in any other person or entity.

Section 14. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Disclosure Certificate may be conducted by electronic means. Each party agrees and acknowledges that it is such party's intent, that, if such party signs this Disclosure Certificate using an electronic signature, it is signing, adopting and accepting this Disclosure Certificate, and that signing this Disclosure Certificate using an electronic signature is the legal equivalent of having placed the undersigned officer's handwritten signature on this Disclosure Certificate on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Certificate in a usable format.

Dated: December 7, 2023

PALMDALE ELEMENTARY SCHOOL
DISTRICT COMMUNITY FACILITIES
DISTRICT NO. 90-1

By: _____
Superintendent of the
Palmdale School District

ACCEPTED AND AGREED TO:

MISSION TRAIL ADVISORS, LLC,
as Dissemination Agent

By: _____
Authorized Signatory

EXHIBIT A

NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Palmdale Elementary School District Community Facilities District No. 90-1
Name of Issue: Palmdale Elementary School District Community Facilities District No. 90-1
Special Tax Bonds, Series 2023
Date of Issuance: December 7, 2023

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Series 2023 Bonds as required by Section 4 of the Continuing Disclosure Certificate of the Issuer, dated December 7, 2023. [The Issuer anticipates that the Annual Report will be filed by _____.]

Dated: _____

PALMDALE ELEMENTARY SCHOOL
DISTRICT COMMUNITY FACILITIES
DISTRICT NO. 90-1

APPENDIX E

DTC BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2023 Bonds, payment of principal of, premium, if any, and interest on the Series 2023 Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2023 Bonds, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Community Facilities District believes to be reliable, but neither the Community Facilities District nor the School District takes responsibility for the completeness or accuracy thereof. Neither the Community Facilities District nor the School District can give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the Series 2023 Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Series 2023 Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2023 Bonds (the "Securities"). The Securities 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 Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with 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. The information on such website is not incorporated herein by such reference or otherwise.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Community Facilities District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Community Facilities District or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Community Facilities District or the School 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 Community Facilities District, the School 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.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Community Facilities District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Community Facilities District believes to be reliable, but neither the Community Facilities District nor the School District takes any responsibility for the accuracy thereof.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY-ONLY SYSTEM IS USED FOR THE SERIES 2023 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES ONLY TO CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE. ANY FAILURE OF CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2023 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

THE ECONOMY OF THE SCHOOL DISTRICT

The School District includes portions of the City of Palmdale (the “City”), as well as unincorporated areas of Los Angeles County (the “County”), in the northern part of the County. The following economic data for the City and the County are presented for information purposes only. The Series 2023 Bonds are not a debt or obligation of the City or the County.

General

The School District is located in the high desert of the Antelope Valley, an area about 70 miles north of the City of Los Angeles. Virtually all of the City of Palmdale, as well as portions of the surrounding unincorporated areas of the County, is served in the School District.

Population

The City’s estimated population as of January 1, 2023 was 165,917 persons. The City’s population increased by 6.3% between 2013 and 2023.

The County’s population as of as of January 1, 2023 was 9,761,210 persons. Since 2013, the County’s population has decreased by 2.6%.

POPULATION City of Palmdale and County of Los Angeles 2013 to 2023

Year	City of Palmdale	County of Los Angeles
2013	156,029	10,025,721
2014	156,836	10,078,942
2015	157,659	10,124,800
2016	157,696	10,150,386
2017	157,463	10,181,162
2018	157,599	10,192,593
2019	157,418	10,163,139
2020	169,330	10,014,009
2021	168,845	9,942,011
2022	167,015	9,834,503
2023	165,917	9,761,210

Source: California Department of Finance.

Employment

The following table summarizes estimated labor force employment by industry group in the County.

ESTIMATED INDUSTRY EMPLOYMENT AND LABOR FORCE County of Los Angeles 2018 to 2022

Industry	2018	2019	2020	2021	2022
Farm	4,700	4,400	4,400	4,600	4,900
Mining and Logging	2,000	2,000	1,700	1,600	1,600
Construction	146,300	149,900	146,600	149,000	150,900
Manufacturing	343,000	341,200	315,400	313,100	321,800
Trade, Transportation & Utilities	849,300	848,600	784,600	814,000	837,400
Information	215,000	215,600	191,100	208,800	235,200
Financial Activities	223,800	224,300	213,200	213,200	215,900
Professional & Business Services	632,800	647,600	600,200	630,100	668,900
Private Educational & Health Services	818,000	840,100	821,700	844,400	873,600
Leisure & Hospitality	536,600	547,300	393,700	434,200	511,300
Other Services	158,900	158,400	128,800	135,700	153,500
Government	590,600	586,900	570,200	560,200	568,500
Total	4,520,900	4,566,200	4,171,700	4,308,900	4,543,400

Notes: Data may not add due to rounding.

Source: California Employment Development Department, Labor Market Information Division.

The County's civilian labor force was 0.6% greater in 2022 than in 2013. The employed labor force in the County was 6.0% greater in 2022 than in 2013. The unemployment rate in the County in 2022 was 4.9%, which compares with California's unemployment rate of 4.1% in 2022.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT County of Los Angeles Annual Averages, 2013 to 2022

Year	Civilian Labor Force	Employed Labor Force	Unemployed Labor Force	Unemployment Rate
2013	4,955,800	4,471,400	484,400	9.8%
2014	4,982,400	4,572,200	410,200	8.2
2015	4,973,800	4,641,100	332,700	6.7
2016	5,018,900	4,751,200	267,700	5.3
2017	5,109,800	4,864,100	245,700	4.8
2018	5,119,800	4,882,300	237,500	4.6
2019	5,151,500	4,920,800	230,700	4.5
2020	4,960,300	4,350,500	609,800	12.3
2021	4,993,500	4,547,600	445,900	8.9
2022	4,984,800	4,739,900	244,900	4.9

Source: California Employment Development Department, Labor Market Information Division.

Major Employers

The largest employers in the Antelope Valley and the County are listed below.

PRINCIPAL EMPLOYERS Antelope Valley 2022

<u>Employer</u>	<u>Number of Employees</u>
Northrop Grumman	7,000
Lockheed Martin	3,750
Antelope Valley Union High School District	3,089
Palmdale School District	2,100
Antelope Valley Mall	1,800
Palmdale Regional Medical Center	1,200
Palmdale Wal-Mart	800
Robertson's Ready Mix Concrete	500
Palmdale Auto Mall	410
Granite Construction	400

Source: City of Palmdale Comprehensive Annual Financial Report for the fiscal year ended June 30, 2022.

LARGEST NON-GOVERNMENTAL EMPLOYERS County of Los Angeles 2022

<u>Employer</u>	<u>Number of Employees</u>
Kaiser Permanente	40,303
University of Southern California	22,735
Northrop Grumman Corp.	18,000 ⁽¹⁾
Cedars-Sinai Medical Center	16,659
Target Corp.	15,888
Allied Universal Security and Technology	15,326 ⁽¹⁾
Providence Health Southern California	14,935 ⁽¹⁾
Ralphs/Food 4 Less (Kroger Co. Division)	14,000
Walmart Inc.	14,000
Walt Disney Co.	12,200 ⁽¹⁾

⁽¹⁾ Business Journal estimate.

Source: Los Angeles Business Journal, Weekly Lists, originally published August 22, 2022.

Income

The following table summarizes personal income for the County from 2012 to 2021.

PERSONAL INCOME 2012 to 2021⁽¹⁾ (\$ in thousands)

Year	County of Los Angeles
2012	\$482,151,715
2013	480,157,948
2014	510,501,551
2015	544,064,971
2016	562,436,306
2017	580,335,216
2018	601,947,888
2019	635,759,588
2020	684,663,140
2021	728,772,915

⁽¹⁾ Most recent annual information available.

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

The following table summarizes per capita personal income for the County, the State of California and the United States of America from 2012 to 2021.

PER CAPITA PERSONAL INCOME 2012 to 2021⁽¹⁾

Year	County of Los Angeles	State of California	United States of America
2012	\$48,502	\$48,121	\$44,548
2013	48,011	48,502	44,798
2014	50,789	51,266	46,887
2015	53,870	54,546	48,725
2016	55,568	56,560	49,613
2017	57,325	58,804	51,550
2018	59,617	61,508	53,786
2019	63,252	64,919	56,250
2020	68,541	70,647	59,765
2021	74,141	76,614	64,143

⁽¹⁾ Most recent annual information available.

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

Taxable Sales

Following is a four-year history of retail taxable sales activity in each of the County of Los Angeles and the City of Palmdale.

TAXABLE SALES County of Los Angeles 2019 to 2022⁽¹⁾ (\$ in thousands)

Type of Business	2019	2020	2021	2022
Motor Vehicle and Parts Dealers	\$ 18,954,470	\$ 18,534,326	\$ 23,555,049	\$ 25,236,081
Home Furnishings and Appliance Stores	7,308,501	6,608,482	8,177,309	7,682,325
Building Materials and Garden Equipment and Supplies Dealers	8,698,495	9,556,946	10,450,185	10,997,781
Food and Beverage Stores	7,255,360	7,650,294	7,861,401	8,137,012
Gasoline Stations	12,491,790	8,132,307	12,405,237	16,114,153
Clothing and Clothing Accessories Stores	12,536,982	9,498,705	13,957,944	14,388,631
General Merchandise Stores	12,910,844	12,263,784	14,541,309	15,072,717
Food Services and Drinking Places	25,097,944	17,006,158	23,577,050	27,861,821
Other Retail Group	<u>17,190,290</u>	<u>24,164,972</u>	<u>24,407,441</u>	<u>24,618,548</u>
Total Retail and Food Services	<u>\$122,444,678</u>	<u>\$113,415,974</u>	<u>\$138,932,925</u>	<u>\$150,109,069</u>
All Other Outlets	<u>\$ 49,868,925</u>	<u>\$ 44,322,010</u>	<u>\$ 53,340,253</u>	<u>\$ 62,671,752</u>
TOTAL ALL OUTLETS	<u>\$172,313,603</u>	<u>\$157,737,984</u>	<u>\$192,273,178</u>	<u>\$212,780,821</u>

⁽¹⁾ Most recent annual information available. Totals may not equal sum of component parts due to rounding.
Source: California Department of Tax and Fee Administration, Taxable Sales in California.

TAXABLE SALES City of Palmdale 2019 to 2022⁽¹⁾ (\$ in thousands)

Type of Business	2019	2020	2021	2022
Motor Vehicle and Parts Dealers	\$ 250,141	\$ 257,097	\$ 338,659	\$ 342,328
Home Furnishings and Appliance Stores	97,503	87,354	116,487	103,169
Building Materials and Garden Equipment and Supplies Dealers	120,153	168,350	178,988	166,536
Food and Beverage Stores	82,584	99,226	102,320	109,009
Gasoline Stations	211,082	158,784	265,141	297,457
Clothing and Clothing Accessories Stores	146,174	107,451	176,968	161,436
General Merchandise Stores	352,116	341,014	393,250	407,405
Food Services and Drinking Places	275,047	249,633	317,784	332,983
Other Retail Group	<u>109,073</u>	<u>109,968</u>	<u>137,955</u>	<u>137,043</u>
Total Retail and Food Services	<u>\$1,643,871</u>	<u>\$1,578,878</u>	<u>\$2,027,552</u>	<u>\$2,057,370</u>
All Other Outlets	<u>\$ 215,267</u>	<u>\$ 224,282</u>	<u>\$ 205,766</u>	<u>\$ 247,459</u>
TOTAL ALL OUTLETS	<u>\$1,859,138</u>	<u>\$1,803,160</u>	<u>\$2,233,318</u>	<u>\$2,304,830</u>

⁽¹⁾ Most recent annual information available. Totals may not equal sum of component parts due to rounding.
Source: California Department of Tax and Fee Administration, Taxable Sales in California.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN



BAM

**CALIFORNIA
ENDORSEMENT TO
MUNICIPAL BOND
INSURANCE POLICY
NO.**

This Policy is not covered by the California Insurance Guaranty Association established pursuant to Article 15.2 of Chapter 1 of Part 2 of Division 1 of the California Law.

Nothing herein shall be construed to waive, alter, reduce or amend coverage in any other section of the Policy. If found contrary to the Policy language, the terms of this Endorsement supersede the Policy language

IN WITNESS WHEREOF, BUILDAMERICA MUTUAL ASSURANCE COMPANY has caused this policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By

Authorized Officer

APPENDIX H

SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]



**MUNICIPAL BOND DEBT SERVICE
RESERVE INSURANCE POLICY
(SA)**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

Effective Date: _____

BONDS: [Bonds]

Termination Date: The earlier to occur of (i) the date on which the Bonds are no longer outstanding under the Security Documents and (ii) _____ [date]

MAXIMUM POLICY LIMIT: \$ _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above under the Security Documents, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

BAM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of this paragraph, and BAM shall promptly so advise the Trustee or Paying Agent who may submit an amended Notice of Nonpayment.

Payment by BAM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under this Policy. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, (a) BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond and (b) BAM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Security Documents and Debt Service Reserve Agreement.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by and to the extent of any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Issuer. Within three (3) Business Days of such reimbursement, BAM shall provide the Trustee or the Paying Agent with Notice of Reinstatement, in the form of Exhibit A attached hereto, and such reinstatement shall be effective as of the date BAM gives such notice.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the end of the Term of this Policy or (b) Bonds that are not outstanding under the Security Documents. In no event shall BAM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other BAM issued insurance policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “**Business Day**” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as hereinafter defined) are authorized or required by law or executive order to remain closed. “**Debt Service Reserve Agreement**” means the Debt Service Reserve Agreement, dated as of the effective date hereof, in respect of this Policy, as the same may be amended or supplemented from time to time. “**Due for Payment**” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “**Nonpayment**” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “**Notice**” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy or other acceptable electronic delivery, from and signed by the Trustee or the Paying Agent, which notice shall be in a form and substance satisfactory to BAM and shall specify and include (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions, (e) the date such claimed amount becomes or became Due for Payment, (f) representations and agreements regarding the assignment and subrogation rights of BAM, and (g) such other provisions as BAM may reasonably require. A form of such Notice can be obtained from BAM upon request. “**Owner**” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof,

except that “Owner” shall not include the Issuer, the Member or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. “**Policy Limit**” means the lesser of (i) Maximum Policy Limit set forth above and (ii) the dollar amount of the debt service reserve fund (or the portion thereof) required to be maintained for the Bonds by the Security Documents from time to time (the “Reserve Account Requirement”). The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Reserve Account Requirement applicable to the Bonds, as provided in the Security Documents. “**Security Documents**” means any resolution, ordinance, trust agreement, trust indenture, loan agreement and/or lease agreement or any similar document and any additional or supplemental document executed in connection with the Bonds. “**Term**” means the period from and including the Effective Date until the Termination Date. “**Termination Date**” means the earlier to occur of (i) the date on which the Bonds are no longer outstanding under the Security Documents and (ii) _____ [date].

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL
ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy: 212-235-1524 (attention: Claims)

SPECIMEN

NOTICE OF REINSTATEMENT

[DATE]

[TRUSTEE][PAYING AGENT]
[INSERT ADDRESS]

Reference is made to the Municipal Bond Debt Service Reserve Insurance Policy, Policy No. _____ (the "Policy"), issued by Build America Mutual Assurance Company ("BAM"). The terms which are capitalized herein and not otherwise defined shall have the meanings specified in the Policy, or if not defined therein, in the Debt Service Reserve Agreement.

BAM hereby delivers notice that it is in receipt of payment from the [Issuer], or on its behalf, pursuant to the Debt Service Reserve Agreement and, as of the date hereof, the Policy Limit is \$_____, subject to reduction as the Reserve Account Requirement for the Bonds is reduced in accordance with the terms set forth in the Security Documents.

BUILD AMERICA MUTUAL
ASSURANCE COMPANY

By: _____
Name:
Title:

