

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 3, 2021

CAO File No. 0220-05291-1057

Council File No. 13-1646-S7

Council District: 15

To: The City Council
The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Council File 13-1646-S1
Council File 13-1646-S2

Subject: **COMMUNITY FACILITIES DISTRICT NO. 11, PONTE VISTA SPECIAL TAX BONDS, SERIES 2021 – AUTHORIZING RESOLUTIONS AND OTHER ACTIONS NECESSARY TO ISSUE MELLO-ROOS BONDS**

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. ADOPT the attached Resolution which authorizes the issuance of not-to-exceed \$30,000,000 aggregate principal amount of the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021, and approve the execution and delivery of various bond documents including, an Indenture, an Acquisition and Funding Agreement, a Bond Purchase Agreement, a Continuing Disclosure Certificate, and a Preliminary Official Statement and other matters related thereto;
2. ADOPT an Ordinance providing for the creation and establishment of a special tax and deposit fund for Community Facilities District No. 11 (Ponte Vista), to be transmitted under separate cover by the City Attorney; and,
3. AUTHORIZE the City Administrative Officer to make technical corrections and adjustments as necessary to those transactions in this report and to implement the intent of the Mayor and the City Council.

SUMMARY

The City Administrative Officer (CAO) recommends approval of a Resolution (Attachment A) authorizing the issuance of up to \$30 million of Mello-Roos Special Tax Bonds for Community Facilities District (CFD) No. 11 (Ponte Vista), to be referred to as the Series 2021 Bonds.

On February 9, 2021, the City Council certified the results of the special election wherein at least two-thirds of the qualified electors authorized the levying of a special tax, incurrence of bonded indebtedness to finance certain public facilities, and established an appropriations limit of \$30 million for Community Facilities District No. 11 (Ponte Vista) in San Pedro (CFD 11 or District). The proceedings for the establishment of CFD 11 and for the authorization of the incurrence of debt are now complete, pursuant to the Mello-Roos Community Facilities Act of 1982 (Act).

Ponte Vista (Project) is a residential project in the community of San Pedro that includes the development of up to 476 residential dwelling units, including single-family detached homes, townhomes, recreational facilities, parks, and a trail along the perimeter, by SoCal San Pedro SPV 1, LLC (Master Developer). The Project also includes Subarea Six where a 212-unit multifamily housing project is being developed concurrently with the residential dwelling units within the CFD. However, Subarea Six is not within the boundaries of CFD 11.

The proposed bond issuance will finance the acquisition of various public infrastructure improvements (e.g. sewer, storm drain, street improvements, and electrical facilities) and Los Angeles Unified School District school fees. The estimated special taxes to be levied on the 476 homes will annually total at least 110 percent of debt service on the Series 2021 Bonds net of administrative expenses, which provides additional coverage to reduce the risk of not having sufficient monies to repay the bonds. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the Series 2021 Bonds.

The City will assume ongoing responsibilities as the Administrator for the District during the life of the bonds, approximately 25 years, or until the outstanding principal and interest on the bonds are paid off. These responsibilities include:

- Collection of special tax revenues;
- Administer and process debt service payments;
- Payment of annual administrative expenses incurred by the District;
- Foreclosure proceedings in the event of delinquent taxes; and,
- Compliance with continuing disclosure requirements, including preparation of annual reports, event notices, and state reporting, as necessary.

To proceed with the bond issuance, the Mayor and the City Council will need to adopt the attached Resolution (Attachment A), which incorporates various legal and financing documents necessary to complete the bond transaction, including an Indenture (Attachment B), the Bond Purchase Agreement (Attachment C), the Continuing Disclosure Certificate (Attachment D), the Preliminary Official Statement (Attachment E), the Acquisition and Funding Agreement (Attachment F), the Appraisal (Attachment G), and related documents, authorizing the issuance of the Series 2021 Bonds, in an aggregate amount not to exceed \$30 million.

FISCAL IMPACT STATEMENT

There is no impact on the General Fund as a result of the recommendations contained in this report. All costs associated with this project will be paid from the developer deposit, bond proceeds, and/or the levy of special taxes. In no event shall the General Fund be called upon for repayment of any principal or interest on the Series 2021 Bonds.

FINANCIAL POLICIES STATEMENT

Consistent with the City's Financial Policies, all consultant and City costs associated with the formation and issuance of bonds are paid by the developer and/or Community Facilities District via the terms of the Deposit and Reimbursement Agreement and through the levy and collection of special taxes for this purpose. Additionally, consistent with the City's Mello-Roos and Assessment Financing Policies, the CFD and Mello-Roos Bonds will provide extraordinary public benefit, exceed the City's value-to-lien requirement, will not exceed the City's maximum tax burden threshold of two percent of assessed value on property annually, comply with the minimum debt service coverage ratio, and the bonds will amortize in no more than 25 years.

DEBT IMPACT STATEMENT

This report has no debt impact on the General Fund.

The Series 2021 Bonds are payable solely from the Mello-Roos Special Tax Revenue collected from parcels within Community Facility District No. 11. Mello-Roos bonds are excluded from the calculation of the City's direct debt. Mello Roos bonds constitute overlapping indebtedness of the City and may have an impact on the overall level of debt affordability. A default in the repayment of Mello-Roos bonds would not adversely affect the City's general credit rating because Mello-Roos bonds are not payable from the General Fund. These bonds would have no impact on the City's Debt Service to General Revenues calculation.

(Statement of Findings attached)

FINDINGS

1. Mello-Roos Districts

The Mello-Roos Community Facilities Act was enacted in 1982 and provides a method for local governments to fund public infrastructure and certain services, particularly for newly developing areas. The Act provides that cities may form “community facilities districts,” special financing entities through which a local government is empowered to levy special taxes and issue bonds authorized by two-thirds vote of the qualified electors of such a district. Mello-Roos bond proceeds can be used to finance the construction, expansion, rehabilitation, or acquisition of any real or other tangible property with an estimated useful life of five years or more, which will be constructed, owned or operated by a public entity. Mello-Roos bonds are payable solely from special taxes levied on property within the boundaries of the CFD. The City is not obligated to pay the bonds from any funds of the City.

2. Project Description

Ponte Vista is a residential development project located in Council District No. 15, in the community of San Pedro. The CFD portion of the project occupies 50.2 acres of land at the site of the former U.S. Navy Housing complex at 26900 South Western Avenue. The project area is bordered by Western Avenue, Fitness Drive, the U.S. Navy’s Fuel Support Point, and Mary of the Sea High School.

The Project includes the demolition of 122 duplexes, a single-family home, and other structures, which has already occurred. The redevelopment of the site will include up to 476 residential dwelling units, including single-family detached homes, townhomes, recreational facilities, parks, and a trail along the perimeter. The Project also includes Subarea Six where a 212-unit multifamily housing project is being developed concurrently with the residential dwelling units within the CFD. However, Subarea Six is not within the boundaries of CFD 11. The roadways within the project will be private streets, with entrances via two gated access points, which will supersede standard street requirements mandated by the Municipal Code and will be privately maintained. The recreation center will be restricted to residents only; the park in the southwest corner of the site and the trail will be accessible to the public.

The recreation center will be located at the southeast portion of the development and will include features such as a swimming pool and deck, recreational building, outdoor courts, fitness area, spa, and outdoor fireplace and barbeque area with dining and lounge seating.

Larger neighborhood parks will serve as community open space and will include typical park features and programming to promote a healthy lifestyle and sense of community.

The land use, entitlements, and environmental clearance processes culminated in the approval of the Ponte Vista at San Pedro Specific Plan by the Mayor and City Council in March 2014 (C.F. 13-1646).

3. Mello-Roos and Assessment Financing Policies

Mello-Roos debt financing is feasible only if it conforms with City policy and is structured so that it may be sold in the public debt market at interest rates and overall costs which are representative of the general market for land-secured financing in California. Specific elements of the City's policies which are important to note are as follows:

Extraordinary Public Benefit

City policy provides five factors as examples of project benefits that may be deemed of extraordinary public benefit: 1) regional benefit, 2) accelerated improvements, 3) additional public improvements, 4) environmental benefits, and 5) low income housing and economic development. The City Council previously recognized the extraordinary public benefits provided by the project, including:

- New single family and multi-family homes to the San Pedro area that reinforce the prevailing community character;
- New housing on unutilized land that will contribute to relieving housing shortages in the area;
- Improved visual character of the site;
- New 2.4-acre public park;
- Public walking path that will circle the entire property and public access to all pocket parks and open spaces;
- Approximately 1,500 new trees;
- Streetscape upgrades to the eastern side and center median of Western Avenue;
- Payment of \$70,000 to the City of Rancho Palos Verdes for streetscape improvements along the western side of Western Avenue;
- Permanent access road from Western Avenue to the Mary Star of the Sea High School;
- Parking along Mary Star Road for public access to parks and perimeter trail;
- Project Labor Agreement with the Building Trades Council of Los Angeles and Orange Counties, committing to using union labor for infrastructure construction;
- Environmental elements such as water conservation features, rainwater catchment systems, drought-tolerant landscaping and shade trees to promote energy conservation;
- Re-engineered drainage channel to convey the off-site storm water runoff from the culvert at Western Avenue across the southwestern portion of site;
- Community entry features, passive parks, and a recreation center for use by the Ponte Vista residents;
- Extension of water provision facilities and Fire Department access to the property, enhancing regional fire protection; and,
- Appropriate crime prevention features incorporated into the property design as determined by the Master Developer and the Police Department.

Value-to-Lien Ratio Minimum (4:1)

A value-to-lien (VTL) ratio is the ratio of the appraised value of the property, including the value of the proposed improvements, to the total special tax liens on the project. The higher the value-to-lien ratio, the greater the amount of equity securing the Mello-Roos bond. State law requires a

minimum of 3-to-1 value-to-lien ratio, with certain limited exceptions. The City requires a minimum value-to-lien of 4-to-1. To arrive at a VTL ratio, the City must first arrive at a value for the taxable property within the boundaries of the CFD. Integra Realty Resources – Sacramento was contracted to conduct this study, known as the appraisal report. The Appraisal Report (Attachment G) concluded that the minimum appraised value of the taxable property as of July 12, 2021 is not less than \$254,079,310. Taking the estimated \$22.4 million¹ principal amount of the Series 2021 Bonds and other overlapping general obligation debt within the District into account, the ratio of the minimum appraised value to the total amount of bonded debt for the District of \$24.0 million is approximately 10.57-to-1, which exceeds the City's minimum requirement, as shown in Tables 10 and 11 of the Preliminary Official Statement.

Maximum Tax Burden

City policy provides that the maximum special tax or assessment liens the City will approve will result in a total annual levy of no more than two percent of anticipated assessed valuation, inclusive of other taxes and assessments on a property. The current estimated maximum tax burden does not exceed 1.578 percent as shown in Tables Five through Nine of the Preliminary Official Statement.

Debt Coverage Ratio

The Series 2021 Bonds have been structured so that the Assigned Special Tax rates set forth in the Rate and Method that may be levied based on expected buildout of the CFD are at least 110 percent of debt service on the bonds net of estimated administrative expenses (\$60,000). This provides additional coverage for debt service should average annual delinquencies occur.

Maximum Term of Bonds

City policy specifies that the debt be amortized over a period of 25 years or less. The current structure for the Series 2021 bonds complies with this requirement and assumes a 25 year amortization period.

4. Potential Risk

Concentration of Property Ownership

The greatest exposure to default on Mello-Roos bonds is the period between the issuance of the bonds and when property ownership is transferred to individual property homeowners. The risk of default is increased when only a single or a few property owners are responsible for the special tax payments. While the City's credit is not pledged to support the bonds, a default in a Mello-Roos bond may negatively impact the City's market perception.

To reduce the risk of default, the City may require third party guarantees for the annual special tax payments within the District, which can include letters of credit or some other mechanism which assures payment of the special taxes in the event of bankruptcy of the developer entity or its principals. The necessity for, nature, and duration of any third party guarantee is evaluated on a case-by-case basis.

¹ Preliminary, subject to change.

Based on development status as of January 1, 2021 and ownership status as of July 12, 2021, the Master Developer and Merchant Builders (LLC, D.R. Horton, KB Homes, Meritage, and Taylor Morrison) are expected to be responsible for approximately 90.4 percent of the Fiscal Year 2021-22 Special Tax levied within the District. The inability or refusal of the Master Developer and/or the Merchant Builders to pay the Special Tax applicable to its property when due could result in the depletion of the Debt Service Reserve Fund prior to reimbursement thereof from sale or foreclosure proceedings, and/or insufficient money with which to pay the principal of and interest on the Series 2021 Bonds as the same becomes due. Additionally, pursuant to the Act, the Special Taxes levied in any fiscal year against any parcel of residential property in CFD 11 may not be increased as a consequence of delinquency or default by the owners of any other parcels within the District by more than 10 percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or default.

At the request of the Master Developer, the CAO consulted with the CFD 11 Financing Team to develop an alternative to requiring a letter of credit. The agreed upon alternative is that the period for capitalized interest would be extended through March 1, 2023. This is based upon the assumption that the Master Developer expects to be done with final transfer of lots to the Merchant Builders by December 2022, which will reduce the Master Developer's concentration of ownership and spread the concentration amongst the Merchant Builders. At the time of closing, bond proceeds will be deposited into an interest account held by the Trustee. These funds will then be used to pay interest due on the bonds through March 1, 2023.

5. Section 5852.1 of the California Government Code

Section 5852.1 of the California Government Code requires that prior to the authorization of the issuance of bonds with a term greater than 13 months, the governing body of a public entity obtain and disclose specified information regarding the bonds in a meeting open to the public. The amounts below are good faith estimates and subject to change as interest rates are dependent on market conditions at the time of issuance. The following information is required under Section 5852.1:

1. All-In true interest cost (TIC) of the bonds;
2. Finance charge of the bonds (Costs of Issuance);
3. Amount of proceeds received from the sale of the bonds; and,
4. Total payment amount (Total Debt Service).

The table below contains the financing information required by Section 5852.1:

Series	All-In True Interest Cost	Cost of Issuance	Amount of Proceeds⁽¹⁾	Total Debt Service⁽²⁾
CFD No. 11 (Ponte Vista) Series 2021	2.93%	\$ 751,955	\$ 21,608,096	\$ 35,336,000

(1) Net of reserves, capitalized interest, and third party fees and charges.

(2) Includes total principal and interest to maturity, trustee fees, County Auditor Fees, and tax consultant fees.

6. Financing Team

The financing team is comprised of Fieldman, Rolapp & Associates, Inc. as municipal advisors, Orrick, Herrington & Sutcliffe LLP as bond and tax counsel, Nixon Peabody LLP as disclosure counsel, and Stifel Nicolaus & Company, Inc. as sole underwriter. The Mayor and City Council previously approved the team members on various lists (C.F. 17-1388, C.F. 12-0917 and C.F. 10-1763).

7. Authorizing Resolution and Other Documents

A. Authorizing Resolution

To proceed with the recommended transaction for the issuance of the CFD No. 11 (Ponte Vista), Special Tax Bonds, Series 2021, the Mayor and City Council will need to adopt the Authorizing Resolution (Attachment A), which includes the following:

- Descriptions of the previous actions taken by Council that allow the legislative body the authority to issue the bonds;
- Authorization to execute all documents necessary to effect the offering, sale, and issuance of the Series 2021 Bonds;
- The maximum aggregate principal of bonds (not to exceed \$30 million) authorized to be issued;
- The approval of the covenants contained in the Indenture, including a 25 year term for the bonds and the not-to-exceed rates at which the bonds will be sold;
- The approval of the form of the Bond Purchase Agreement and the not-to-exceed Underwriter's discount (one percent);
- The approval of the Continuing Disclosure Certificate ;
- The approval of the Preliminary Official Statement, which is the primary marketing document for the bonds, subject to changes of a "non-material" nature
- The authorization to prepare and deliver a final Official Statement and to distribute the Official Statement as required;

- The approval of the Acquisition and Funding Agreement;
- A finding that the value of the real property, as reported in the Appraisal Report, that would be subject to the Special Tax to pay debt service on the bonds is at least three times the principal amount of the bonds, for the purposes of Section 53345.8 of the Mello-Roos Community Facilities Act;
- Authorization for all agreements and documents authorized by the Resolution to be executed with electronic signatures;
- The delivery of the required Good Faith Estimates (Exhibit A), in compliance with Section 5852.1 of the California Government Code; and,
- Authorization for the City Administrative Officer to provide for all services necessary to effectuate the issuance of the bonds, take any necessary actions and execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the bonds.

B. Other Documents

Substantially final forms of the following documents necessary to proceed with the sale of the Series 2021 Bonds and application of bond proceeds are submitted to the City Council as attachments to this report:

The Indenture (Attachment B) is an agreement between the Trustee (U.S. Bank National Association) and the District for the benefit of the bondholders. The Trustee administers the bond proceeds in a fiduciary capacity on behalf of the bondholders. The Indenture include provisions that specify how the proceeds of bond issuance will be distributed at closing, the terms of repayment of the bonds, the separate accounts established under the Indenture for holding of bond proceeds, and the conditions that must be met in order to issue any additional parity bonds.

The Bond Purchase Agreement (Attachment C) is an agreement between the Underwriter and the District, which outlines the terms and conditions under which the Underwriter will purchase, sell, and deliver the bonds.

The Continuing Disclosure Certificate (Attachment D) outlines the ongoing disclosure requirements necessary in the administration of the CFD, including annual reporting requirements.

The Preliminary Official Statement (POS) (Attachment E) is the primary document used for the marketing of the bonds to the investment community. All information that is of a material nature to the transaction must be outlined in this document so that a reasonable investor could make an investment decision.

The Acquisition and Funding Agreement (AFA) (Attachment F) is an agreement by and among the Developer, the City, and CFD 11 that outlines the public infrastructure improvements that have been constructed by the Master Developer and acquired by the City to support the basic services

of government and their associated costs. The AFA also specifies how the costs of acquisition are to be invoiced and paid by CFD 11.

The improvements to be acquired total \$17.1 million and include:

- Storm Drain Facilities: Storm drain improvements including, but not limited to, Line A mobilization, removal of inlet/outlet structures, reinforced concrete box, transition structures, 30", 48" and 96" reinforced concrete pipe, junction structure, manholes, concrete encasement of water pipe, and water control; onsite storm drain pipe material costs; storm rap system "C", infiltration gallery "B", and water quality facility "D"; and construction management, planning, consulting, design, engineering, and grading.
- City Sewer Facilities: Sanitary sewer improvements including, but not limited to, 8" polyvinyl chloride ("PVC") pipe sewer line, 48" sewer manhole, PVC house connection, sewer lateral backflow preventor; and construction management, planning, consulting, design, engineering, and grading.
- City Street Facilities and Improvements: Street improvements including, but not limited to, Western Avenue street and landscape improvements; off-site traffic signal and intersection improvements, environmental site assessments; environmental remediation, construction management, planning, consulting, design, engineering and grading.
- Los Angeles Department of Water and Power Facilities: Joint trench and dry utility improvements including, but not limited to, backbone improvements and construction management per residential underground conduit requirements for Tract 71886-01 in the vicinity of Western Avenue and Avenida Aprenda IS-5975, pole removal, relocation of water facilities, and overhead line extension.

The Facilities listed above and detailed in Exhibit A of the Acquisition and Funding Agreement, include street, storm drain, sewer, and electric power improvements are located at Ponte Vista at the San Pedro Specific Plan. The construction and operation of these improvements were considered, as part of the Ponte Vista project analyzed in the project Environmental Impact Report ("EIR"), State Clearing House No. 2010101082 certified November 27, 2013 and in the September 2018 Addendum. The Acquisition and Funding Agreement, therefore, does not represent a change to the project, a change to circumstances, or new information that requires a major revision to the EIR pursuant to Section 15162 of the State CEQA Guidelines.

Pursuant to CEQA Guidelines Section 15162, the City shall not prepare a new EIR for a subsequent approval analyzed in the EIR unless the City Council determines based upon substantial evidence in the record, there is a change to the project, change to the circumstances, or new information that require a major revision to the EIR due to the involvement of a new significant impact or a substantial increase in the severity of a significant impact to those identified in the EIR.

The Appraisal Report (Attachment G) provides the opinion of value of the property in CFD 11, as of July 12, 2021, which was determined to be \$254,079,310.

C. Previously Approved Documents

The Mayor and City Council previously approved a Joint Community Facilities Agreement (JCFA), by and among the City, CFD 11, and the Los Angeles Unified School District (LAUSD) to finance up to \$4.48 million in school fees from the Series 2021 Bonds that would typically be paid by the developers over time. Please refer to the CAO Report dated June 8, 2021 for additional background and information on the JCFA.

D. Fund Ordinance

An accompanying City Attorney report and draft ordinance, to be submitted under separate cover, will need to be approved to amend the Los Angeles Administrative Code to establish the special tax and deposit fund for Community Facilities District No. 11 (Ponte Vista).

MWS:SMS:09220045

Attachments

- Attachment A – Authorizing Resolution
- Attachment B – Indenture
- Attachment C – Bond Purchase Agreement
- Attachment D – Continuing Disclosure Certificate
- Attachment E – Preliminary Official Statement
- Attachment F – Acquisition and Funding Agreement
- Attachment G – Appraisal Report dated July 12, 2021

ATTACHMENT A

A RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES AUTHORIZING THE ISSUANCE OF CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA) SPECIAL TAX BONDS, SERIES 2021, IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$30,000,000, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE AND AN ACQUISITION AND FUNDING AGREEMENT, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION THEREWITH AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS

WHEREAS, the Council (the “City Council”) of the City of Los Angeles (the “City”) has established the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) (the “Community Facilities District”) under the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”);

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

WHEREAS, in order to provide funds to finance certain of the Facilities, the Community Facilities District proposes to issue its City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021 (the “Series 2021 Bonds”), in the aggregate principal amount of not to exceed \$30,000,000;

WHEREAS, the Community Facilities District desires to provide for the issuance of additional bonds (the “Additional Bonds”) for refunding purposes payable from the Special Taxes on a parity with the Series 2021 Bonds, provided that said issuance is in accordance with the Act and this Indenture (the Series 2021 Bonds and any such Additional Bonds being collectively referred to as the “Bonds”);

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Community Facilities District proposes to enter into an Indenture with U.S. Bank National Association, as trustee (such Indenture, in a form substantially similar to that presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Indenture”);

WHEREAS, Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), has presented the Community Facilities District with a proposal, in the form of a Bond Purchase Agreement, to purchase the Series 2021 Bonds from the Community Facilities District (such Bond Purchase Agreement, in a form substantially similar to that presented to this meeting, with

such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Purchase Agreement”);

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”) requires that, in order to be able to purchase or sell the Series 2021 Bonds, the underwriter thereof must have reasonably determined that the Community Facilities District has, or one or more appropriate obligated persons have, undertaken in a written agreement or contract for the benefit of the holders of the Series 2021 Bonds to provide disclosure of certain financial information and certain listed events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the Community Facilities District desires to execute and deliver a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in a form substantially similar to that presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Continuing Disclosure Certificate”);

WHEREAS, a form of the Preliminary Official Statement to be distributed in connection with the public offering of the Series 2021 Bonds has been prepared (such Preliminary Official Statement, in a form substantially similar to that presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Preliminary Official Statement”);

WHEREAS, SoCal San Pedro SPV 1, LLC (the “Developer”) is developing the property within the Community Facilities District; and

WHEREAS, the Developer has constructed or caused to be constructed, certain of the Facilities to be owned and operated by the City, and the Community Facilities District proposes to purchase such Facilities from the Developer pursuant to an Acquisition and Funding Agreement by and among the Community Facilities District, the City and the Developer (such Acquisition and Funding Agreement, in a form substantially similar to that presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Acquisition Agreement”);

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

- (a) the Indenture;
- (b) the Purchase Agreement;
- (c) the Continuing Disclosure Certificate;
- (d) the Preliminary Official Statement; and
- (e) the Acquisition Agreement;

WHEREAS, Integra Realty Resources has prepared and provided to the Community Facilities District an appraisal report, dated July 12, 2021 (the “Appraisal”), providing an

opinion of value of the property in the Community Facilities District, which has been submitted to this meeting;

WHEREAS, Section 5852.1 of the California Government Code requires that the City Council obtain from an underwriter, financial advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the issuance of the Series 2021 Bonds, good faith estimates of (a) the true interest cost of the Series 2021 Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Series 2021 Bonds, (c) the amount of proceeds of the Series 2021 Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Series 2021 Bonds, and (d) the sum total of all debt service payments on the Series 2021 Bonds calculated to the final maturity of the Series 2021 Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Series 2021 Bonds;

WHEREAS, in compliance with Section 5852.1 of the California Government Code, the City Council has obtained from Fieldman, Rolapp & Associates, Inc., as the Community Facilities District's municipal advisor (the "Municipal Advisor"), the required good faith estimates, which the Municipal Advisor has prepared in consultation with the Underwriter, and such estimates are disclosed and set forth in Exhibit A attached hereto;

WHEREAS, the Community Facilities District desires to proceed to issue and sell the Series 2021 Bonds and to authorize the execution of such related documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Series 2021 Bonds; and

WHEREAS, the City Council is the legislative body of the Community Facilities District;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Los Angeles as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. Subject to the provisions of Section 3 hereof, the issuance of the Series 2021 Bonds, in an aggregate principal amount of not to exceed \$30,000,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, be and the same is hereby authorized and approved. The Series 2021 Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this Resolution.

Section 3. The Indenture, copies of which are before the City Council and on file in the Office of the City Administrative Officer, is hereby approved. Each of the City Administrative Officer, any Assistant City Administrative Officer or any of their designees (each, an "Authorized Representative") is hereby authorized, and any one of the Authorized Representatives is hereby directed, for and in the name and on behalf of the Community Facilities District, to execute and deliver said Indenture in substantially similar form, with any

changes, insertions and omissions as the Authorized Representative executing the same may require, with the necessary approval as to form by the City Attorney, such requirement or approval to be conclusively evidenced in the execution and delivery thereof; provided, however, that such changes, insertions and omissions shall not (i) authorize an aggregate principal amount of Series 2021 Bonds in excess of \$30,000,000, (ii) result in a final maturity date of the Series 2021 Bonds later than September 1, 2046, and (iii) result in a true interest cost for the Series 2021 Bonds in excess of 5.00%.

Section 4. The Purchase Agreement, copies of which are before the City Council and on file in the Office of the City Administrative Officer, is hereby approved. Each of the Authorized Representatives is hereby authorized, and any one of the Authorized Representatives is hereby directed, for and in the name and on behalf of the Community Facilities District, to execute and deliver said Purchase Agreement in substantially similar form, with any changes, insertions and omissions as the Authorized Representative executing the same may require, with the necessary approval as to form by the City Attorney, such requirement or approval to be conclusively evidenced in the execution and delivery thereof; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount (not including any original issue discount) from the principal amount of the Series 2021 Bonds in excess of 1.00% of the aggregate principal amount of the Series 2021 Bonds. The City Council hereby further finds and determines that the sale of the Series 2021 Bonds at negotiated sale as contemplated by the Purchase Agreement will result in a lower overall cost.

Section 5. The Continuing Disclosure Certificate, copies of which are before the City Council and on file in the Office of the City Administrative Officer, is hereby approved. Each of the Authorized Representatives is hereby authorized, and any one of the Authorized Representatives is hereby directed, for and in the name and on behalf of the Community Facilities District, to execute and deliver said Continuing Disclosure Certificate in substantially similar form, with any changes, insertions and omissions as the Authorized Representative executing the same may require, such requirement to be conclusively evidenced in the execution and delivery thereof.

Section 6. The Preliminary Official Statement, copies of which are before the City Council and on file in the Office of the City Administrative Officer, is hereby approved with such changes, insertions and omissions therein as the Authorized Representative may require, and the use of the Preliminary Official Statement in connection with the offering and sale of the Series 2021 Bonds is hereby authorized and approved. Each of the Authorized Representatives is hereby authorized, and any one of the Authorized Representatives is hereby directed, to certify on behalf of the Community Facilities District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 7. The preparation and delivery of a final Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Series 2021 Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with any changes, insertions and omissions as the Authorized Representative executing the same may require, such requirement to be conclusively evidenced

in the execution and delivery thereof. Each of the Authorized Representatives is hereby authorized, and any one of the Authorized Representatives is hereby directed, for and in the name of the Community Facilities District, to execute the final Official Statement and any amendment or supplement thereto.

Section 8. The Acquisition Agreement, copies of which are before the City Council and on file in the Office of the City Administrative Officer, is hereby approved. Each of the Authorized Representatives is hereby authorized, and any one of the Authorized Representatives is hereby directed, for and in the name and on behalf of the Community Facilities District, to execute and deliver said Acquisition Agreement in substantially similar form, with any changes, insertions and omissions as the Authorized Representative executing the same may require, with the necessary approval as to form by the City Attorney, such requirement or approval to be conclusively evidenced in the execution and delivery thereof.

Each of the Authorized Representatives is hereby authorized, and any one of the Authorized Representatives is hereby directed, for and in the name and on behalf of the City, to execute and deliver said Acquisition Agreement in substantially similar form, with any changes, insertions and omissions as the Authorized Representative executing the same may require, with the necessary approval as to form by the City Attorney, such requirement or approval to be conclusively evidenced in the execution and delivery thereof.

Section 9. Based upon the property values within the Community Facilities District reported in the Appraisal and the value-to-lien information set forth in the Preliminary Official Statement, the City Council, for purposes of Section 53345.8 of the Act, hereby finds and determines that the value of the real property that would be subject to the Special Tax to pay debt service on the Series 2021 Bonds will be at least three times the principal amount of the Series 2021 Bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the Community Facilities District or a special assessment levied on property within the Community Facilities District.

Section 10. The City Council hereby authorizes the execution and delivery of all agreements, documents, certificates and instruments authorized by this Resolution to be executed and delivered (a) with electronic signatures using DocuSign, as the same may be permitted under the California Uniform Electronic Transactions Act, and (b) with digital signatures using DocuSign, as the same may be permitted under Section 16.5 of the California Government Code.

Section 11. All actions heretofore taken by the officers, employees and agents of the City with respect to the issuance and sale of the Series 2021 Bonds, or in connection with or related to any of the agreements, documents, certificates and instruments referred to herein, are hereby approved, confirmed and ratified.

Section 12. The officers, employees and agents of the City are hereby authorized and directed to take all actions and do all things which they, or any of them, may deem necessary or desirable to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

Section 13. This Resolution shall take effect immediately upon its adoption.

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021 (the “Series 2021 Bonds”) in accordance with Section 5852.1 of the California Government Code. Such good faith estimates have been provided to the Community Facilities District by Fieldman, Rolapp & Associates, Inc., the Community Facilities District’s municipal advisor (the “Municipal Advisor”), which the Municipal Advisor has prepared in consultation with Stifel, Nicolaus & Company, Incorporated, the Underwriter.

Principal Amount. The Municipal Advisor has informed the Community Facilities District that, based on the Community Facilities District’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Series 2021 Bonds to be issued and sold is \$22,455,000 (the “Estimated Principal Amount”), which does not include approximately \$2,934,498 of net premium estimated to be generated based on current market conditions. Net premium is generated when, on a net aggregate basis for a single issuance of bonds, the price paid for such bonds is higher than the face value of such bonds. Such Estimated Principal Amount and such estimated net premium amount would produce approximately \$25,389,498 of gross proceeds.

True Interest Cost of the Series 2021 Bonds. The Municipal Advisor has informed the Community Facilities District that, assuming that the Estimated Principal Amount of the Series 2021 Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Series 2021 Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Series 2021 Bonds, is 2.93%.

Finance Charge of the Series 2021 Bonds. The Municipal Advisor has informed the Community Facilities District that, assuming that the Estimated Principal Amount of the Series 2021 Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Series 2021 Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Series 2021 Bonds), is \$751,955.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Community Facilities District that, assuming that the Estimated Principal Amount of the Series 2021 Bonds is issued and sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Community Facilities District for sale of the Series 2021 Bonds, less the finance charge of the Series 2021 Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Series 2021 Bonds, is \$21,608,096.

Total Payment Amount. The Municipal Advisor has informed the Community Facilities District that, assuming that the Estimated Principal Amount of the Series 2021 Bonds is sold,

and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Community Facilities District will make to pay debt service on the Series 2021 Bonds, plus the finance charge for the Series 2021 Bonds, as described above, not paid with the proceeds of the Series 2021 Bonds, calculated to the final maturity of the Series 2021 Bonds, is \$35,336,000, which excludes any reserves or capitalized interest funded or paid with proceeds of the Series 2021 Bonds (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only and are based on market conditions prevailing at the time of preparation of such estimates. The actual principal amount of the Series 2021 Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Series 2021 Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Series 2021 Bonds issued and sold being different from the Estimated Principal Amount, (c) the actual amortization of the Series 2021 Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Series 2021 Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Community Facilities District's financing plan, or a combination of such factors. The actual date of sale of the Series 2021 Bonds and the actual principal amount of Series 2021 Bonds issued and sold will be determined by the Community Facilities District based on the timing of the need for proceeds of the Series 2021 Bonds and other factors. The actual interest rates borne by the Series 2021 Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Series 2021 Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Community Facilities District.

ATTACHMENT B

INDENTURE

by and between

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11
(PONTE VISTA)**

and

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

Dated as of _____ 1, 2021

**Relating to
City of Los Angeles
Community Facilities District No. 11
(Ponte Vista)
Special Tax Bonds**

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INDENTURE

THIS INDENTURE (this “Indenture”), dated as of _____ 1, 2021, is by and between the CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA), a community facilities district organized and existing under the laws of the State of California (the “Community Facilities District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”).

W I T N E S S E T H:

WHEREAS, the City Council of the City of Los Angeles has formed the Community Facilities District under the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”);

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

WHEREAS, in order to provide funds to finance certain of the Facilities, the Community Facilities District desires to provide for the issuance of City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021 (the “Series 2021 Bonds”), in the aggregate principal amount of \$ _____;

WHEREAS, the Community Facilities District desires to provide for the issuance of additional bonds (the “Additional Bonds”) for refunding purposes payable from the Special Taxes on a parity with the Series 2021 Bonds, provided that said issuance is in accordance with the Act and this Indenture (the Series 2021 Bonds and any such Additional Bonds being collectively referred to as the “Bonds”);

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

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

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued, and in consideration of the

premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Community Facilities District does hereby covenant and agree with the Trustee, for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

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

“Acquisition Account” means the account by that name within the Improvement Fund established and held by the Trustee pursuant to Section 3.04.

“Acquisition Agreement” means the Acquisition and Funding Agreement, dated as of _____, 2021, by and among the Community Facilities District, the City and the Developer, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Acquisition Facilities” has the meaning ascribed to the term “Facilities” in the Acquisition Agreement.

“Additional Bonds” means Bonds other than Series 2021 Bonds issued hereunder in accordance with the provisions of Sections 3.05 and 3.06.

“Administrative Expense Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.07.

“Administrative Expenses” means costs directly related to the administration of the Community Facilities District, including: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules and the costs of collecting the Special Taxes, the costs of remitting the Special Taxes to the Trustee, the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under this Indenture, the costs incurred by the Community Facilities District in complying with the disclosure provisions of any continuing disclosure undertaking and this Indenture, including those related to public inquiries regarding the Special Taxes and disclosures to Owners, the costs of the Community Facilities District related to an appeal of the Special Taxes, any amounts required to be rebated to the federal government in order for the Community Facilities District to comply with Section 6.07, an allocable share of the salaries of the City staff providing services on behalf of the Community Facilities District directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto, and the costs of foreclosure of delinquent Special Taxes.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the principal of the Outstanding Bonds due in such Bond Year (including by reason of mandatory sinking fund redemptions).

“Authorized Denominations” means (a) with respect to the Series 2021 Bonds, \$5,000 and any integral multiple thereof, and (b) with respect to each Series of Additional Bonds, the authorized denominations for such Series of Additional Bonds specified in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

“Authorized Representative” means, with respect to the Community Facilities District, the City Administrative Officer of the City, any Assistant City Administrative Officer of the City and any other Person designated as an Authorized Representative of the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee.

“Average Annual Debt Service” means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

“Beneficial Owners” means those Persons for which the Participants have caused the Depository to hold Book-Entry Bonds.

“Bond Counsel” means a firm of nationally recognized bond counsel selected by the Community Facilities District.

“Bond Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.03.

“Bond Year” means the twelve-month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2022.

“Bonds” means the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds issued hereunder, and includes the Series 2021 Bonds and any Additional Bonds.

“Book-Entry Bonds” means the Bonds of a Series registered in the name of the Depository, or the Nominee thereof, as the registered owner thereof pursuant to the terms and provisions of Section 2.07.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State, the City or in any state in which the Office of the Trustee is located are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

“City” means the City of Los Angeles, a charter city organized and existing under the laws of the State, and its successors.

“City Council” means the City Council of the City.

“Closing Date” means the date upon which the Series 2021 Bonds are delivered to the Original Purchaser, being _____, 2021.

“Code” means the Internal Revenue Code of 1986.

“Community Facilities District” means the City of Los Angeles Community Facilities District No. 11 (Ponte Vista), a community facilities district organized and existing under the laws of the State, and its successors.

“Corresponding Bond Year” means, with respect to any Fiscal Year, the Bond Year that commences in such Fiscal Year.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Community Facilities District relating to the authorization, issuance, sale and delivery of the Bonds, including printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee, fees, charges and disbursements of attorneys, municipal advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds, any premium for bond insurance securing payment of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.03.

“County” means the County of Los Angeles, a county and political subdivision of the State organized and existing under the laws of the State, and any successor thereto.

“County Assessor” means the Assessor of the County.

“County Auditor” means the Auditor-Controller of the County.

“Defeasance Securities” means (a) non-callable direct obligations of the United States of America (“United States Treasury Obligations”), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury 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 the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Depository” means DTC, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to Section 2.07.

“Developer” means SoCal San Pedro SPV 1, LLC, a limited liability company organized and existing under the laws of the State of Delaware, and any successor thereto.

“District Continuing Disclosure Certificate” means the Continuing Disclosure Certificate, dated as of _____ 1, 2021, executed by the Community Facilities District, as

originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York.

“Event of Default” means any event specified in Section 7.01.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Community Facilities District.

“Improvement Fund” means the fund by that name established and held by the Trustee pursuant to Section 3.04.

“Indenture” means this Indenture, dated as of _____ 1, 2021, by and between the Community Facilities District and U.S. Bank National Association, as originally executed and as it may be modified or amended from time to time by any Supplemental Indenture.

“Independent Consultant” means any consultant or firm of such consultants selected by the Community Facilities District and who, or each of whom (a) is generally recognized to be qualified in the financial consulting field, (b) is in fact independent and not under the control of the Community Facilities District or the City, (c) does not have any substantial interest, direct or indirect, with or in the Community Facilities District or the City, with or in any owner of real property in the Community Facilities District or in any real property in the Community Facilities District, and (d) is not connected with the Community Facilities District or the City as an officer or employee thereof, but who may be regularly retained to make reports to the Community Facilities District or the City.

“Interest Account” means the account by that name within the Bond Fund established and held by the Trustee pursuant to Section 5.03.

“Interest Payment Dates” means March 1 and September 1 of each year, commencing March 1, 2022.

“Joint Community Facilities Agreement” means the Joint Community Facilities Agreement, dated as of July 1, 2021, by and among the City, the Community Facilities District and the Developer, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“LAUSD” means the Los Angeles Unified School District, a school district organized and existing under the laws of the State, and its successors.

“LAUSD Account” means the account by that name within the Improvement Fund established and held by the Trustee pursuant to Section 3.04.

“LAUSD Facilities” means certain school facilities, including any land, rights-of-way or easements necessary for any of such facilities, to be owned and operated by LAUSD, as described in the Joint Community Facilities Agreement.

“Letter of Representations” means the Letter of Representations from the Community Facilities District to the Depository, in which the Community Facilities District makes certain representations with respect to issues of its securities for deposit by the Depository.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year, including the Bond Year in which the calculation is made.

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

“Net Special Tax Revenues” means Special Tax Revenues, less amounts required to pay Administrative Expenses.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.07.

“Office of the Trustee” means the principal corporate trust office of the Trustee in Los Angeles, California or such other office as may be specified to the Community Facilities District by the Trustee in writing; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, which other office or agency shall be specified to the Community Facilities District by the Trustee in writing.

“Ordinance Levying Special Taxes” means any ordinance adopted by the City Council levying the Special Taxes.

“Original Purchaser” means the original purchaser of the Series 2021 Bonds from the Community Facilities District.

“Outstanding” means, when used as of any particular time with reference to Bonds, subject to the provisions of Section 11.07, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds with respect to which all liability of the Community Facilities District shall have been discharged in accordance with Section 10.01, and (c) Bonds in lieu of which other Bonds shall have been authenticated and delivered by the Trustee, or that have been paid without surrender thereof, pursuant to Section 2.08.

“Owner” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“Participant” means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

“Participating Underwriter” has the meaning ascribed to such term in the District Continuing Disclosure Certificate.

“Payment Request” has the meaning ascribed to such term in the Acquisition Agreement.

“Permitted Investments” is defined in Exhibit A hereto.

“Person” means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Account” means the account by that name within the Bond Fund established and held by the Trustee pursuant to Section 5.03.

“Rate and Method” means the rate and method of apportionment of the Special Taxes approved by the qualified electors of the Community Facilities District.

“Rebate Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.06.

“Rebate Requirement” has the meaning ascribed to such term in the Tax Certificate.

“Record Date” means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.05.

“Redemption Price” means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant hereto.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to Section 2.05.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to Section 5.04.

“Reserve Requirement” means, as of the date of any calculation, the least of (a) “10% of the proceeds of the issue,” within the meaning of Section 148 of the Code (excluding Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service.

“S&P” means S&P Global Ratings, a business unit of Standard and Poor’s Financial Services, LLC, its successors and assigns, except that if such entity shall be dissolved or liquidated

or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

“**Series**” means the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and identified pursuant to this Indenture as the Series 2021 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

“**Series 2021 Bonds**” means the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021, issued hereunder.

“**Special Tax Fund**” means the fund by that name established and held by the Trustee pursuant to Section 5.02.

“**Special Tax Revenues**” means the proceeds of the Special Taxes received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, which shall be limited to the amount of said lien and interest and penalties thereon.

“**Special Taxes**” means the special taxes described and defined in the Rate and Method approved by the qualified electors of the Community Facilities District.

“**State**” means the State of California.

“**Supplemental Indenture**” means any supplemental indenture modifying or amending this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“**Tax Certificate**” means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2021 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

“**Trustee**” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee hereunder substituted in its place as provided herein.

“**Verification Report**” means, with respect to the deemed payment of Bonds pursuant to clause (ii) of Section 10.02(a), a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of clause (ii) of Section 10.02(a).

“**Written Certificate**” and “**Written Request**” of the Community Facilities District mean, respectively, a written certificate or written request signed in the name of the Community Facilities District by an Authorized Representative. Any such certificate or request may, but need

not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Section 1.02. Rules of Construction. (a) The terms defined herein expressed in the singular shall, unless the context otherwise indicates, include the plural and vice versa.

(b) The use herein of the masculine, feminine or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine or neuter gender, as appropriate.

(c) References herein to a document shall include all amendments, supplements or other modifications to such document, and any replacements, substitutions or novation of, that document.

(d) Any term defined herein by reference to another document shall continue to have the meaning ascribed thereto whether or not such other document remains in effect.

(e) The use herein of the words “including” and “includes,” and words of similar import, shall be deemed to be followed by the phrase “without limitation.”

(f) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(g) All references herein to designated “Articles,” “Sections,” “Exhibits,” “subsections,” “paragraphs,” “clauses,” and other subdivisions are to the designated Articles, Sections, Exhibits, subsections, paragraphs, clauses, and other subdivisions of this Indenture.

(h) The words “hereof” (except when preceded by a specific Section or Article reference) “herein,” “hereby,” “hereunder,” “hereinabove,” “hereinafter,” and other equivalent words and phrases used herein refer to this Indenture and not solely to the particular portion hereof in which any such word is used.

Section 1.03. Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Community Facilities District, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds that may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Community Facilities District shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds; Special Obligations. (a) The Community Facilities District hereby authorizes the issuance of the Bonds under and subject to the terms of this Indenture, the Act and other applicable laws of the State. The Bonds may consist of one or more Series of Bonds of varying dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained herein. The Bonds shall be designated generally as the “City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds,” each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds.

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

Section 2.02. Terms of Series 2021 Bonds. (a) The Series 2021 Bonds shall be designated “City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021.” The aggregate principal amount of Series 2021 Bonds that may be issued and Outstanding under this Indenture shall not exceed \$_____, except as may be otherwise provided in Section 2.08.

(b) The Series 2021 Bonds shall be issued in fully-registered form without coupons in Authorized Denominations, so long as no Series 2021 Bond shall have more than one maturity date. The Series 2021 Bonds shall be dated as of the Closing Date, shall be in the aggregate principal amount of \$_____, shall mature on September 1 of each year, shall bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months) and shall be in the principal amounts as follows:

Maturity Date (<u>September 1</u>)	Principal <u>Amount</u>	Interest <u>Rate</u>
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(c) Interest on the Series 2021 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2021 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (ii) a Series 2021 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (iii) interest on any Series 2021 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2021 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest on any Series 2021 Bond that is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2021 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date.

(d) The principal of the Series 2021 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

(e) The Series 2021 Bonds shall be subject to redemption as provided in Article IV.

(f) The Series 2021 Bonds shall be in substantially the form set forth in Exhibit B hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

Section 2.03. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Community Facilities District with the manual or facsimile signature of the City Administrative Officer or any Assistant City Administrative Officer of the City attested by the manual or facsimile signature of the City Clerk of the City. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers who shall have signed or attested any of the Bonds shall cease to be such officers before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Community Facilities District, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Community Facilities District as though those who signed and attested the same had continued to be such officers, and also any Bonds may be signed and attested on behalf of the Community Facilities District by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the City although at the nominal date of such Bonds any such Person shall not have been such officer of the City.

Section 2.04. Authentication of Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit B hereto for the Series 2021 Bonds, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive

evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Registration Books. The Trustee shall keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the Community Facilities District. Upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds.

Section 2.06. Transfer and Exchange of Bonds. (a) Any Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be so surrendered for transfer, the Community Facilities District shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series and maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

(b) The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to this Section during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Section 2.07. Book-Entry System. (a) Prior to the issuance of a Series of Bonds, the Community Facilities District may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds, and in such event, the Bonds of such Series for each maturity date shall be in the form of a separate single fully-registered Bond (which may be typewritten). Upon initial issuance, the ownership of each such Bond of such Series shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository. The Series 2021 Bonds shall initially be issued as Book-Entry Bonds.

Payment of principal of, and interest and premium, if any, on, any Book-Entry Bond registered in the name of the Nominee shall be made on the applicable payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address which is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Bonds, the Community Facilities District and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the

immediately preceding sentence, the Community Facilities District and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in Book-Entry Bonds of a maturity to be redeemed in the event such Book-Entry Bonds are redeemed in part, (iv) the payment to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of, or premium, if any, or interest on Book-Entry Bonds, or (v) any consent given or other action taken by the Depository as Owner.

(c) The Community Facilities District and the Trustee may treat and consider the Person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal of, and premium, if any, and interest on such Bond, for the purpose of selecting any Bonds, or portions thereof, to be redeemed, for the purpose of giving notices of redemption and other matters with respect to such Book-Entry Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the Community Facilities District and the Trustee shall not be affected by any notice to the contrary.

(d) In the event of a redemption of all or a portion of a Book-Entry Bond, the Depository, in its discretion (i) may request the Trustee to authenticate and deliver a new Book-Entry Bond, or (ii) if the Depository is the sole Owner of such Book-Entry Bond, shall make an appropriate notation on the Book-Entry Bond indicating the date and amounts of the reduction in principal thereof resulting from such redemption, except in the case of final payment, in which case such Book-Entry Bond must be presented to the Trustee prior to payment.

(e) The Trustee shall pay all principal of, and premium, if any, and interest on the Book-Entry Bonds only to or “upon the order of” (as that term is used in the Uniform Commercial Code as adopted in the State) the respective Owner, as shown in the Registration Books, or such Owner’s respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, and premium, if any, and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Registration Books, shall receive an authenticated Book-Entry Bond. Upon delivery by the Depository to the Owners, the Community Facilities District and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(f) In order to qualify the Book-Entry Bonds for the Depository’s book-entry system, the Community Facilities District shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Community Facilities District or the Trustee any obligation whatsoever with respect to Persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of

a Letter of Representations by the Community Facilities District, the Community Facilities District and the Trustee shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

(g) In the event the Community Facilities District determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Bonds and that such Bonds should therefore be made available, and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Bonds. In such event, the Trustee shall transfer and exchange certificated Bonds as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the Community Facilities District shall discontinue the Book-Entry system with the Depository. If the Community Facilities District determines to replace the Depository with another qualified securities depository, the Community Facilities District shall prepare or direct the preparation of a new single, separate, fully-registered Bond of the appropriate Series for each maturity date of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Community Facilities District fails to identify another qualified securities depository to replace the Depository, then the Book-Entry Bonds shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of Sections 2.06, 2.08 and 2.09. Whenever the Depository requests the Community Facilities District to do so, the Community Facilities District shall cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Bonds to any Participant having Book-Entry Bonds credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Bonds.

(h) Notwithstanding any other provision of this Indenture to the contrary, if the Depository is the sole Owner of the Bonds of a Series, so long as any Book-Entry Bond of such Series is registered in the name of the Nominee, all payments of principal of, and premium, if any, and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(i) In connection with any notice or other communication to be provided to Owners pursuant to this Indenture by the Community Facilities District or the Trustee, with respect to any consent or other action to be taken by Owners of Book-Entry Bonds, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

Section 2.08. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Community Facilities District, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Community

Facilities District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity reasonably satisfactory to the Trustee shall be given, the Community Facilities District, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Community Facilities District may require payment by the Owner of a sum not exceeding the actual cost of preparing the replacement Bond delivered thereto under this Section and the expenses incurred by the Community Facilities District and the Trustee in connection therewith. Any Bond of a Series issued under the provisions of this Section in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Community Facilities District whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds of such Series secured by this Indenture.

Section 2.09. Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the Community Facilities District, shall be in fully-registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Community Facilities District and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Community Facilities District issues temporary Bonds of a Series it shall execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver, in exchange for such temporary Bonds, an equal aggregate principal amount of definitive Bonds of such Series and maturities in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under this Indenture as definitive Bonds of such Series authenticated and delivered hereunder.

ARTICLE III

ISSUANCE OF SERIES 2021 BONDS; APPLICATION OF PROCEEDS; ADDITIONAL BONDS

Section 3.01. Issuance of Series 2021 Bonds. The Community Facilities District may, at any time, execute the Series 2021 Bonds and deliver the same to the Trustee. The Trustee shall authenticate the Series 2021 Bonds and deliver the Series 2021 Bonds to the Original Purchaser upon receipt of a Written Request of the Community Facilities District and upon receipt of the purchase price therefor.

Section 3.02. Application of Proceeds. On the Closing Date, the proceeds of the sale of the Series 2021 Bonds received by the Trustee, \$_____, shall be deposited by the Trustee as follows:

- (a) the Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund;
- (b) the Trustee shall deposit the amount of \$_____ in the Administrative Expense Fund;
- (c) the Trustee shall deposit the amount of \$_____ in the Reserve Fund, which is equal to the Reserve Requirement;
- (d) the Trustee shall deposit the amount of \$_____ in the Acquisition Account; and
- (e) the Trustee shall deposit the amount of \$_____ in the LAUSD Account.

Section 3.03. Costs of Issuance Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to Section 3.02. There shall additionally be deposited in the Cost of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment is a proper charge against the Costs of Issuance Fund, and (v) that such amount has not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On the last Business Day that is no later than nine months after the Closing Date, the Trustee shall transfer any amount remaining in the Costs of Issuance Fund to the Acquisition Account and, upon making such transfer, the Costs of Issuance Fund shall be closed.

(c) If the Costs of Issuance Fund has been closed in accordance with the provisions hereof, the Costs of Issuance Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Section 3.04. Improvement Fund. (a) The Trustee shall establish and maintain a separate fund designated the “Improvement Fund.” Within the Improvement Fund, the Trustee shall establish and maintain a separate account designated the “Acquisition Account” and a separate account designated the “LAUSD Account.” On the Closing Date, the Trustee shall deposit in the Acquisition Account and the LAUSD Account the respective amounts required to be deposited therein pursuant to Section 3.02.

(b) The moneys in the Acquisition Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the Acquisition Facilities upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment constitutes a cost of the Acquisition Facilities and is a proper charge against the Acquisition Account, (v) that such amount has not been the subject of a prior disbursement from the Acquisition Account, and (vi) whether or not such costs of the Acquisition Facilities are to be paid pursuant to a Payment Request submitted in accordance with the Acquisition Agreement, in each case together with a statement or invoice for each amount requested thereunder. If costs of the Acquisition Facilities are to be paid pursuant to a Payment Request submitted in accordance with the Acquisition Agreement, a duplicate original of the signed and approved Payment Request relating to such costs of the Acquisition Facilities, together with all exhibits and attachments thereto, must accompany such Written Request of the Community Facilities District.

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

(c) The moneys in the LAUSD Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the LAUSD Facilities upon submission of a written request of LAUSD stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) that an obligation in such amount has been incurred by LAUSD, (iv) the purpose for which the obligation to be paid was incurred, (v) that each item of the obligation to be paid constitutes a cost of the LAUSD Facilities, and (vi) that the obligation to be paid has not been the subject of a prior LAUSD request for disbursement from the LAUSD Facilities Account.

Upon the earlier of (i) the date three years after the Closing Date, or (ii) the filing of a written certificate of LAUSD stating that the portion of the LAUSD Facilities to be financed from the LAUSD Account has been completed and that all costs of such LAUSD Facilities have been paid, the Trustee shall (A) if the amount remaining in the LAUSD Account is equal to or greater than \$25,000, transfer the portion of such amount equal to the largest integral multiple of \$5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the LAUSD Account to the Bond Fund, to be applied to the payment of interest on the Bonds.

Section 3.05. Conditions for the Issuance of Additional Bonds. The Community Facilities District may at any time issue one or more Series of Additional Bonds payable from Net Special Tax Revenues as provided herein on a parity with all other Bonds theretofore issued hereunder, but only subject to the following conditions, which are hereby made conditions precedent to the issuance of such Additional Bonds:

(a) upon the issuance of such Additional Bonds, no Event of Default shall have occurred and be continuing hereunder;

(b) the issuance of such Additional Bonds shall have been authorized under and pursuant to this Indenture and the Act and shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) the purposes for which the proceeds of such Additional Bonds are to be applied, which purposes may only include one or more of (A) providing funds to refund any Bonds previously issued hereunder, (B) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and (C) providing funds to make any deposit to the Reserve Fund required pursuant to paragraph (vii) below;

(ii) the designation of such Series of Additional Bonds, the aggregate principal amount of the Additional Bonds of such Series and the principal amount, and the interest rate to be borne by, each maturity of such Additional Bonds;

(iii) that such Additional Bonds shall be payable as to interest on the Interest Payment Dates, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than twelve months;

(iv) the date, the maturity date or dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that each such maturity date and date on which a mandatory sinking fund redemption is to be made shall be a September 1 and, provided, further, that serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(v) the redemption premiums and terms, if any, for such Additional Bonds;

(vi) the form of such Additional Bonds;

(vii) the amount, if any, to be deposited from the proceeds of sale of such Additional Bonds in the Reserve Fund; provided, however, that the amount on deposit in the Reserve Fund at the time that such Additional Bonds become Outstanding shall be at least equal to the Reserve Requirement; and

(viii) such other provisions that are appropriate or necessary and are not inconsistent with the provisions hereof; and

(c) Annual Debt Service in each Bond Year, calculated for all Bonds that will be Outstanding after the issuance of such Additional Bonds, will be less than or equal to Annual Debt Service in such Bond Year, calculated for all Bonds that are Outstanding immediately prior to the issuance of such Additional Bonds.

Nothing contained herein shall limit the issuance of any special tax bonds payable from Special Taxes if, after the issuance and delivery of such special tax bonds, none of the Bonds theretofore issued hereunder will be Outstanding.

Section 3.06. Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the Community Facilities District for issuance hereunder and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

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

(b) a Written Request of the Community Facilities District as to the delivery of such Additional Bonds;

(c) a Written Certificate of the Community Facilities District stating that the conditions precedent to the issuance of such Additional Bonds specified in Section 3.05 have been satisfied;

(d) an opinion of Bond Counsel substantially to the effect that (i) this Indenture, as modified and amended by all Supplemental Indentures theretofore, or thereupon being, entered into, has been duly authorized, executed and delivered by, and constitutes the valid and binding obligation of, the Community Facilities District, (ii) such Additional Bonds constitute valid and binding special obligations of the Community Facilities District, and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on the Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes;

(e) the proceeds of the sale of such Additional Bonds; and

(f) such further documents or money as are required by the provisions hereof or by the provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Section 3.07. Additional Bonds. So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any Additional Bonds or obligations payable from Net Special Tax Revenues on a parity with the Bonds, except pursuant to Sections 3.05 and 3.06. So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any obligations payable from Net Special Tax Revenues on a basis senior to the Bonds. The Community Facilities District may issue obligations payable from Net Special Tax Revenues on a basis subordinate to the Bonds, without complying with Sections 3.05 and 3.06.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Redemption of Series 2021 Bonds. (a) *Optional Redemption.* The Series 2021 Bonds maturing on or after September 1, 20__, shall be subject to optional redemption, in whole, or in part in Authorized Denominations, on any date on or after September 1, 20__, from any source of available funds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2021 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 20__ and March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and thereafter	100

The Community Facilities District shall give the Trustee written notice of its intention to redeem Series 2021 Bonds pursuant to this subsection not less than 45 days prior to the applicable redemption date, unless a later date is agreed to by the Trustee.

(b) *Mandatory Redemption from Special Tax Prepayments.* The Series 2021 Bonds shall be subject to mandatory redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of prepaid Special Taxes required to be applied thereto pursuant to Section 5.02(a) and any amount required to be applied thereto pursuant to Section 5.04(c), at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2021 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
March 1, 20__ through March 1, 20__	103%
September 1, 20__ and March 1, 20__	102
September 1, 20__ and March 1, 20__	101
September 1, 20__ and thereafter	100

(c) *Mandatory Sinking Fund Redemption.* The Series 2021 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2021 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund
Redemption Date
(September 1)

Principal Amount
to be
Redeemed

(Maturity)

If some but not all of the Series 2021 Bonds maturing on September 1, 20__ are redeemed pursuant to Section 4.01(a), the principal amount of the Series 2021 Bonds maturing on September 1, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2021 Bonds maturing on September 1, 20__ redeemed pursuant to Section 4.01(a). If some but not all of the Series 2021 Bonds maturing on September 1, 20__ are redeemed pursuant to Section 4.01(b), the principal amount of the Series 2021 Bonds maturing on September 1, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2021 Bonds maturing on September 1, 20__ so redeemed pursuant to Section 4.01(b), such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District.

The Series 2021 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2021 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund
Redemption Date
(September 1)

Principal Amount
to be
Redeemed
\$

(Maturity)

If some but not all of the Series 2021 Bonds maturing on September 1, 20__ are redeemed pursuant to Section 4.01(a), the principal amount of the Series 2021 Bonds maturing on September 1, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the Community

Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2021 Bonds maturing on September 1, 20__ redeemed pursuant to Section 4.01(a). If some but not all of the Series 2021 Bonds maturing on September 1, 20__ are redeemed pursuant to Section 4.01(b), the principal amount of the Series 2021 Bonds maturing on September 1, 20__ to be redeemed pursuant to Section 4.01(c) on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2021 Bonds maturing on September 1, 20__ so redeemed pursuant to Section 4.01(b), such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the Community Facilities District.

Section 4.02. Notice of Redemption. The Trustee on behalf and at the expense of the Community Facilities District shall mail by first class mail notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any, the Bond numbers and the maturity or maturities of the Bonds to be redeemed (except in the event of redemption of all of the Bonds of such maturity or maturities in whole), and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. With respect to any notice of any optional redemption of Bonds, unless at the time such notice is given the Bonds to be redeemed shall be deemed to have been paid within the meaning of Section 10.02, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Community Facilities District shall not be required to redeem such Bonds. In the event a notice of redemption of Bonds contains such a condition and such moneys are not so received, the redemption of Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Bonds pursuant to such notice of redemption.

Section 4.03. Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Community Facilities District, (b) with respect to any redemption pursuant to Section 4.01(b) and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a *pro rata* basis as nearly as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities

as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 denominations and such separate denominations shall be treated as separate Bonds that may be separately redeemed.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Community Facilities District shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Community Facilities District, a new Bond or Bonds of the same Series in Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Bonds surrendered.

Section 4.05. Effect of Notice of Redemption. Notice of redemption of the Bonds subject to redemption having been mailed as aforesaid, and moneys for the Redemption Price thereof, and the interest thereon to the applicable date fixed for redemption, having been set aside with the Trustee, such Bonds shall become due and payable on said date, and, upon presentation and surrender thereof at the Office of the Trustee, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

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

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof and destroyed.

ARTICLE V

SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Section 5.01. Pledge. Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of this Indenture and the Act, the Community Facilities District hereby pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Community Facilities District, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, this Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

Section 5.02. Special Tax Fund. (a) The Trustee shall establish and maintain a separate fund designated the “Special Tax Fund.” As soon as practicable after the receipt by the Community Facilities District of any Special Tax Revenues, but in any event no later than the date ten Business Days prior to the Interest Payment Date after such receipt, the Community Facilities District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that with respect to any such Special Tax Revenues that represent prepaid Special Taxes (i) said prepaid Special Taxes shall be identified as such in a Written Certificate of the Community Facilities District delivered to the Trustee at the time such prepaid Special Taxes are transferred to the Trustee, (ii) the portion of such prepaid Special Taxes that is to be applied to the Redemption Price of the Bonds shall be identified in such Written Certificate of the Community Facilities District, shall be deposited by the Trustee in the Redemption Fund and shall be applied to the redemption of Bonds pursuant to Section 4.01(b) and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued, and (iii) the portion of such prepaid Special Taxes that is to be applied to the payment of interest on the Bonds to be so redeemed shall be identified in such Written Certificate of the Community Facilities District, shall be deposited by the Trustee in the Interest Account and shall be applied to the payment of such interest.

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

(c) No later than the Business Day immediately preceding each Interest Payment Date, after having made any requested transfer to the Administrative Expense Fund, the Trustee shall withdraw from the Special Tax Fund Net Special Tax Revenues in an amount sufficient to enable the Trustee to make the following transfers in the following order of priority:

(i) Interest Account. To the Interest Account, the amount, if any, necessary to cause the amount on deposit in the Interest Account to be equal to the interest due on the Bonds on such Interest Payment Date;

(ii) Principal Account. To the Principal Account, the amount, if any, necessary to cause the amount on deposit in the Principal Account to be equal to the principal, if any, due on the Bonds on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds; and

(iii) Reserve Fund. To the Reserve Fund, the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement.

Upon the receipt of such amounts from the Community Facilities District, the Trustee shall make such transfers in said order of priority.

Section 5.03. Bond Fund. (a) The Trustee shall establish and maintain a separate fund designated the “Bond Fund.” Within the Bond Fund, the Trustee shall establish and maintain a separate account designated the “Principal Account” and a separate account designated the “Interest Account.” The Trustee shall deposit in the Interest Account and the Principal Account from time to time the amounts required to be deposited therein pursuant to Section 5.02.

(b) In the event that, on the Business Day prior to an Interest Payment Date, after the deposit in the Interest Account of the amounts required to be deposited therein pursuant to Section 5.02, amounts in the Interest Account are insufficient to pay the interest on the Bonds due and payable on such Interest Payment Date, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Interest Account.

(c) On each Interest Payment Date, the Trustee shall withdraw from the Interest Account for payment to the Owners of the Bonds the interest on the Bonds then due and payable.

(d) In the event that, on the Business Day prior to a September 1 on which principal of the Bonds is due and payable, after the deposit in the Principal Account of the amounts required to be deposited therein pursuant to Section 5.02, including principal due and payable by reason of mandatory sinking fund redemption of the Bonds, amounts in the Principal Account are insufficient to pay such principal, after having withdrawn any amounts from the Reserve Fund required to be withdrawn therefrom on such date pursuant to subsection (b) of this Section, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Principal Account.

(e) On each September 1 on which principal of the Bonds is due and payable, including principal due and payable by reason of mandatory sinking fund redemption of the Bonds, the Trustee shall withdraw from the Principal Account for payment to the Owners of the Bonds such principal then due and payable.

Section 5.04. Reserve Fund. (a) The Trustee shall establish and maintain a special fund designated the “Reserve Fund.” On the Closing Date, the Trustee shall deposit in the Reserve Fund the amount specified in Section 3.02. The Trustee shall deposit in the Reserve Fund from time to

time the amounts required to be deposited therein pursuant to Section 5.02(c). There shall additionally be deposited in the Reserve Fund, in connection with the issuance of Additional Bonds, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) Except as otherwise provided in this Section, amounts in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the Interest Account in accordance with Section 5.03(b) in the event of any deficiency in the Interest Account of the amount then required for payment of the interest on the Bonds, (ii) making transfers to the Principal Account in accordance with Section 5.03(d) in the event of any deficiency in the Principal Account of the amount then required for payment of the principal of the Bonds, and (iii) redeeming Bonds in accordance with the provisions of this Section.

(c) Whenever Bonds are to be optionally redeemed or redeemed from Special Tax prepayments, a proportionate share, determined as provided below, of the amount on deposit in the Reserve Fund shall, on the date on which amounts to redeem such Bonds are deposited in the Redemption Fund or otherwise deposited with the Trustee pursuant to Section 10.02, be transferred by the Trustee from the Reserve Fund to the Redemption Fund or to such deposit held by the Trustee and shall be applied to the redemption of said Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of the minimum Authorized Denomination for said Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed.

(d) Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee shall, upon receipt of a Written Request of the Community Facilities District, transfer the amount in the Reserve Fund to the Interest Account, Principal Account and/or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds.

(e) If, as a result of the scheduled payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the Trustee shall transfer an amount equal to the amount of such reduction to the Interest Account.

Section 5.05. Redemption Fund. (a) The Trustee shall establish and maintain a special fund designated the “Redemption Fund.” The Trustee shall deposit in the Redemption Fund (i) amounts received from the Community Facilities District in connection with the Community Facilities District’s exercise of its rights to optionally redeem Bonds, (ii) the portion of prepaid Special Taxes required to be deposited therein pursuant to Section 5.02(a), (iii) amounts required to be transferred to the Redemption Fund from the Improvement Fund (or accounts therein) pursuant to Section 3.04(b), (iv) amounts required to be transferred to the Redemption Fund from

the Reserve Fund pursuant to Section 5.04(c) or Section 5.04(d), and (v) amounts required to be deposited therein pursuant to any Supplemental Indenture.

(b) Amounts in the Redemption Fund shall be disbursed therefrom for the payment of the Redemption Price of Series 2021 Bonds redeemed pursuant to Section 4.01(a) or Section 4.01(b) and for the payment of the Redemption Price of Additional Bonds redeemed under the Supplemental Indenture pursuant to which such Additional Bonds are issued (other than mandatory sinking fund redemptions thereof).

Section 5.06. Rebate Fund. (a) The Trustee shall establish and maintain a special fund designated the “Rebate Fund.” There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the Community Facilities District. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to Article X or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate, which is hereby incorporated herein as if fully set forth herein. The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Community Facilities District, and shall have no liability or responsibility to enforce compliance by the Community Facilities District with the terms of the Tax Certificate. The Trustee may conclusively rely upon the Community Facilities District’s determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Community Facilities District’s calculations.

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

Section 5.07. Administrative Expense Fund. (a) The Trustee shall establish and maintain a special fund designated the “Administrative Expense Fund.” On the Closing Date, the Trustee shall deposit in the Administrative Expense Fund the amount specified in Section 3.02. The Trustee shall deposit in the Administrative Expense Fund the amounts transferred from the Special Tax Fund and required to be deposited therein pursuant to Section 5.02.

(b) The moneys in the Administrative Expense Fund shall be used and withdrawn by the Trustee from time to time to pay the Administrative Expenses upon submission of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred and that such purpose constitutes an Administrative Expense, (iv) that such payment is a proper charge against the Administrative Expense Fund, and (v) that such amount has not been the subject of a prior disbursement from the Administrative Expense Fund, in each case together with a statement or invoice for each amount requested thereunder.

Section 5.08. Investment of Moneys. (a) Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Indenture held by the Trustee

shall be invested by the Trustee solely in Permitted Investments, as directed in a Written Request of the Community Facilities District received by the Trustee no later than two Business Days prior to the making of such investment. Moneys in all such funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in this Indenture; provided, however, that Permitted Investments in which moneys in the Reserve Fund are so invested shall mature no later than the earlier of five years from the date of investment or the final maturity date of the Bonds and, provided, further, that if such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Fund may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. Absent a timely Written Request of the Community Facilities District with respect to the investment of moneys in any of the funds or accounts established pursuant to this Indenture held by the Trustee, the Trustee shall invest such moneys in Permitted Investments described in paragraph (6) of the definition thereof.

(b) Subject to the provisions of Section 5.06, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture (other than the Reserve Fund) shall be retained therein. Subject to the provisions of Section 5.06, all interest, profits or other income received from the investment of moneys in the Reserve Fund shall, prior to the date on which a Written Certificate of the Community Facilities District is delivered to the Trustee pursuant to Section 3.04(b), be transferred to the Acquisition Account and, thereafter, shall be transferred to the Interest Account; provided, however, that, notwithstanding the foregoing, any such transfer shall be made from the Reserve Fund only if and to the extent that, after such transfer, the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement.

(c) Permitted Investments acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account. For the purpose of determining the amount in any fund or account, all Permitted Investments credited to such fund or account shall be valued by the Trustee at the market value thereof (without regard to costs incurred in the acquisition or disposition thereof, including breakage, unwind or other similar fees), such valuation to be performed not less frequently than semiannually on or before each February 15 and August 15. To the extent of any valuations to be made by the Trustee hereunder, the Trustee may utilize computerized securities pricing services that may be available to it, including those available through its regular accounting system. Any Permitted Investment that is a registrable security shall be registered in the name of the Trustee.

(d) The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Community Facilities District, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments are credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to this Section. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established hereunder. The Trustee, in making or disposing of any investment permitted by this Section, may deal with itself (in its individual capacity) or with any one or more of its affiliates,

whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as a principal for its own account.

(e) The Community Facilities District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Community Facilities District the right to receive brokerage confirmations of security transactions as they occur, the Community Facilities District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish the Community Facilities District periodic cash transaction statements, which shall include detail for all investment transactions made by the Trustee hereunder.

ARTICLE VI

COVENANTS

Section 6.01. Collection of Special Tax Revenues. (a) The Community Facilities District shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including the enforcement of delinquent Special Taxes.

(b) Prior to August 1 of each year, the Community Facilities District shall ascertain from the County Assessor the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year. The Community Facilities District shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance Levying Special Taxes by each August 10, or otherwise such that the computation of the levy is complete before the final date on which the County Auditor will accept the transmission of the Special Tax amounts for the parcels within the Community Facilities District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the Community Facilities District shall prepare or cause to be prepared, and shall transmit to the County Auditor, such data as the County Auditor requires in order to include the levy of the Special Taxes on the next real property tax roll.

(c) The Community Facilities District shall fix and levy the amount of Special Taxes within the Community Facilities District in each Fiscal Year in accordance with the Rate and Method and, subject to the limitations in the Rate and Method as to the maximum Special Taxes that may be levied, in an amount sufficient to yield Special Tax Revenues in the amount required for (i) the payment of principal of and interest on any Outstanding Bonds becoming due and payable during the Corresponding Bond Year, (ii) any necessary replenishment of the Reserve Fund, and (iii) the payment of Administrative Expenses estimated to be paid from such Special Tax Revenues, taking into account the balances in the funds and accounts established hereunder.

(d) The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable (or in such other manner as the City Council shall determine, including direct billing of the affected property owners), and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the *ad valorem* taxes on real property.

Section 6.02. Foreclosure. Pursuant to Section 53356.1 of the Act, the Community Facilities District hereby covenants with and for the benefit of the Owners that it will determine or cause to be determined, no later than August 15 of each year, whether or not any owners of property within the Community Facilities District are delinquent in the payment of Special Taxes and, if such delinquencies exist, the Community Facilities District will order and cause to be commenced no later than October 1, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of any Special Taxes or installment thereof not paid when due; provided, however, that the Community Facilities District shall not be required to order the commencement of foreclosure proceedings if (a) the total Special Tax delinquency in the Community Facilities District for such Fiscal Year is less than 5% of the total Special Taxes levied in such Fiscal Year, and (b) the amount then on deposit in the Reserve Fund is equal to the Reserve Requirement.

Notwithstanding the foregoing, if the Community Facilities District determines that any single property owner in the Community Facilities District is delinquent in the payment of two or more installments of Special Taxes levied on such property owner's property, then the Community Facilities District shall diligently institute, prosecute and pursue foreclosure proceedings against such property owner.

Section 6.03. Compliance with Act. The Community Facilities District shall comply with all applicable provisions of the Act.

Section 6.04. Punctual Payment. The Community Facilities District shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Net Special Tax Revenues and other assets pledged for such payment as provided in this Indenture and received by the Community Facilities District or the Trustee.

Section 6.05. Extension of Payment of Bonds. The Community Facilities District shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Community Facilities District to issue Bonds for the purpose of refunding any Outstanding Bonds in accordance with the provisions hereof, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 6.06. Against Encumbrances; Defense of Pledge. The Community Facilities District shall not create, or permit the creation of, any pledge of, lien on, security interest in or charge or other encumbrance upon the assets pledged under this Indenture, except as permitted hereby. The Community Facilities District shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of such assets, and the lien thereon and security interest therein created hereby, against all claims and demands of all Persons whomsoever.

Section 6.07. Tax Covenants. (a) The Community Facilities District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2021 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 herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Series 2021 Bonds.

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

(c) Notwithstanding any provisions of this Section, if the Community Facilities District shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2021 Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 6.08. Non-Cash Payments of Special Taxes. The Community Facilities District shall not authorize owners of taxable parcels within the Community Facilities District to satisfy Special Tax obligations by the tender of Bonds unless the Community Facilities District shall have first obtained a report of an Independent Consultant certifying that doing so would not result in the Community Facilities District having insufficient Special Tax Revenues to pay the principal of and interest on all Outstanding Bonds when due.

Section 6.09. Reduction in Special Taxes. The Community Facilities District shall not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds. If an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the Community Facilities District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds.

Section 6.10. Continuing Disclosure. (a) The Community Facilities District shall comply with and carry out all of the provisions of the District Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Community Facilities District to comply with the District Continuing Disclosure Certificate shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2021 Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the Series 2021 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

(b) Each of the Developer and each owner of property within the Community Facilities District as of the Closing Date have executed and delivered a continuing disclosure certificate with respect to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Notwithstanding any other provision of this Indenture, failure of the Developer or any such property owner to comply with its continuing disclosure certificate shall not be considered an Event of Default; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Series 2021 Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the Series 2021 Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 6.11. Accounting Records. The Community Facilities District shall keep or cause to be kept appropriate accounting records in which complete and correct entries shall be

made of all transactions relating to the Special Taxes, which records shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions.

Section 6.12. State Reporting. In accordance with Section 53359.5(c) of the Act, if at any time principal or interest due on any scheduled payment date for the Bonds is not paid, or if funds are withdrawn from the Reserve Fund to pay principal of or interest on the Bonds, the Trustee shall notify the Community Facilities District in writing of such failure or withdrawal, and the Community Facilities District shall notify the California Debt and Investment Advisory Commission of such failure or withdrawal within ten days of the failure to make such payment or the date of such withdrawal.

Section 6.13. Annual Reports to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2022 and continuing until the October 30 following the final maturity of the Bonds, the Community Facilities District shall supply to the California Debt and Investment Advisory Commission the information required to be provided thereto pursuant to Section 53359.5(b) of the Act. Such information shall be made available to any Owner upon written request to the Community Facilities District accompanied by a fee determined by the Community Facilities District to pay the costs of the Community Facilities District in connection therewith. The Community Facilities District shall in no event be liable to any Owner or any other person or entity in connection with any error in any such information.

Section 6.14. Further Assurances. The Community Facilities District shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The following events shall be Events of Default:

(a) failure to pay any installment of principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise;

(b) failure to pay any installment of interest on any Bonds when and as the same shall become due and payable;

(c) failure by the Community Facilities District to observe and perform any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Community Facilities District by the Trustee, or to the Community Facilities District and the Trustee by the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that, if in the reasonable opinion of the Community Facilities District the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Community Facilities District within such 30 day period and the Community Facilities District shall thereafter diligently and in good faith cure such failure in a reasonable period of time; or

(d) the commencement by the Community Facilities District or the City of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Section 7.02. Foreclosure. If an Event of Default shall occur under Section 7.01(a) or Section 7.01(b) then, and in each and every such case during the continuance of such Event of Default, the Trustee may, or at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, and upon being indemnified to its satisfaction therefor, shall, commence foreclosure against any parcels of land in the Community Facilities District with delinquent Special Taxes, as provided in Section 53356.1 of the Act.

Section 7.03. Other Remedies. If an Event of Default shall have occurred and be continuing, the Trustee shall have the right:

(a) by mandamus, suit, action or proceeding, to compel the Community Facilities District and its officers, agents or employees to perform each and every term, provision and covenant contained in this Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Community Facilities District and the fulfillment of all duties imposed upon it by this Indenture and the Act;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the rights of the Trustee or the Owners; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the Community Facilities District and its officers and employees to account as if it and they were the trustees of an express trust.

Section 7.04. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners 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 hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.05. Application of Net Special Tax Revenues After Default. If an Event of Default shall occur and be continuing, all Net Special Tax Revenues and any other funds thereafter received by the Trustee under any of the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners 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 this Indenture;

(b) to the payment of the principal and interest then due with respect to 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 this Indenture, as follows:

First: to the payment to the Persons entitled thereto of all installments of interest on the Bonds then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, 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 all installments of principal of the Bonds then due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference;

(c) any remaining funds shall be transferred by the Trustee to the Special Tax Fund.

Section 7.06. Power of Trustee to Enforce. All rights of action under this 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 the Owners of such Bonds, subject to the provisions of this Indenture.

Section 7.07. Owners' Direction of Proceedings. Anything in this 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, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee; provided, however, that such direction shall not be otherwise than in accordance with the provisions of this Indenture, the Act and other applicable law and, provided, further, 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 Owners not parties to such direction.

Section 7.08. Limitation on Owners' 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 this Indenture, the Act or any other applicable law with respect to such Bond, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 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 any remedy hereunder or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners, or to enforce any right under the Bonds, this Indenture, the Act or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners, subject to the provisions of this Indenture.

Section 7.09. Absolute Obligation. Nothing in this Indenture or the Bonds contained shall affect or impair the obligation of the Community Facilities District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners as the same become due, as herein provided, but only out of the Net Special Tax Revenues and other assets pledged therefor hereunder, 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.

Section 7.10. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Owners 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 Owners, then in every such case the Community Facilities District, the Trustee and the Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the

Community Facilities District, the Trustee and the Owners shall continue as though no such proceedings had been taken.

Section 7.11. No Waiver of Default. No delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by this Indenture to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

TRUSTEE

Section 8.01. Duties and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Section 8.02. Qualifications; Removal and Resignation; Successors. (a) The Trustee initially a party hereto and any successor thereto shall at all times be a trust company, national banking association or bank having trust powers in good standing in or incorporated under the laws of the United States or any state thereof, having (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least \$250,000,000, and subject to supervision or examination by a federal or state agency. If such trust company, national banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such trust company, national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Community Facilities District may, by an instrument in writing, upon at least 30 days' notice to the Trustee, remove the Trustee initially a party hereto and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party hereto and any successor thereto if (i) at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) the Trustee shall cease to be eligible in accordance with subsection (a) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Community Facilities District, and to the Owners at the respective addresses shown on the Registration Books. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of subsection (a) of this Section, the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(d) Upon removal or resignation of the Trustee, the Community Facilities District shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that any successor Trustee shall be

qualified as provided in subsection (a) of this Section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Community Facilities District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of the Community Facilities District or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the successor Trustee shall, within 15 days after such acceptance, mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to the Owners at the addresses shown on the Registration Books.

(e) Any trust company, national banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, national banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, national banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, national banking association or bank shall be eligible under subsection (a) of this Section, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03. Liability of Trustee. (a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Community Facilities District, and the Trustee shall not assume responsibility for the correctness of the same or incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds.

(b) The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds, or in respect of the security afforded by this Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or the application of any moneys paid to the Community Facilities District or others in accordance with this Indenture.

(c) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(d) No provision of this Indenture or any other document related hereto shall require the Trustee to risk or advance its own funds.

(e) The Trustee may execute any of its powers or duties hereunder through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

(f) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(g) The immunities and protections extended to the Trustee also extend to its directors, officers, employees and agents.

(h) Before taking action under Article VII, under this Article or upon the direction of the Owners, the Trustee may require indemnity reasonably satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

(i) 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 the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(j) The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(k) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(l) The Trustee shall not be liable for the failure to take any action required to be taken by it hereunder if and to the extent that the Trustee's taking such action is prevented by reason of an act of God, terrorism, war, riot, strike, fire, flood, earthquake, epidemic or other, similar occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care.

(m) The Trustee shall not be deemed to have knowledge of an Event of Default hereunder unless it has actual knowledge thereof.

(n) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

(o) The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Section 8.04. Right to Rely on Documents and Opinions. (a) 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.

(b) Whenever in the administration of the duties imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the Community Facilities District, and such Written Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Written 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.

(c) The Trustee may consult with counsel, who may be counsel to the Community Facilities 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 hereunder in good faith and in accordance therewith.

Section 8.05. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with prudent corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds, the Special Tax Revenues received by it and all funds and accounts established by it pursuant to this Indenture. Such books of record and account shall be available for inspection by the Community Facilities District during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the Community Facilities District a monthly accounting of the funds and accounts it holds under this Indenture; provided, however, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (a) has a balance of zero, and (b) has not had any activity since the last reporting date.

Section 8.06. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during business hours and upon reasonable notice to the inspection of the Community Facilities District, the Owners and their agents and representatives duly authorized in writing.

Section 8.07. Compensation and Indemnification. The Community Facilities District shall pay to the Trustee from time to time from Special Tax Revenues all reasonable compensation pursuant to a pre-approved fee letter for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees pursuant to a pre-approved fee letter and other disbursements pursuant to a pre-approved fee letter and those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture.

The Community Facilities District shall, to the extent permitted by law, from Special Tax Revenues, indemnify and save the Trustee harmless against any costs, claims, expenses (including fees and expenses of its counsel) and liabilities which it may incur in the exercise and performance of its powers and duties hereunder, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the Community Facilities District to indemnify the Trustee shall survive the resignation or removal of the Trustee and the termination and discharge of this Indenture.

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 9.01. Supplemental Indentures. (a) This Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners hereunder may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into when there are filed with the Trustee the written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 11.07. No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon, extend the time of payment thereof or alter the redemption provisions thereof, without the prior written consent of the Owner of each Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under this Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, this Indenture or deprive the Owners of the pledge contained in, and the lien and security interest created by, this Indenture, except as expressly provided in this Indenture, without the prior written consents of the Owners of all Bonds then Outstanding, or (iii) modify or amend this Section without the prior written consents of the Owners of all Bonds then Outstanding.

(b) This Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners hereunder may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into without the consent of any Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Community Facilities District in this Indenture contained, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Community Facilities District;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Indenture, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of Article III;

(iv) to permit the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(v) to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(vi) in any other respect whatsoever as the Community Facilities District may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners hereunder.

(c) Promptly after the execution by the Community Facilities District and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Community Facilities District), by first-class mail, postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Community Facilities District, the Trustee and the Owners shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the effective date of any Supplemental Indenture pursuant to this Article may and, if the Community Facilities District so determines, shall bear a notation by endorsement or otherwise in form approved by the Community Facilities District and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date and presentation of such Bond for such purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Community Facilities District and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Community Facilities District and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, such a new Bond in equal principal amount of the same Series, interest rate and maturity shall be exchanged for such Owner's Bond so surrendered.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. (a) If the Community Facilities District shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, then the Owners shall cease to be entitled to the pledge of the Net Special Tax Revenues and the other assets pledged therefor hereunder, and all agreements, covenants and other obligations of the Community Facilities District hereunder shall thereupon cease, terminate and become void and this Indenture shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Community Facilities District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Community Facilities District all money or securities held by it pursuant hereto that are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of subsection (a) of this Section, if the Community Facilities District shall pay or cause to be paid to the Owner of an Outstanding Bond the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated herein and therein, such Owner shall cease to be entitled to the pledge of the Net Special Tax Revenues and other assets pledged therefor hereunder and all agreements, covenants and other obligations of the Community Facilities District hereunder shall thereupon cease, terminate and become void and this Indenture shall be discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of this Indenture or the discharge and satisfaction of this Indenture in respect of any Bond, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owner of such Bond, and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on such Bond, and to pay to the Owner of such Bond the funds so held by the Trustee as and when such payment becomes due.

Section 10.02. Bonds Deemed To Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in Section 10.01. Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in Section 10.01 if (i) in case such Bond is to be redeemed on any date prior to its maturity date, the Community Facilities District shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of Section 4.02, notice of redemption of such Bond on said redemption date, said notice to be given in accordance with Section 4.02, (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B)

Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, together with the money, if any, deposited therewith, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Community Facilities District shall have given the Trustee, in form satisfactory to it, irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii) of subsection (a) of this Section unless the Community Facilities District shall have caused to be delivered to the Community Facilities District and the Trustee (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Community Facilities District and the Trustee, in form and in substance acceptable to the Community Facilities District, (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) of subsection (a) of this Section resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to the Community Facilities District and which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report, and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (iii) a copy of an opinion of Bond Counsel, dated the date of such deemed payment and addressed to the Community Facilities District and the Trustee, in form and in substance acceptable to the Community Facilities District, to the effect that such Bond has been paid within the meaning and with the effect expressed in this Indenture, all agreements, covenants and other obligations of the Community Facilities District hereunder have ceased, terminated and become void and the Indenture has been completely discharged and satisfied as to such Bonds.

Section 10.03. Unclaimed Moneys. Any moneys held by the Trustee in trust for the payment of the principal of, or premium or interest on, any Bond that remain unclaimed for two years after the date when such principal, premium or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall be repaid by the Trustee to the Community Facilities District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Bond shall look only to the Community Facilities District for the payment of such principal, premium or interest. The Trustee shall hold any such moneys uninvested.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Community Facilities District:

City of Los Angeles Community Facilities
District No. 11 (Ponte Vista)
c/o City of Los Angeles
City Administrative Officer
200 North Main Street, 15th Floor
Los Angeles, California 90012
Attention: Debt Management Group
Email: cao.debt@lacity.org

If to the Trustee:

U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Global Corporate Trust

Each such notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or if personally served or delivered, upon delivery, (b) if given by telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by electronic mail, on the date sent, but only if confirmation of the receipt of such electronic mail is received or if notice is concurrently sent by another means specified herein, (d) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (e) if given by any other means, upon delivery at the address specified in this Section.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Community Facilities District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained required hereby to be performed by or on behalf of the Community Facilities District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Trustee, the Community Facilities District and the Owners any legal or equitable right, remedy or claim under

or in respect of this Indenture or any covenant, condition or provision therein or herein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the Community Facilities District and the Owners.

Section 11.04. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Community Facilities District of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds.

Section 11.05. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Community Facilities District hereby declares that it would have entered into this Indenture and each and every other Section, subsection, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, subsections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.06. Evidence of Rights of Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and the Community Facilities District if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to such notary public or such officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Registration Books.

Any request, consent or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Community Facilities District in accordance therewith or reliance thereon.

Section 11.07. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds that are known by the Trustee to be owned or held by or for the account of the Community Facilities District, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common

control with, the Community Facilities District or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Community Facilities District shall specify in a Written Certificate of the Community Facilities District delivered to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such Written Certificate.

Section 11.08. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owner entitled thereto, subject, however, to the provisions of Section 10.03, but without any liability for interest thereon.

Section 11.09. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account, but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with prudent corporate trust industry standards, and with due regard for the requirements hereof and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish any such additional funds or accounts as it deems necessary to perform its obligations hereunder.

Section 11.10. Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Indenture and, unless otherwise specifically provided in this Indenture, no interest shall accrue for the period from and after such nominal date.

Section 11.11. Waiver of Personal Liability. No member, officer, agent or employee of the Community Facilities District or the City shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof, but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by any applicable provision of law or by this Indenture.

Section 11.12. Conflict with Act. In the event of any conflict between any provision of this Indenture and any provision of the Act, the provision of the Act shall prevail over the provision of this Indenture.

Section 11.13. Conclusive Evidence of Regularity. Bonds issued pursuant to this Indenture shall constitute evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the Special Taxes.

Section 11.14. Governing Laws. This Indenture shall be governed by and construed in accordance with the laws of the State.

Section 11.15. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Indenture may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Indenture using an electronic signature, it is signing, adopting and accepting this Indenture and that signing this Indenture using an electronic signature is the legal equivalent of having placed its handwritten signature on this Indenture on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Indenture in a usable format.

Section 11.16. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

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

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT
NO. 11 (PONTE VISTA)**

By: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER, CITY ATTORNEY

By: _____
Deputy City Attorney

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

By: _____
Authorized Officer

EXHIBIT A

PERMITTED INVESTMENTS

“Permitted Investments” means the following:

(1) Direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America);

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration
- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” or “A-1+” by S&P and maturing not more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(5) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1+” by S&P and which matures not more than 270 calendar days after the date of purchase;

(6) Investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, including a fund for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services;

(7) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(a) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s or S&P or any successors thereto; or

(b) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Municipal obligations rated “Aaa/AAA” or general obligations of states with a rating of “A2/A” or higher by both Moody’s and S&P;

(9) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least “Aa3” by Moody’s and “AA-” by S&P; provided, that, by the terms of the investment agreement:

(a) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice;

(b) 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;

(c) the Trustee or the Community Facilities District receive the opinion of domestic counsel that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(d) the investment agreement shall provide that if during its term (i) the provider’s rating by either Moody’s or S&P falls below “Aa3” or “AA-,” respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) 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 Trustee or a 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 Moody’s and S&P to maintain an “A” rating in an “A” rated structured financing (with a market value approach); or (B) repay the principal of and accrued but unpaid interest, on the investment, and (ii) the provider’s

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

(e) 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 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 collateral is in possession); and

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

EXHIBIT B

FORM OF SERIES 2021 BOND

No. _____

\$ _____

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA)
SPECIAL TAX BOND, SERIES 2021**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
%	September __, 20__	_____, 2021	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Los Angeles Community Facilities District No. 11 (Ponte Vista) (the “Community Facilities District”), for value received, hereby promises to pay, solely from the sources hereinafter described, to the Registered Owner identified above or registered assigns (the “Registered Owner”), on the Maturity Date identified above or on any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like lawful money from the date hereof payable semiannually on March 1 and September 1 in each year, commencing March 1, 2022 (the “Interest Payment Dates”), until payment of such Principal Amount in full.

This Bond is one of a series of a duly authorized issue of bonds approved by the qualified electors of the Community Facilities District, pursuant to the Mello-Roos Community Facilities Act of 1982, constituting Sections 53311 *et seq.* of the California Government Code (the “Act”), and issued for the purpose of financing certain public facilities, and is one of the series of bonds designated “City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021” (the “Series 2021 Bonds”) in the aggregate principal amount of \$ _____. The Series 2021 Bonds are issued pursuant to the Indenture, dated as of _____ 1, 2021 (the “Indenture”), by and between the Community Facilities District and U.S. Bank National Association, as trustee (said entity or any successor thereto as trustee under the Indenture, the “Trustee”), and this reference incorporates the Indenture herein, and by acceptance hereof the owner of this Bond assents to said terms and conditions. Pursuant to and as more particularly provided in the Indenture, additional bonds (“Additional Bonds”) may be issued by the Community Facilities District on a parity with the Series 2021 Bonds. The Series 2021 Bonds and any Additional Bonds are collectively referred to as the “Bonds.” The Indenture is entered into, and this Bond is issued under, the Act and the laws of the State of California. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

Interest on the Series 2021 Bonds shall be payable from the Interest Payment Date next preceding the date of authentication thereof unless (a) a Series 2021 Bond is authenticated on or

before an Interest Payment Date and after the close of business on the preceding Record Date, in which event interest thereon shall be payable from such Interest Payment Date, (b) a Series 2021 Bond is authenticated on or before the first Record Date, in which event interest thereon shall be payable from the Closing Date, or (c) interest on any Series 2021 Bond is in default as of the date of authentication thereof, in which event interest thereon shall be payable from the date to which interest has previously been paid or duly provided for. Interest shall be paid in lawful money of the United States on each Interest Payment Date. Interest shall be paid by check of the Trustee mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2021 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. Notwithstanding the foregoing, interest on any Series 2021 Bond which is not punctually paid or duly provided for on any Interest Payment Date shall, if and to the extent that amounts subsequently become available therefor, be paid on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2021 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date. The principal of the Series 2021 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee.

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

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

The Series 2021 Bonds are subject to redemption on the dates, at the Redemption Prices and pursuant to the terms set forth in the Indenture. Notice of redemption of any Series 2021 Bond or any portion thereof shall be given as provided in the Indenture.

The Series 2021 Bonds are issuable as fully-registered Bonds without coupons in Authorized Denominations (\$5,000 and any integral multiple thereof).

Any Series 2021 Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Series 2021 Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Series 2021 Bond or Series 2021 Bonds shall be so surrendered for transfer, the Community Facilities District shall execute and the Trustee shall authenticate and shall deliver a new Series 2021 Bond or Series 2021 Bonds of the same maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Series 2021 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Series 2021 Bonds of the same maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

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

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

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

IN WITNESS WHEREOF, the Community Facilities District has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of the Assistant City Administrative Officer of the City attested by the manual or facsimile signature of the City Clerk of the City, all as of the Dated Date identified above.

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT
NO. 11 (PONTE VISTA)**

By: _____
Assistant City Administrative Officer
of the City of Los Angeles

ATTEST:
CITY CLERK OF THE CITY OF LOS
ANGELES

By: _____
City Clerk of the City of Los Angeles

CERTIFICATE OF AUTHENTICATION

This is one of the Series 2021 Bonds described in the within-mentioned Indenture and registered on the Registration Books.

Date: _____

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

By: _____
Authorized Officer

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

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

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

ATTACHMENT C

\$(PAR)
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11
(PONTE VISTA)
SPECIAL TAX BONDS, SERIES 2021

BOND PURCHASE AGREEMENT

[Pricing Date]

City of Los Angeles
Community Facilities District No. 11
(Ponte Vista)
200 North Main Street, 15th Floor
Los Angeles, California 90012

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”), acting not as a fiduciary or agent for you, but on behalf of itself, offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) (the “Community Facilities District”), which upon acceptance will be binding upon the Underwriter and the Community Facilities District. The agreement of the Underwriter to purchase the Bonds (as hereinafter defined) is contingent upon the Community Facilities District satisfying all of the obligations imposed upon them under this Purchase Agreement. This offer is made subject to the Community Facilities District’s acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 8:00 p.m., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Community Facilities District at any time prior to the acceptance hereof by the Community Facilities District. All capitalized terms used herein, which are not otherwise defined, shall have the meaning provided for such terms in the Indenture, dated as of _____ 1, 2021 (the “Indenture”), by and between the Community Facilities District and U.S. Bank National Association, as trustee (the “Trustee”).

1. Purchase, Sale and Delivery of the Bonds.

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein: (i) the Underwriter hereby agrees to purchase from the Community Facilities District and the Community Facilities District hereby agrees to sell to the Underwriter all (but not less than all) of the \$(PAR) aggregate principal amount of the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021 (the “Bonds”), dated the Closing Date (as hereinafter defined), bearing interest at the rates and maturing on the dates and in the principal amounts set forth in Exhibit A hereto. The purchase price for the Bonds shall be \$_____ (being 100% of the aggregate principal amount thereof, plus original issue premium of \$_____ and less an Underwriter’s discount of \$_____).

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

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable from the Net Special Tax Revenues as provided in the Indenture, the Preliminary Official Statement (as hereinafter defined), and the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “Community Facilities District Act”). The issuance of the Bonds has been duly authorized by the City Council of the City of Los Angeles (the “City”), as the legislative body for the Community Facilities District, pursuant to a resolution (the “Community Facilities District Resolution of Issuance”) adopted on _____, 2021.

The net proceeds of the Bonds will be used to (i) provide financing for certain public facilities and costs with respect thereto related to the development within the Community Facilities District, (ii) fund a reserve fund with respect to the Bonds, (iii) fund capitalized interest on the Bonds through March 1, 2023; and (iv) pay the costs of issuance with respect to the Bonds.

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

The Community Facilities District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the Community Facilities District and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as the agent or fiduciary of, or a municipal or financial advisor of, the Community Facilities District and has not assumed any advisory or fiduciary responsibility to the Community Facilities District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided or is currently providing other services to the Community Facilities District on other matters), (iv) the Underwriter has financial interests that differ from those of the Community Facilities District, (v) the only obligations the Underwriter has to the Community Facilities District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Agreement, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission or the rules of the MSRB (as defined below) or other law, and (vi) the Community Facilities District has consulted its own legal, financial, accounting, tax, and other advisors to the extent they have deemed appropriate in connection with this transaction. The Community Facilities District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (“MSRB”). The Community Facilities District acknowledges and represents that it has engaged Fieldman, Rolapp & Associates, Inc. as its

municipal advisor (as defined in Securities and Exchange Commission Rule 15Ba1) and will rely solely on the financial advice of Fieldman, Rolapp & Associates, Inc. with respect to the Bonds.

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

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

D. Except as the Underwriter and the Community Facilities District may otherwise agree, the Community Facilities District will deliver to the Underwriter, at the offices of Bond Counsel in Los Angeles, California, or at such other location as may be mutually agreed upon by the Underwriter and the Community Facilities District, the documents hereinafter mentioned; and the Community Facilities District will deliver to the Underwriter through the facilities of The Depository Trust Company (“DTC”), the Bonds, in definitive form (all Bonds bearing CUSIP numbers), duly executed by the Community Facilities District and authenticated by the Trustee in the manner provided for in the Indenture and the Community Facilities District Act at 8:00 a.m. California time, on [Closing Date] (the “Closing Date”), and the Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (A) of this Section by wire transfer, payable in federal or other immediately available funds (such delivery and payment being herein referred to as the “Closing”). The Bonds shall be in fully registered book-entry form (which may be typewritten) and shall be registered in the name of Cede & Co., as nominee of DTC.

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

A. The City is duly organized and validly existing as a charter city and has duly authorized the formation of the Community Facilities District and the incurring of bonded indebtedness thereby pursuant to resolutions duly adopted by the City Council (collectively, the “Community Facilities District Formation Resolutions and Ordinances” and, together with the Community Facilities District Resolution of Issuance, the “Community Facilities District Resolutions and Ordinances”) and the Community Facilities District Act. The City Council, as the legislative body of the City and the Community Facilities District, has duly adopted the Community Facilities District Formation Resolutions and Ordinances and an ordinance of the City Council levying Special Taxes within the Community Facilities District (the “Ordinance”), and has caused to be recorded in the real property records of the County of Los Angeles, a notice of special tax lien, and any required amendments thereof (collectively, the “Notice of Special Tax Lien” and, together with the Community Facilities District Formation Resolutions and Ordinances and the Ordinance, the “Formation Documents”), and has duly adopted the Community Facilities District Resolution of Issuance. Each of its Formation Documents remains in full force and effect as of the date hereof and has not been amended or rescinded. The Community Facilities District is duly organized and validly existing as a Community Facilities District under the laws of the State of California. The Community Facilities District has, and at the Closing Date will have, as the case may be, full legal right, power and authority: (i) to execute, deliver and perform its obligations under this Purchase Agreement, the Continuing Disclosure Certificate and the Indenture, and to carry out all transactions contemplated by each of such agreements; (ii) to issue, sell and deliver the Bonds as provided herein; and (iii) to carry out, give effect to and consummate the transactions contemplated by the Formation Documents, the Indenture, the Bonds, the Continuing Disclosure Certificate, this Purchase Agreement, the Acquisition and Funding Agreement dated as of _____, 2021 (the “Acquisition Agreement”), by and between the City and SoCal San Pedro SPV 1, LLC, a Delaware limited liability company (the “Master Developer”), and the Official Statement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

O. At or prior to the Closing, the Community Facilities District will have duly authorized, executed and delivered the Continuing Disclosure Certificate in substantially the form attached as an appendix to the Official Statement. Based upon a review of its previous undertakings, and except as disclosed in the Preliminary Official Statement, the City and the City Entities (as defined in the Preliminary Official Statement) have not failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events in the last five years. The Community Facilities District has not previously entered into any undertaking pursuant to the Rule.

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

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

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

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

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

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

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

3. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to accept delivery of and pay for the Bonds on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations and warranties on the part of the Community Facilities District contained herein, to the accuracy in all material respects of the statements of the officers and other officials of the Community Facilities District made in any certificates or other documents furnished pursuant to the provisions hereof, to the performance by the Community Facilities District of their obligations to be performed hereunder at or prior to the Closing Date, and in reliance upon the representations and covenants of the Master Developer, D.R. Horton VEN, Inc., a California corporation (“D.R. Horton”), KB HOME Greater Los Angeles, Inc., a California corporation (“KB”), Meritage Homes of California, Inc., a California corporation (“Meritage”) and Taylor Morrison of California, LLC, a California limited liability company (“Taylor Morrison,” and together with D.R. Horton, KB, Meritage, the “Merchant Builders”), contained in the certificate(s) delivered as of the Closing Date, and to the following additional conditions:

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

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

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

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

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

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

2. Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order,

ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission ("SEC"), or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise is or would be in violation of the federal securities laws as amended and then in effect;

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

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

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

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

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

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

9. Any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Community Facilities District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

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

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

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

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

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

15. The commencement of any Action that (i) in any way questions the existence of the Community Facilities District or the titles of the officers of the Community Facilities District to their respective offices; (ii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of the Bonds or the payment or collection of Special Taxes or any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contests or affects the validity of the Community Facilities District Documents or the consummation of the transactions on the part of the Community Facilities District contemplated thereby; (iii) contests the exemption of interest on the Bonds from federal or State income taxation or contests the powers of the Community Facilities District which may result in any material adverse change relating to the financial condition of the Community Facilities District; or (iv) contests the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserts that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

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

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

3. A certificate dated as of the Closing Date of the City Clerk to the effect that the Community Facilities District Resolutions and Ordinances and the Ordinance have not been amended, modified or rescinded since the date of their adoption and each remains in full force and effect as of the date hereof;

4. The Continuing Disclosure Certificate executed and delivered by the Community Facilities District and Digital Assurance Certification L.L.C., acting in its capacity as Dissemination Agent, a Continuing Disclosure Certificate (Major Property Owner), substantially in the form attached as an appendix to the Official Statement, from each of the Master Developer and the Merchant Builders (collectively, “Developer Continuing Disclosure Certificates” and each a “Developer Continuing Disclosure Certificate”);

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

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

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

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

(iii) the statements contained in the Official Statement under the captions “THE SERIES 2021 BONDS,” “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS,” (except information under the captions “Special Taxes” and “Rate and Method of Apportionment” as to which no opinion is expressed), “TAX MATTERS,” and Appendix E - “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Indenture and certain matters addressed in Bond Counsel’s final approving opinion, are accurate in all material respects.

7. A letter, dated the Closing Date and addressed to the Underwriter, of Disclosure Counsel, to the effect that such counsel is not passing upon and has not undertaken to determine independently or to verify the accuracy or completeness of the statements contained in the Preliminary Official Statement or in the Official Statement, and is, therefore, unable to make any representation to the Underwriter in that regard, but on the basis of its participation in conferences with representatives of the City, the City Attorney of the City, Bond Counsel, the appraisal of the taxable properties within the Community Facilities District, dated August 13, 2021 (the “Appraisal Report”), prepared by Integra Realty Resources (the “Appraiser”), Robert Charles Lesser & Co., LLC, DTA, Inc. (“DTA”), Fieldman, Rolapp & Associates, Inc., representatives of the Underwriter and others, during which conferences the content of the Preliminary Official Statement and the Official Statement and related matters were discussed, and its examination of certain documents, and, in reliance thereon and based on the information made available to it in its role as Disclosure Counsel and its understanding of applicable law, Disclosure Counsel advises the Underwriter as a matter of fact, but not opinion, that no information has come to the attention of the attorneys in the firm working on such matter which has led them to believe that the Preliminary Official Statement as of its date and the date hereof and the Official Statement as of its date and as of the Closing Date (in each case excluding therefrom the financial and statistical data, forecasts, charts, numbers, estimates, projections, assumptions and expressions of opinion included in the Preliminary Official Statement and the Official Statement, information regarding DTC and its book entry system and the information set forth in Appendices A, B, C, D, E, F, G, and H, as to all of which no opinion is expressed) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

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

9. An opinion of the City Attorney dated the date of Closing and addressed to the Underwriter, and the Community Facilities District, substantially in the form attached hereto as Exhibit D;

10. A certificate dated the Closing Date from the Appraiser addressed to the Community Facilities District and the Underwriter substantially to the effect that (i) the assumptions made in the Appraisal Report are reasonable; the Appraisal Report fairly and accurately described, as of the stated date of value, the market values of the properties in the Community Facilities District that are subject to the Special Taxes, (ii) the Appraiser is not aware of any event or act which occurred since the date of the Appraisal Report which, in its opinion, would materially and adversely affect the conclusions as to the market value of the appraised property in the Community Facilities District, (iii) the Appraiser consents to the reproduction of the Appraisal Report as an appendix to the Preliminary Official Statement and the final Official Statement, each with respect to the Bonds, and to the references to the Appraiser and the Appraisal Report made in the Preliminary Official Statement and the Official Statement, (iv) the Appraisal Report complies with the Appraisal Standards for Land-Secured Financings issued by the California Debt and Investment Advisory Commission dated July, 2004, (v) a true and correct copy of the Appraisal Report is attached as an appendix to the Preliminary Official Statement and the Official Statement; and (vi) neither the Appraisal Report nor the information in the Preliminary Official Statement or the Official Statement referring to it contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

11. A certificate dated the Closing Date from DTA addressed to the Community Facilities District and the Underwriter to the effect that: (i) the Special Tax, if levied and collected in the maximum amounts permitted pursuant to the Rate and Method of Apportionment of Special Taxes of the Community Facilities District, as of the Closing Date and at buildout, would generate at least 110% of the annual debt service payable with respect to the related issue of Bonds, net of estimated Administrative Expenses, based on information obtained by DTA from the Master Developer, the Merchant Builders, and the City and other such assumptions and qualifications as shall be acceptable to the Underwriter; (ii) the statements in the Preliminary Official Statement and the Official Statement provided by DTA concerning Special Taxes in the Community Facilities District and all information supplied by it for use in the Official Statement were as of the date of the Preliminary Official Statement, the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) all information supplied by DTA to the Appraiser is true and correct as of the date of the Preliminary Official Statement and the date of the Official Statement and as of the Closing Date, based on such assumptions as may have been supplied by it; and (iv) the information contained in the Appraisal Report with respect to taxes and tax rates applicable, and projected to be applicable, to the property in the Community Facilities District is consistent with such information provided by DTA to the Appraiser, which information so provided was based on information obtained by DTA from the Community Facilities District, the Master Developer, the Merchant Builders, and the City;

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

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

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

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

16. (i) Negative assurance letters of respective counsel to the Master Developer and each of the Merchant Builders, dated the date of the Closing, in form and substance acceptable to the Underwriter and Bond Counsel; and (ii) an opinion of respective counsel to the Master Developer and each of the Merchant Builders addressed to the Underwriter and the Community Facilities District, in form and substance acceptable to the Underwriter and Bond Counsel, to the effect that the Developer Continuing Disclosure Certificate of the Master Developer or such Merchant Builder, as applicable, has been duly authorized, executed and delivered by the Master Developer or such Merchant Builder;

17. A Letter of Representations from each of the Master Developer and the Merchant Builders dated the date of printing the Preliminary Official Statement, substantially in the form attached hereto as Exhibit B;

18. A Closing Certificate from each of the Master Developer and the Merchant Builders dated the Closing Date, substantially in the form attached hereto as Exhibit C or

as such Closing Certificate may be modified with the approval of the Underwriter and Disclosure Counsel;

19. A certificate dated the Closing Date from Robert Charles Lesser & Co., LLC addressed to the Community Facilities District and the Underwriter to the effect that the statements in the Official Statement provided by Robert Charles Lesser & Co., LLC and all information supplied by it for use in the Official Statement were as of the date of the Official Statement and are as of the Closing Date true and correct, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

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

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

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

4. Establishment of Issue Price.

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

B. Except as otherwise set forth in Exhibit A attached hereto, the Community Facilities District will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity . At or promptly after the execution of

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

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

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

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

D. The Underwriter confirms that:

- (1) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:
 - (a)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that

maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter,

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

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

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

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

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

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

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

both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

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

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

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

B. The Community Facilities District shall be under no obligation to pay, and the Underwriter shall pay, any fees of the California Debt and Investment Advisory Commission, the cost of preparation of any “blue sky” or legal investment memoranda and this Purchase Agreement; expenses to qualify the Bonds for sale under any “blue sky” or other state securities laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section), including the fees and disbursements of its counsel, meals, transportation and lodging (but not entertainment expenses), and any advertising expenses in connection with the public offering of the Bonds.

6. Notices. Any notice or other communication to be given to the Community Facilities District or the Community Facilities District under this Purchase Agreement may be given by delivering the same in writing to the City of Los Angeles, 200 North Main Street, 15th Floor, Los Angeles, California 90012, Attention: Chief of Debt Management; any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35th Floor, San Francisco, California 94104, Attention: Sara Brown.

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

8. City Standard Provisions. The Standard Provisions for City Contracts attached hereto as Exhibit F are hereby incorporated herein by reference as though fully set forth herein.

9. Iran Contracting Act of 2010. In accordance with California Public Contract Code Sections 2200-2208, all bidders submitting proposals for, entering into, or renewing contracts with the City of Los Angeles for goods and services estimated at \$1,000,000 or more are required to complete, sign, and submit the “Iran Contracting Act of 2010 Compliance Affidavit.” The Underwriter shall complete, sign, and submit the “Iran Contracting Act of 2010 Compliance Affidavit” prior to the date of the execution of this Purchase Agreement.

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

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

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

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

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

15. Electronic Signature: Each of the parties hereto agrees that the transaction consisting of this Purchase Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party’s intent, that if such party signs this Purchase Agreement using an electronic signature, it is signing, adopting, and accepting this Purchase Agreement and that signing this Purchase Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Purchase Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Purchase Agreement in a usable format.

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

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By: _____
Its: Managing Director

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

CITY OF LOS ANGELES COMMUNITY
FACILITIES DISTRICT NO. 11
(PONTE VISTA)

By: _____
Authorized Officer

Time of Execution: _____ California time

APPROVED AS TO FORM:

MICHAEL N. FEUER, CITY ATTORNEY

By: _____
Deputy City Attorney

EXHIBIT A

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11
(PONTE VISTA)
SPECIAL TAX BONDS, SERIES 2021**

MATURITY SCHEDULE

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

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

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

REDEMPTION PROVISIONS

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

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and thereafter	100

Mandatory Redemption from Special Tax Prepayments. The Bonds are subject to mandatory redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of prepaid Special Taxes required to be applied thereto and any related proportional amounts in the Reserve Fund required to be applied thereto pursuant to the Indenture at the following respective Redemption Prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

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

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

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

(Maturity)

If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District filed with the Trustee; provided,

however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Bonds maturing on September 1, 20__ so optionally redeemed. If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on September 1, 20__ so mandatorily redeemed, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

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

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

(Maturity)

If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Bonds maturing on September 1, 20__ so optionally redeemed. If some but not all of the Bonds maturing on September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture, the principal amount of the Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Bonds maturing on September 1, 20__ so mandatorily redeemed, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

EXHIBIT B

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11
(PONTE VISTA)
SPECIAL TAX BONDS, SERIES 2021**

**LETTER OF REPRESENTATIONS OF
[SOCAL SAN PEDRO SPV 1, LLC]/[D.R. HORTON VEN, INC.]/[KB HOME GREATER
LOS ANGELES, INC.]/[MERITAGE HOMES OF CALIFORNIA, INC.]/[TAYLOR
MORRISON OF CALIFORNIA, LLC]**

[POS Date]

City of Los Angeles Community Facilities District
No. 11 (Ponte Vista)
200 North Main Street, 15th Floor,
Los Angeles, California 90012

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

Ladies and Gentlemen:

Reference is made to the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021 (the “**Bonds**”) and to the Bond Purchase Agreement to be entered into in connection therewith (the “**Bond Purchase Agreement**”). This Letter of Representations of [SoCal San Pedro SPV 1, LLC]/[D.R. Horton VEN, Inc.]/[KB HOME Greater Los Angeles, Inc.]/[Meritage Homes of California, Inc.]/[Taylor Morrison of California, LLC] (the “**Letter of Representations**”) is delivered pursuant to and in satisfaction of Section 3(F)(17) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Bond Purchase Agreement.

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of [SoCal San Pedro SPV 1, LLC, a Delaware limited liability company]/[D.R. Horton VEN, Inc., a California corporation]/[KB HOME Greater Los Angeles, Inc., a California corporation]/[Meritage Homes of California, Inc., a California corporation]/[Taylor Morrison of California, LLC, a California limited liability company] (the “**Developer**”), and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer is duly organized and validly existing under the laws of the State of [Delaware]/[California] and has all requisite right, power and authority (i) to execute and deliver this Letter of Representations, and (ii) to develop its property in the City of Los Angeles

Community Facilities District No. 11 (Ponte Vista) (the “**Community Facilities District**”) as described in the Preliminary Official Statement.

2. As set forth in the Preliminary Official Statement, title to a certain portion of the property within the Community Facilities District is held in the name of the Developer (the “**Property**”). The undersigned, on behalf of the Developer, makes the representations herein with respect to all the Property. [Merchant Builders only: Except as otherwise described in the Preliminary Official Statement the Developer’s current expectation is that the Developer shall remain the party responsible for the construction and sale of homes within the Property. Except as disclosed in the Preliminary Official Statement, the Developer has not entered into an agreement for development or management of the Property by any other entity, except such subcontracts, consultant agreements and similar agreements for land development activities associated with the Developer’s development plan as are entered into in the ordinary course of business.] [SoCal Only: The Developer’s current expectation is that the Developer will attempt to sell the Property to one or more merchant builders over time as described in the Preliminary Official Statement.]

3. Except as set forth in the Preliminary Official Statement, no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, regulatory agency, public board or body is pending against the Developer (with proper service of process to the Developer having been accomplished) or, to the Actual Knowledge of the Undersigned¹, is pending against any current Affiliate² (with proper service of process to such Affiliate having been accomplished) or to the Actual Knowledge of the Undersigned is threatened in writing against the Developer or any such Affiliate (a) to restrain or enjoin the collection of special taxes levied on the Property by the Community Facilities District (the “**Special Taxes**”) or other sums pledged or to be pledged to pay the principal of and interest on the Bonds (e.g., the reserve fund established under the Indenture (herein, the “**Reserve Fund**”)), (b) to restrain or enjoin the development of the

¹ “**Actual Knowledge of the Undersigned**” means the knowledge that the individual signing on behalf of the Developer currently has as of the date of this Letter of Representations or has obtained through (i) interviews with such current officers and responsible employees of the Developer and its Affiliates as the undersigned has determined are reasonably likely, in the ordinary course of their respective duties, to have knowledge of the matters set forth in this Letter of Representations, and/or (ii) review of documents that were reasonably available to the undersigned and which the undersigned has reasonably deemed necessary for the undersigned to obtain knowledge of the matters set forth in this Letter of Representations. The undersigned has not conducted any extraordinary inspection or inquiry other than such inspections or inquiries as are prudent and customary in connection with the ordinary course of the Developer’s current business and operations. Individuals who are no longer employees of the Developer and its Affiliates have not been contacted.

² “**Affiliate**” means, with respect to the Developer, any other Person (i) who directly, or indirectly through one or more intermediaries, is currently controlling, controlled by or under common control with the Developer, and (ii) for whom information, including financial information or operating data, concerning such Person is material to potential investors in their evaluation of the Community Facilities District and investment decision regarding the Bonds (i.e., information relevant to (a) the Developer’s development plans with respect to the Property and ability to pay its Special Taxes on the Property (to the extent the responsibility of the Developer) prior to delinquency, or (b) such Person’s assets or funds that would materially affect the Developer’s ability to develop the Property as described in the Preliminary Official Statement or to pay its Special Taxes on the Property (to the extent the responsibility of the Developer) prior to delinquency). “**Person**” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof. For purposes hereof, the term “**control**” (including the terms “**controlling**,” “**controlled by**” or “**under common control with**”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

Property as described in the Preliminary Official Statement, (c) to materially adversely affect the ability of the Developer to perform its obligations under the Continuing Disclosure Certificate (as defined herein), (d) in any way contesting or affecting the validity of the Special Taxes, or (e) which is reasonably likely to materially and adversely affect the Developer's ability to develop and sell the Property as described in the Preliminary Official Statement or to pay the Special Taxes due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

4. As of the date of the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the information contained therein solely with respect to the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) as set forth under the sections of the Preliminary Official Statement captioned [SoCal: ["INTRODUCTION – The District" (but only as to the first four paragraphs), "THE COMMUNITY FACILITIES DISTRICT – General Information Regarding the District" (but only as to the first six paragraphs, including the information presented in tabular form),] and "– The Facilities" (but only as to the first paragraph thereof), "PROPERTY OWNERSHIP AND THE DEVELOPMENT – Master Developer" and "CONTINUING DISCLOSURE – Developers – Master Developer"] [D.R. Horton: "PROPERTY OWNERSHIP AND THE DEVELOPMENT – D.R. Horton" and "CONTINUING DISCLOSURE – Developers – D.R. Horton"] [KB: "PROPERTY OWNERSHIP AND THE DEVELOPMENT – KB" and "CONTINUING DISCLOSURE – Developers – KB"] [Meritage: "PROPERTY OWNERSHIP AND THE DEVELOPMENT – Meritage" and "CONTINUING DISCLOSURE – Developers – Meritage"] [Taylor Morrison: "PROPERTY OWNERSHIP AND THE DEVELOPMENT – Taylor Morrison" and "CONTINUING DISCLOSURE – Developers – Taylor Morrison"] (but in all cases under all captions excluding therefrom (i) information regarding the Appraisal Report (as defined herein), market value ratios and annual special tax ratios, and (iii) information which is identified as having been provided by a source other than the Developer), is true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

5. Except as described in the Preliminary Official Statement, there are no material loans outstanding and unpaid and no material lines of credit of the Developer or its Affiliates, that are secured by an interest in the Property. Neither the Developer nor, to the Actual Knowledge of the Undersigned, any of its Affiliates is currently in material default on any loans, lines of credit or other obligation related to the development of the Property or any other project which default is reasonably likely to materially and adversely affect the Developer's ability to develop the Property as described in the Preliminary Official Statement or to pay the Special Taxes due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

6. To the Actual Knowledge of the Undersigned, other than as disclosed in the Preliminary Official Statement, the Developer is not aware that any of the Property has a current liability with respect to the presence of a substance presently classified as hazardous under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 or applicable California law or is adversely affected by the presence of endangered or threatened species or habitat for endangered or threatened species.

7. The Developer covenants that, while the Bonds or any refunding obligations related thereto are outstanding, the Developer and its Affiliates which it controls will not bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body, that in any way seeks to challenge or overturn the formation of the Community Facilities District, to challenge the adoption of the ordinance of the Community Facilities District levying Special Taxes within the Community Facilities District, to invalidate the Community Facilities District or any of the Bonds or any refunding bonds related thereto, or to invalidate the special tax liens imposed under Section 3115.5 of the Streets and Highways Code based on recordation of the notices of special tax lien relating thereto. The foregoing covenant shall not prevent the Developer in any way from bringing any other action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body including, without limitation, (a) an action or suit contending that the Special Tax has not been levied in accordance with the methodologies contained in the Rate and Method of Apportionment of Special Taxes pursuant to which Special Taxes are levied, (b) an action or suit with respect to the application or use of the Special Taxes levied and collected, or (c) an action or suit to enforce the obligations of the City and/or the Community Facilities District under the Community Facilities District Resolutions, the Ordinance, the Indenture, or any other agreements among the Developer, an Affiliate, the City and/or the Community Facilities District or to which the Developer or an Affiliate is a party or beneficiary.

8. The Developer consents to the issuance of the Bonds. The Developer acknowledges and agrees that the proceeds of the Bonds will be used as described in the Preliminary Official Statement.

9. The Developer intends to comply with the provision of the Mello-Roos Community Facilities Act of 1982, as amended relating to the Notice of Special Tax described in Government Code Section 53341.5 in connection with the sale of the Property, or portions thereof.

10. To the Actual Knowledge of the Undersigned, the Developer is able to pay its bills as they become due and no legal proceedings are pending against the Developer (with proper service of process having been accomplished) or, to the Actual Knowledge of the Undersigned, threatened in writing in which the Developer may be adjudicated as bankrupt or discharged from any and all of its debts or obligations, or granted an extension of time to pay its debts or obligations, or be allowed to reorganize or readjust its debts, or be subject to control or supervision of the Federal Deposit Insurance Corporation.

11. The Developer agrees to execute at Closing the Continuing Disclosure Certificate (substantially in the form attached as Appendix G to the Preliminary Official Statement (the “**Continuing Disclosure Certificate**”), with such additional changes as may be agreed to by the Developer and the Underwriter. Except as disclosed in the Preliminary Official Statement, to the Actual Knowledge of the Undersigned, the Developer is not aware of any material failures by it or any entity under managerial control of the Developer to comply in all material respects with previous continuing disclosure undertakings in a written certificate or agreement executed by it or an entity under the managerial control of the Developer to provide periodic continuing disclosure reports or notices of material events respecting securities offerings in Southern California within the past five years.

12. To the Actual Knowledge of the Undersigned, execution and delivery of the Continuing Disclosure Certificate, and the performance by the Developer of its obligations under

the Continuing Disclosure Certificate, will not conflict with or constitute a breach of or default under any loans, lines of credit, agreements, or other contractual or financial obligations of the Developer, or any applicable law, regulation, judgment or decree.

13. To the Actual Knowledge of the Undersigned, Affiliates of the Developer are able to pay their bills as they become due and no legal proceedings are pending against any Affiliate of the Developer (with proper service of process having been accomplished) or to the Actual Knowledge of the Undersigned, threatened in writing in which the Affiliates of the Developer may be adjudicated as bankrupt or discharged from any or all of their debts or obligations, or granted an extension of time to pay their debt or obligations, or be allowed to reorganize or readjust their debts or obligations, or be subject to control or supervision of the Federal Deposit Insurance Corporation which could have a materially adverse impact on the ability of the Developer to develop the Property as described in the Preliminary Official Statement, to perform its obligations under the Continuing Disclosure Certificate, or to pay the Special Taxes or *ad valorem* tax obligations with respect to the portion of the Property then owned by the Developer (to the extent the responsibility of the Developer) prior to delinquency.

14. The Developer has been developing or has been involved in the development of property over an extended period of time. It is likely that the Developer has been delinquent at one time or another in the payment of *ad valorem* property taxes, special assessments, or special taxes. However, to the Actual Knowledge of the Undersigned, during the last five years, neither the Developer nor any current Affiliate has, during the period of its ownership, been delinquent to any material extent in the payment of any *ad valorem* property tax, special assessment or special tax on property included within the boundaries of a community facilities district or an assessment district in Southern California that (a) caused a draw on a reserve fund relating to such assessment district or community facilities district financing or (b) resulted in a foreclosure action being commenced against the delinquent Developer or such Affiliate in a court of law.

15. The Developer has not filed for the reassessment of the assessed value of any portions of the Property, other than in connection with the sale of homes to individual homebuyers.

16. To the Actual Knowledge of the Undersigned, there are no claims, disputes, suits, actions or contingent liabilities by and among the Developer, its Affiliates or any contractors working on the development of the Property which is reasonably likely to materially and adversely affect the Developer's (i) development of the Property as described in the Preliminary Official Statement, (ii) performance of its obligations under the Continuing Disclosure Certificate, or (iii) payment of the Special Taxes due with respect to the Property (to the extent the responsibility of the Developer) prior to delinquency.

17. Based upon the current development plans, including, without limitation, the current budget and subject to economic conditions and risks generally inherent in the development of real property, including, but not limited to, the risks described in the Preliminary Official Statement under the section entitled "SPECIAL RISK FACTORS," the Developer presently anticipates that it will have sufficient funds to develop the Property as described in the Preliminary Official Statement and to pay Special Taxes levied against the Property (to the extent the responsibility of the Developer) prior to delinquency and does not anticipate that the City or the Community Facilities District will be required to resort to a draw on the Reserve Fund for payment of principal of or interest on the Bonds due to the Developer's nonpayment of Special Taxes. However, neither the Developer nor any of its Affiliates are obligated to make any

additional capital contribution or loan to the Developer at any time, and the Developer reserves the right to change its development plans and financing plans for the Property at any time without notice.

18. [FOR ALL EXCEPT TAYLOR MORRISON] An appraisal of the taxable properties within the Community Facilities District, dated August 13, 2021 (the “**Appraisal Report**”), was prepared by Integra Realty Resources (the “**Appraiser**”). The Appraisal Report estimates the market value of the taxable properties within the Community Facilities District as of July 12, 2021 (the “**Date of Value**”). To the Actual Knowledge of the Undersigned, all information submitted by, or on behalf of and authorized by, the Developer to the Appraiser and contained in the sections of the Appraisal Report highlighted in yellow or circled in Exhibit A attached hereto, was true and correct in all material respects as of the Date of Value.

19. Solely as to the limited information described in the sections of the Preliminary Official Statement indicated in Paragraph 4 herein (and subject to the limitations and exclusions set forth in Paragraph 4), the Developer agrees to indemnify and hold harmless, to the extent permitted by law, the City, the Community Facilities District, and their officials and employees, and each Person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or of Section 20 of the Securities Exchange Act of 1934, as amended (each, an “**Indemnified Party**” and, collectively, the “**Indemnified Parties**”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject under any statute or at law or in equity and shall reimburse any such Indemnified Party for any reasonable legal or other expense incurred by it in connection with investigating any such claim against it and defending any such action, insofar as and solely to the extent such losses, claims, damages, liabilities or actions, or legal or other expenses, arise out of or are based upon any untrue statement or alleged untrue statement of a material fact or the omission or alleged omission of a material fact by the Developer in the above-referenced information in the Preliminary Official Statement, as of its date, necessary to make the statements made by the Developer contained therein, in light of the circumstances under which they were made not misleading. This indemnity provision shall not be construed as a limitation on any other liability which the Developer may otherwise have to any Indemnified Party, *provided* that in no event shall the Developer be obligated for double indemnification, or for the negligence or willful misconduct of an Indemnified Party.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Indemnified Party in respect of which indemnification may be sought pursuant to the above paragraph, such Indemnified Party shall promptly notify the Developer in writing; provided that the failure to notify the Developer shall not relieve it from any liability that it may have hereunder except to the extent that it has been materially prejudiced by such failure; and provided, further, that the failure to notify the Developer shall not relieve it from any liability that it may have to an Indemnified Party otherwise than under the above paragraph unless such liability was also conditioned upon such notice. If any such proceeding shall be brought or asserted against an Indemnified Party and it shall have notified the Developer thereof, the Developer shall retain counsel reasonably satisfactory to the Indemnified Party and approved thereby to represent the Indemnified Party in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Developer and the Indemnified Party shall have mutually agreed to the

contrary; (ii) the Developer has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Party; (iii) the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Developer such that a material conflict of interest exists for such counsel; or (iv) the named parties in any such proceeding (including any impleaded parties) include the Developer and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interest between them. It is understood and agreed that the Developer shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses, to the extent reasonable, shall be paid or reimbursed as they are incurred. Any such separate firm shall be designated in writing by such Indemnified Parties. The Developer shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Developer agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or judgment as set forth above. If the Developer shall, after receiving notice of the indemnification obligation of the Developer and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to retain counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of and at the risk of, the Developer. The Developer shall not, without the written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement (x) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such Indemnified Party, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

20. If between the date hereof and the Closing Date any event relating to or affecting the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer's development plan, the Developer's financing plan, the Developer's lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer's development plan or the Developer's financing plan, other loans of such Affiliates) shall occur of which the Developer has actual knowledge which would cause the information under the sections of the Preliminary Official Statement indicated in Paragraph 4 hereof, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the undersigned shall notify the City, the Community Facilities District and the Underwriter and if in the opinion of counsel to the City or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement, the Developer shall reasonably cooperate with the City and the Community Facilities District in the preparation of an amendment or supplement to the Preliminary Official Statement in form and substance satisfactory to counsel to the City, the Community Facilities District and to the Underwriter.

21. The Developer agrees to deliver a Closing Certificate dated the date of issuance of the Bonds at the time of issuance of the Bonds in substantially the form attached as Exhibit C to the Bond Purchase Agreement. If any event related to or affecting the Developer, its Affiliates, or the

ownership, development, or sale of the Property occurs, as a result of which it is necessary to modify the Closing Certificate, the Developer agrees to deliver a new Closing Certificate revised to reflect such event.

22. On behalf of the Developer, I have reviewed the contents of this Letter of Representations and have had the opportunity to meet with or contact counsel to the Developer for the purpose of discussing the meaning of the contents of this Letter of Representations. The Developer acknowledges and understands that a variety of state and federal securities laws, including, but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the Developer and that under some circumstances, certification as to the matters set forth in this Letter of Representations, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such securities laws.

The undersigned has executed this Letter of Representations solely in his or her capacity as an officer or authorized representative of the Developer and he or she will have no personal liability arising from or relating to this Letter of Representations.

[DEVELOPER]

By: _____

Name: _____

Title: _____

[EXECUTION PAGE OF LETTER OF REPRESENTATIONS OF [DEVELOPER]]

EXHIBIT A

To

**LETTER OF REPRESENTATIONS OF
[DEVELOPER]]**

DEVELOPER PROVIDED INFORMATION IN APPRAISAL REPORT

See attached.

EXHIBIT C

FORM OF CLOSING CERTIFICATE

**\$(PAR)
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11
(PONTE VISTA)
SPECIAL TAX BONDS, SERIES 2021**

**CLOSING CERTIFICATE OF
[SOCAL SAN PEDRO SPV 1, LLC]/[D.R. HORTON VEN, INC.]/[KB HOME GREATER
LOS ANGELES, INC.]/[MERITAGE HOMES OF CALIFORNIA, INC.]/[TAYLOR
MORRISON OF CALIFORNIA, LLC]**

[Closing Date]

City of Los Angeles Community Facilities District
No. 11 (Ponte Vista)
200 North Main Street, 15th Floor,
Los Angeles, California 90012

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

Ladies and Gentlemen:

Reference is made to the above-captioned bonds (the “**Bonds**”) and to the Bond Purchase Agreement, dated [Pricing Date] (the “**Bond Purchase Agreement**”), entered into in connection therewith. This Closing Certificate of [SoCal San Pedro SPV 1, LLC]/[D.R. Horton VEN, Inc.]/[KB HOME Greater Los Angeles, Inc.]/[Meritage Homes of California, Inc.]/[Taylor Morrison of California, LLC] (the “**Closing Certificate**”) is delivered pursuant to Section 3(F)(18) of the Bond Purchase Agreement. Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in the Letter of Representations of [SoCal San Pedro SPV 1, LLC]/[D.R. Horton VEN, Inc.]/[KB HOME Greater Los Angeles, Inc.]/[Meritage Homes of California, Inc.]/[Taylor Morrison of California, LLC] (the “**Letter of Representations**”), dated [POS Date], delivered by [SoCal San Pedro SPV 1, LLC]/[D.R. Horton VEN, Inc.]/[KB HOME Greater Los Angeles, Inc.]/[Meritage Homes of California, Inc.]/[Taylor Morrison of California, LLC] (the “**Developer**”).

The undersigned certifies that he or she is familiar with the facts herein certified and is authorized and qualified to certify the same as an authorized officer or representative of the Developer, and the undersigned, on behalf of the Developer, further certifies as follows:

1. The Developer has received the final Official Statement dated [Pricing Date] relating to the Bonds (the “**Official Statement**”). To the Actual Knowledge of the Undersigned, each statement, representation and warranty made in the Letter of Representations is true and correct in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except that all references therein to the Preliminary Official Statement shall be deemed to be references to the Official Statement and all references to the Continuing Disclosure Certificate herein shall be deemed to be references to the Continuing Disclosure Certificate as executed by the Developer in connection with the sale of the Bonds.

2. To the Actual Knowledge of the Undersigned, no event has occurred since the date of the Preliminary Official Statement affecting the statements and information described in Paragraph 4 of the Letter of Representations (and subject to the limitations and exclusions contained in Paragraph 4 of the Letter of Representations) relating to the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer’s development plan, the Developer’s financing plan, the Developer’s lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer’s development plan or the Developer’s financing plan, other loans of its Affiliates), which should be disclosed in the Official Statement for the purposes for which it is to be used in order to make such statements and information contained in the Official Statement not misleading in any material respect.

3. For the period through 25 days after the “**End of the Underwriting Period**” as defined in the Bond Purchase Agreement (provided the Developer may assume the End of the Underwriting Period is the Closing Date (as defined in the Bond Purchase Agreement), unless it receives written notice from the Underwriter that the End of the Underwriting Period is later than the Closing Date), if any event relating to or affecting the Developer, its Affiliates, the proposed development of the Property, ownership of the Property, the Developer’s development plan, the Developer’s financing plan, the Developer’s lenders, if any, and contractual arrangements of the Developer or any Affiliates (including, if material to the Developer’s development plan or the Developer’s financing plan, other loans of its Affiliates) shall occur as a result of which it is necessary, in the opinion of the Underwriter or counsel to the City or the Community Facilities District, to amend or supplement the Official Statement in order to make the information under the sections of the Official Statement indicated in Paragraph 4 of the Letter of Representations not misleading in the light of the circumstances existing at the time it was delivered to a purchaser, the Developer shall reasonably cooperate with the City, the Community Facilities District and the Underwriter in the preparation and publication of a supplement or amendment to the information under the sections of the Official Statement indicated in Paragraph 4 of the Letter of Representations, in form and substance satisfactory to the Underwriter and counsel to the City and the Community Facilities District which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

4. The Developer has duly authorized the execution and delivery of the Continuing Disclosure Certificate and is duly authorized to perform the obligation on its part to be performed thereunder, and the Continuing Disclosure Certificate constitutes the legal, valid and binding obligations of the Developer, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance and other similar laws affecting the rights of creditors and certain equitable, legal or statutory principles

affecting enforcement of contractual rights generally, regardless of whether such enforcement is considered in a proceeding of law or equity.

5. The undersigned has executed this Closing Certificate solely in his or her capacity as an officer or authorized representative of the Developer and he or she will have no personal liability arising from or relating to this Closing Certificate. Any liability arising from or relating to this Closing Certificate may only be asserted against the Developer.

[Developer]

By: _____

Name: _____

Title: _____

EXHIBIT D

FORM OF OPINION OF THE CITY ATTORNEY

[CITY ATTORNEY LETTERHEAD]

[Closing Date]

City of Los Angeles
Community Facilities District No. 11
(Ponte Vista)
Los Angeles, California

Stifel, Nicolaus & Company, Incorporated
San Francisco, California

CITY ATTORNEY OPINION

Re: \$[PAR] City of Los Angeles Community Facilities District No. 11
 (Ponte Vista) Special Tax Bonds, Series 2021

Ladies and Gentlemen:

This Office has served as counsel to the City of Los Angeles (the “City”), and in such capacity has served as counsel to the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) (the “Community Facilities District”) in connection with the issuance of the above-referenced bonds (the “Bonds”). In that capacity, we have been asked to render this opinion pursuant to Section 3(F)(9) of that certain Bond Purchase Agreement, dated [Pricing Date] (the “Bond Purchase Agreement”), by and between Stifel, Nicolaus & Company, Incorporated, as underwriter, and the Community Facilities District, relating to the Bonds. All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Bond Purchase Agreement.

In the course of the proceedings relating to the issuance of the Bonds and in connection with the delivery of the opinions stated in this letter, we have examined originals or copies of the following: (i) the resolution authorizing, amongst other acts, the issuance of Bonds and the execution of the Indenture (the “Resolution of Issuance”), adopted by City Council of the City of Los Angeles (the “City Council”) on September __, 2021, (ii) the resolution entitled “Resolution of the Council of the City of Los Angeles of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes,” adopted by the City Council on October 28, 2020 (the “Resolution of Intention”), (iii) the resolution entitled “Resolution of the Council of the City of Los Angeles to Incur Bonded Indebtedness of the Proposed City of Los Angeles Community Facilities District No. 11 (Ponte Vista),” adopted by the City Council on October 28, 2020 (the “Resolution to Incur Indebtedness”), (iv) Ordinance No. 186856, an ordinance of formation of City of Los Angeles Community Facilities District No. 11 (Ponte Vista), authorizing the levy of a special tax Within the Community Facilities District, and establishing an appropriations limit for the Community Facilities District, adopted by the City Council on December 1, 2020 (the “Ordinance Formation”), (v) Ordinance No. 186857, an ordinance deeming it necessary to incur bonded indebtedness within City

of Los Angeles Community Facilities District No. 11 (Ponte Vista), adopted by the City Council on December 1, 2020 (the “Ordinance Deeming it Necessary to Incur Indebtedness”), (vi) Ordinance No. 186855, an ordinance calling special election for the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) (the “Ordinance Calling Election”), adopted by the City Council on December 1, 2020, (vii) a resolution entitled “Resolution of the Council of the City of Los Angeles Declaring Results of Special Election and Directing Recording of Notice of Special Tax Lien (the “Resolution Declaring Results”), adopted by the City Council on February 9, 2021, (viii) Ordinance No. 186921, an ordinance levying special taxes within City of Los Angeles Community Facilities District No. 11 (Ponte Vista) (the “Ordinance Levying Special Tax” and, together with the Resolution of Intention, the Resolution to Incur Indebtedness, the Ordinance of Formation, the Ordinance Deeming it Necessary to Incur Indebtedness, the Ordinance Calling Election and the Resolution Declaring Results, the “Formation Resolutions and Ordinances”), adopted by City Council on February 9, 2021, (ix) the Community Facilities District Documents, (x) the Official Statement, relating to the Bonds, and (xi) such other records, documents, certificates, opinions and other matters, in our judgment, relevant, necessary or appropriate to enable us to render the opinions expressed herein. As to relevant factual matters, we have relied upon, without undertaking to verify independently, among other things, the City’s and Community Facilities District’s factual representations contained in the records, documents, instruments, certificates and other matters described above.

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

Based on such examination, on the basis of our reliance upon the assumptions in this letter and our consideration of those questions of existing law we considered relevant, and subject to the limitations and qualifications in this letter, as of the date hereof, we are of the following opinions:

(1) The City is a duly organized charter city and municipal corporation of the State of California duly organized and existing under the Constitution of the State of California and the Charter of the City.

(2) The Community Facilities District is duly organized and validly existing as a community facilities district under the laws of the State of California (including the Community Facilities District Act).

(3) The Resolution of Issuance and the Formation Resolutions and Ordinances have been duly adopted by the City Council at meetings which were called and held pursuant to applicable law and with all required notice having been given and at which a quorum was present, and the Resolution of Issuance and the Formation Resolutions and Ordinances have not been modified amended or rescinded and are in full force and effect on and as of the date hereof.

(4) The Community Facilities District Documents and the Official Statement have been duly authorized, executed and delivered by the Community Facilities District.

(5) To the best of our knowledge, except as may otherwise be set forth in the Official Statement, there is no action, suit, proceeding or investigation before or by any court, public board or body pending (notice of which has been served on the City or the Community Facilities District) or threatened wherein an unfavorable decision, ruling or finding would: (a) affect the creation, organization, existence or powers of the City or the Community Facilities District, or the titles of their executive officers to their respective offices; or (b) affect the validity of the Community Facilities District Documents, or restrain or enjoin the repayment of the Bonds or contest the authority of the Community Facilities District to enter into or perform its obligations under any of the Community Facilities District Documents, or have a material adverse effect upon the financial condition or the revenues of the Community Facilities District, or question the right of the Community Facilities District to use Special Taxes levied within the Community Facilities District for the repayment of the Bonds, or affect in any manner the right or ability of the Community Facilities District to collect or pledge the Special Taxes levied within the Community Facilities District for the repayment of the Bonds.

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

(7) No authorization, approval, consent or other order of the State of California or any other governmental authority or agency within the State of California, other than those that have already been obtained, is required for the valid authorization, execution and delivery of the Community Facilities District Documents.

Our opinion is further qualified by the following:

(a) The law covered by the opinions expressed herein is limited to the present law of the State of California. We express no opinion as to the laws of any other jurisdiction.

(b) We express no opinion about the ability of the Community Facilities District to pay debt service or amounts due under the Indenture, and accordingly, our office offers no opinion whatsoever regarding such financial feasibility of the Community Facilities District or its ability to repay the Bonds.

(c) We express no opinion with respect to any indemnification, contribution, penalty, lien priority, choice of law, choice of forum, choice of venue, severability or waiver provisions contained in the Community Facilities District Documents.

(d) The matters set forth in paragraph (5) is a factual confirmation and not a legal opinion.

(e) For purposes of the matters set forth in paragraph (6), we have assumed that the City and Community Facilities District, as applicable, will not in the future take any discretionary action (including a decision not to act) permitted by the Community Facilities District Documents that would conflict with or constitute a breach of or default under any

loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument of which the Community Facilities District is a party or is otherwise subject or bound.

The opinions set forth herein may be affected by actions taken or omitted by the City, the Community Facilities District or other parties, or by events, facts or circumstances occurring after the date hereof. This letter speaks only as of the date hereof and we do not undertake, and expressly disclaim, any obligation to amend or supplement this opinion as events, facts and circumstances come to our attention, or changes in law occur, after the date hereof which could affect such opinion. This opinion is given in an official capacity only and not personally and no personal liability shall derive herefrom. The opinions provided herein are an expression of professional judgment and are not a guarantee of a result. The opinions are expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters.

Other than the City and the Community Facilities District, no attorney-client relationship has existed or exists between our Office and the other addressee of this letter in connection with the Bonds or by virtue of this letter. This letter is delivered for the sole benefit of Stifel, Nicolaus & Company, Incorporated and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person; provided, however, a copy may be included in the transcript of the proceedings for the Bonds. This letter is not intended to, and may not, be relied upon by owners of the Bonds. No other person may rely on this letter without our prior written consent.

Very truly yours,

EXHIBIT E

**\$(PAR)
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11
(PONTE VISTA)
SPECIAL TAX BONDS, SERIES 2021**

FORM OF ISSUE PRICE CERTIFICATE

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

1. ***Bond Purchase Agreement.*** On _____, 2021 (the “Sale Date”), Stifel and the Issuer executed a Bond Purchase Agreement (the “Purchase Agreement”) in connection with the sale of the Bonds. Stifel has not modified the Purchase Agreement since its execution on the Sale Date.
2. ***Price.***
 - (a) As of the date of this Certificate, for each [Maturity] [[of the General Rule Maturities] of the Bonds, the first price at which at least 10% of each such Maturity of the Bonds was sold to the Public (the “10% Test”) was the respective price for such Maturity listed in **Schedule A** attached hereto.
 - (b) [Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in **Schedule A** (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as **Schedule B**.
 - (c) As set forth in the Bond Purchase Agreement, Stifel has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]
 - (d) [**** With respect to each of the General Rule Maturities of the Bonds:**
 - (1) As of the date of this Certificate, Stifel has not sold at least 10% of the Bonds of these Maturities at any single price.

- (2) As of the date of this Certificate, Stifel reasonably expects that the first sale to the Public of Bonds of these Maturities will be at or below the respective price or prices listed on the attached **Schedule A** as the “Reasonably Expected Sale Prices for Undersold Maturities.”
- (3) Stifel will provide actual sales information (substantially similar to the information contained on **Schedule B**) as to the price at which the first 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) is sold to the Public.
- (4) On the date the 10% Test is satisfied with respect to all Maturities of the Bonds, Stifel will execute a supplemental certificate substantially in the form attached hereto as **Schedule C** with respect to any remaining Maturities for which the 10% Test has not been satisfied as of the Closing Date.**]

2. ***Defined Terms.***

- (a) “*General Rule Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”
- (b) “*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
- (c) “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Stifel has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (d) “*Issuer*” means the City of Los Angeles Community Facilities District No. 11 (Ponte Vista).
- (e) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (f) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (g) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. **Reserve Fund.** The funding of the Reserve Fund under the Indenture, and as provided in the Tax Certificate, is reasonably required, was a vital factor in marketing the Bonds, facilitated the marketing of the Bonds at an interest rate comparable to that of bonds and other tax-exempt obligations of a similar type, and is not in excess of the amount necessary for such purpose.
4. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated [Closing Date] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
Managing Director

By: _____
Director

Dated: [Closing Date]

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

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

Actual Sales Information as of Closing Date

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
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[**Reasonably Expected Sales Prices for Undersold Maturities as of Closing Date

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

[**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

Actual Sales for Undersold Maturities as of the Closing Date

<u>Maturity/CUSIP</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
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[**SCHEDULE C
TO
ISSUE PRICE CERTIFICATE

SUPPLEMENTAL ISSUE PRICE CERTIFICATE OF UNDERWRITER

**\$(PAR)
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11
(PONTE VISTA)
SPECIAL TAX BONDS, SERIES 2021**

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

1. *Issue Price.*

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

2. *Defined Terms.*

- (a) “*Issuer*” means the City of Los Angeles Community Facilities District No. 11 (Ponte Vista).
- (b) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (d) “*Underwriter*” means (1) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (2) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated [Closing Date] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
[Title]

By: _____
[Title]

Dated:

EXHIBIT A
TO
SUPPLEMENTAL ISSUE PRICE CERTIFICATE**]

EXHIBIT F

Standard Provisions for City Contracts

The Underwriter agrees to comply with the following requirements of the City of Los Angeles (the “City”):

Section 1. Independent Contractor. The Underwriter is an independent contractor and not an agent or employee of the City. The Underwriter shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees or agents to be an agent or employee of the City.

Section 2. Retention of Records, Audits and Reports. The Underwriter shall maintain all records, including records of financial transactions, pertaining to the performance of this Purchase Agreement, in their original form or as otherwise approved by the City. These records shall be retained for a period of no less than three years from the later of the following: (1) final payment made by the City or (2) the expiration or termination of this Purchase Agreement. The records will be subject to examination and audit by authorized City personnel or the City’s representatives at any time. The Underwriter shall provide any reports requested by the City regarding performance of this Purchase Agreement. Any subcontract entered into by the Underwriter for work to be performed under this Purchase Agreement must include an identical provision.

In lieu of retaining the records for the term as prescribed in this provision, the Underwriter may, upon the City’s written approval, submit the required information to the City in an electronic format, e.g. USB flash drive, at the expiration or termination of this Purchase Agreement.

Section 3. Taxpayer Identification Number (“TIN”) and Withholding Taxes. The Underwriter declares that it has an authorized TIN which will be provided to the City on Form W-9 or such equivalent form prior to payment under the Bond Purchase Agreement. Payments made under the Bond Purchase Agreement shall be subject to any federal or state taxes as may be required to be withheld pursuant to any applicable law or regulation, unless otherwise exempted by such applicable law, regulations, or other evidence of exemption.

Section 4. Indemnification. The Underwriter shall defend, indemnify and hold harmless the City and the City’s boards, officers, agents, employees, assigns and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including but not limited to attorneys’ fees and costs of litigation, to the extent such suits and causes of action, claims, losses, demands and expenses arise out of or are based upon information provided by the Underwriter to the City for use in the Official Statement under the heading “UNDERWRITING.”

Section 5. Insurance. During the term of this Purchase Agreement, the Underwriter shall provide and maintain at its own expense professional liability insurance in the amount of One Million Dollars (\$1,000,000) which covers the services performed pursuant to this Purchase Agreement, and that it will expend every reasonable effort to keep such insurance or its equivalent in effect at all times during performance of the Bond Purchase Agreement and for one (1) year after the termination of the Bond Purchase Agreement. The insurance must: (1) conform to the City’s requirements; (2) comply with the Insurance Contractual Requirements attached to the Request for Qualifications, and (3) otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management.

Section 6. Warranty and Responsibility of the Underwriter. The Underwriter warrants that the work performed under this Purchase Agreement shall be completed in a manner consistent with professional standards practiced among those firms within the Underwriter's profession, doing the same or similar work under the same or similar circumstances.

Section 7. Mandatory Provisions Pertaining to Non-Discrimination in Employment.

Unless otherwise exempt, this Purchase Agreement is subject to the applicable non-discrimination, equal employment practices, and affirmative action program provisions in the Los Angeles Administrative Code ("LACC") Section 10.8 et seq., as amended from time to time.

- A. The Underwriter shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this Purchase Agreement, the Underwriter shall not discriminate in any of its hiring or employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, gender, gender identity, age, disability, domestic partner status, marital status or medical condition.
- B. The provisions of Section 10.8.3 of the LAAC are incorporated and made a part of this Purchase Agreement by reference and will be known as the "Equal Employment Practices" provisions of this Purchase Agreement.
- C. The provisions of Section 10.8.4 of the LAAC are incorporated and made a part of this Purchase Agreement by reference and will be known as the "Affirmative Action Program" provisions of this Purchase Agreement.

Any subcontract entered into by the Underwriter for work to be performed under this Purchase Agreement must include an identical provision.

Section 8. Child Support Assignment Orders. The Underwriter shall comply with the Child Support Assignment Orders Ordinance, Section 10.10 of the LAAC, as amended from time to time. Pursuant to Section 10.10(b) of the LAAC, the Underwriter (and any subcontractor providing services to the City under this Purchase Agreement) shall (1) fully comply with all State and Federal employment reporting requirements for the Underwriter's or the subcontractor's employees; (2) certify that the principal owner(s) of the Underwriter and applicable subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of this Purchase Agreement.

Failure of the Underwriter or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment or Notices of Assignment, or the failure of any principal owner(s) of the Underwriter or applicable subcontractor to comply with any Wage and Earnings Assignment or Notices of Assignment applicable to them personally, shall constitute a default by the Underwriter under this Purchase Agreement. Failure of the Underwriter or applicable subcontractor or principal owner to cure the default within 90 days of the notice of default will subject this Purchase Agreement to termination

for breach. Any subcontract entered into by the Underwriter for work to be performed under this Purchase Agreement must include an identical provision.

Section 9. Access and Accommodations.

The Underwriter represents and certifies that:

- A. The Underwriter shall comply with the Americans with Disabilities Act, as amended, 42 U.S.C. Section 12101 et seq., the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 et seq., the Fair Housing Act, and its implementing regulations and any subsequent amendments, and California Government Code Section 11135;
- B. The Underwriter shall not discriminate on the basis of disability or on the basis of a person's relationship to, or association with, a person who has a disability;
- C. The Underwriter shall provide reasonable accommodation upon request to ensure equal access to City-funded programs, services and activities;
- D. Construction will be performed in accordance with the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 40; and
- E. The buildings and facilities used to provide services under this Purchase Agreement are in compliance with the federal and state standards for accessibility as set forth in the 2010 ADA Standards, California Title 24, Chapter 11, or other applicable federal and state law.

The Underwriter understands that the City is relying upon these certifications and representations as a condition to funding this Purchase Agreement. Any subcontract entered into by the Underwriter for work to be performed under this Purchase Agreement must include an identical provision.

Section 10. Contractor Responsibility Ordinance. The Underwriter shall comply with the Contractor Responsibility Ordinance, LAAC Section 10.40 et seq., as amended from time to time.

Section 11. Restrictions on Campaign Contributions and Fundraising in City Elections. Unless otherwise exempt, if this Purchase Agreement is valued at \$100,000 or more and requires approval by an elected City office, the Underwriter, their principals, and any subcontractors expected to receive at least \$100,000 for performance under this Purchase Agreement, and the principals of those subcontractors (the "Restricted Persons") shall comply with Charter Section 470(c)(12) and Los Angeles Municipal Code ("LAMC") Section 49.7.35. Failure to comply entitles the City to terminate this Purchase Agreement and to pursue all available legal remedies. Charter Section 470(c)(12) and LAMC Section 49.7.35 limit the ability of the Restricted Persons to make campaign contributions to and engage in fundraising for certain elected City officials or candidates for elected City office for twelve months after this Purchase Agreement is signed. Additionally, if the Underwriter is subject to Charter Section 470(c)(12), the Underwriter is required to comply with disclosure requirements by submitting a completed and signed Ethics Commission Form 55 and to amend the information in that form as specified by law. If the Underwriter is subject to Charter Section 470(c)(12), the Underwriter shall include the following notice in any contract with any subcontractor to receive at least \$100,000 for performance under this Purchase Agreement:

“Notice Regarding Restrictions on Campaign Contributions and Fundraising in City Elections.

You are a subcontractor in connection with the Bond Purchase Agreement, dated as of [Pricing Date] (the “Bond Purchase Agreement”), by and between the City of Los Angeles Community Facilities District No. 11 (Ponte Vista), and Stifel, Nicolaus & Company, Incorporated, as Underwriter. Pursuant to the City of Los Angeles Charter Section 470(c)(12) and related ordinances, you and your principals are prohibited from making campaign contributions to and fundraising for certain elected City of Los Angeles officials and candidates for elected City office for twelve months after the Bond Purchase Agreement is signed. You are required to provide the names and contact information of your principals to the underwriting firm and to amend that information within ten business days if it changes during the twelve month time period. Failure to comply may result in termination of the Bond Purchase Agreement and any other available legal remedies. Information about the restrictions may be found online at ethics.lacity.org or by calling the Los Angeles City Ethics Commission at (213) 978-1960.”

Section 12. Contractor’s Use of Criminal History for Consideration of Employment Applications. The Underwriter shall comply with the City’s “Contractor Use of Criminal History for Consideration of Employment Applications” Ordinance, LAAC Section 10.48 et seq., as amended from time to time. Any subcontract entered into by the Underwriter for work to be performed under this Purchase Agreement must include an identical provision.

ATTACHMENT D

CONTINUING DISCLOSURE CERTIFICATE

CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA)

Dated as of [_____] 1, 2021

**Relating to
City of Los Angeles
Community Facilities District No. 11 (Ponte Vista)
Special Tax Bonds, Series 2021**

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”), dated as of [] 1, 2021, is executed and delivered by the City of Los Angeles Community Facilities District No. 11 (Ponte Vista), a community facilities district organized and existing under the laws of the State of California (the “Community Facilities District”).

WHEREAS, pursuant to the Indenture, dated as of [] 1, 2021 (the “Indenture”), by and between the Community Facilities District and U.S. Bank National Association, as trustee (the “Trustee”), the Community Facilities District has issued \$[] aggregate principal amount of its City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021 (the “Series 2021 Bonds”) (capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture);

WHEREAS, this Disclosure Certificate is being executed and delivered by the Community Facilities District for the benefit of the Owners and Beneficial Owners of the Series 2021 Bonds and in order to assist the underwriters of the Series 2021 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, the Community Facilities District covenants as follows:

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

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

“Annual Report Date” means the date in each year that is the first day of the month following the [eighth month] after the end of the Community Facilities District’s Fiscal Year, which date, as of the date of this Disclosure Certificate, is [March 1].

“Community Facilities District” means the City of Los Angeles Community Facilities District No. 11 (Ponte Vista), a community facilities district organized and existing under the laws of the State, and its successors.

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

“Financial Obligation” means (a) a debt obligation of the Community Facilities District, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the Community Facilities District, or (c) a guarantee of (i) a debt obligation of the Community Facilities District, or (ii) a derivative instrument described in clause (b), above; provided, however, that the term “Financial Obligation” shall not include “municipal securities” (as such term is defined in the Securities Exchange Act of

1934, as amended) as to which a “final official statement” (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

“**Indenture**” means the Indenture, dated as of _____ 1, 2021, by and between the Community Facilities District and U.S. Bank National Association, as originally executed and as it may be modified or amended from time to time by any Supplemental Indenture.

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

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

“**Official Statement**” means the Official Statement, dated _____, 2021 (including all exhibits or appendices thereto), relating to the offering and sale of the Series 2021 Bonds.

“**Participating Underwriters**” means any of the original underwriters of the Series 2021 Bonds required to comply with the Rule in connection with offering of the Series 2021 Bonds.

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

“**Series 2021 Bonds**” means the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021.

Section 2. Provision of Annual Reports. (a) The Community Facilities District shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2020-21 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Community Facilities District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Community Facilities District’s Fiscal Year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) During any period in which the Community Facilities District is the Dissemination Agent, the Community Facilities District shall file each Annual Report with the MSRB not later than the Annual Report Date for such Annual Report.

(c) During any period in which the Community Facilities District is not the Dissemination Agent (i) the Community Facilities District shall, not later than 15 Business Days prior to each Annual Report Date (a), provide to the Dissemination Agent the Annual Report to be filed not later than such Annual Report Date, (ii) the Dissemination Agent shall (A) not later than such Annual Report Date, file such Annual Report received by it with the MSRB, as provided herein, and (B) file a report with the Community Facilities District certifying that such Annual

Report has been filed with the MSRB pursuant to this Disclosure Certificate and stating the date such Annual Report was so filed.

(d) If the Community Facilities District is unable to file, or cause the Dissemination Agent to file, an Annual Report with the MSRB by the Annual Report Date for such Annual Report, the Community Facilities District shall, in a timely manner, file or cause to be filed with the MSRB, a notice in substantially the form attached as Exhibit A.

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

(a) The Community Facilities District's audited financial statements for the preceding fiscal year, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Community Facilities District's audited financial statements, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements, in a format similar to that used for the Community Facilities District's audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) The following information:

(i) The principal amount of the Series 2021 Bonds Outstanding as of the [December 31] next preceding the Annual Report Date;

(ii) The principal amount of Additional Bonds Outstanding as of the [December 31] next preceding the Annual Report Date;

(iii) The balance in the Reserve Fund, and a statement of the Reserve Requirement, as of the [December 31] next preceding the Annual Report Date;

(iv) The total assessed value of all parcels within the Community Facilities District on which the Special Taxes are levied, as shown on the assessment roll of the Los Angeles County Assessor last equalized prior to the [December 31] next preceding the Annual Report Date, and a statement of assessed value-to-Bonded debt ratios therefor, either by individual parcel or by categories (e.g., "below 3:1," "3:1 to 4:1," etc.);

(v) The Special Tax delinquency rate for all parcels within the Community Facilities District, as shown on the assessment roll of the Los Angeles County Assessor last equalized prior to the [December 31] next preceding the Annual Report Date, the number of parcels within the Community Facilities District delinquent in payment of Special Taxes as of the [December 31] next preceding the Annual Report Date, the amount of each delinquency, the length of time delinquent and the date on which foreclosure was commenced, or similar information pertaining to delinquencies deemed appropriate by the Community Facilities District; provided, however, that parcels with aggregate delinquencies of

\$2,000 or less (excluding penalties and interest) may be grouped together and such information may be provided by category;

(vi) The status of foreclosure proceedings and a summary of the results of any foreclosure sales as of the [December 31] next preceding the Annual Report Date; and

(vii) The identity of any property owner representing more than 5% of the Special Tax levy delinquent in payment of Special Taxes as of the [December 31] next preceding the Annual Report Date;

(viii) A land ownership summary listing property owners responsible for more than 5% of the annual Special Tax, as shown on the assessment roll of the Los Angeles County Assessor last equalized prior to the [December 31] next preceding the Annual Report Date;

(ix) A description of any changes to the Rate and Method approved by, or submitted for approval to, the qualified electors of the Community Facilities District during the period from the date of filing the prior year's Annual Report to the date of filing such Annual Report; and

(x) Any change to Los Angeles County's participation and inclusion of the Special Taxes in the Teeter Plan during the most recently ended Fiscal Year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Community Facilities District or related public entities that have been made available to the public on the MSRB website. The Community Facilities District shall clearly identify each such other document so included by reference.

Section 4. Reporting of Listed Events. (a) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2021 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; and
- (x) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

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

(b) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2021 Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

- (i) unless described in paragraph (v) of subsection (a) of this Section, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2021 Bonds or other material events affecting the tax status of the Series 2021 Bonds;
- (ii) modifications to rights of Owners;
- (iii) optional, unscheduled or contingent bond calls;
- (iv) release, substitution or sale of property securing repayment of the Series 2021 Bonds;
- (v) non-payment related defaults;
- (vi) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) appointment of a successor or additional Trustee or the change of name of a Trustee; and

(viii) Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Series 2021 Bonds.

(c) Whenever the Community Facilities District obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section, the Community Facilities District shall determine if such event would be material under applicable Federal securities laws.

(d) Whenever the Community Facilities District obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities laws, the Community Facilities District shall file, or shall cause the Dissemination Agent to file, within ten business days of such occurrence, a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (b) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Indenture.

Section 5. 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 6. 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 2021 Bonds. If such termination occurs prior to the final maturity of the Series 2021 Bonds, the Community Facilities District shall give, or, if the Community Facilities District is not the Dissemination Agent, cause the Dissemination Agent to give, notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Community Facilities District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure 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. If at any time there is not any other designated Dissemination Agent, the Community Facilities District shall be the Dissemination Agent.

Section 8. 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 2(a), Section 3 or Section 4(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 an obligated person with respect to the Series 2021 Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series 2021 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 Owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Series 2021 Bonds.

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

Section 9. Additional Information. Nothing in this Disclosure 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 Certificate to update such information or include it in any future Annual Report or notice required to be filed pursuant to this Disclosure Certificate.

Section 10. Default. In the event of a failure of the Community Facilities District to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the Series 2021 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 either in the Superior Court of the State of California, in and for the County of Los Angeles, or in the U.S. District Court in or nearest to the County of Los Angeles. 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 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Community Facilities District covenants that, if a Dissemination Agent other than the Community Facilities District has been appointed pursuant to Section 7 hereof, the Community Facilities District will indemnify and save such 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 attorneys' fees) of defending against any claim of liability, but excluding liabilities due to such Dissemination Agent's negligence or willful misconduct. The obligations of the Community Facilities District under this Section shall survive resignation or removal of such Dissemination Agent and payment of the Series 2021 Bonds.

Section 12. Electronic Signature. The Community Facilities District acknowledges that the transaction consisting of this Disclosure Certificate may be conducted by electronic means. The Community Facilities District agrees, and acknowledges that it is its intent, that by signing 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 its handwritten signature on this Disclosure Certificate on paper. The Community Facilities District acknowledges that it is being provided with an electronic or paper copy of this Disclosure Certificate in a usable format.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Community Facilities District, the Dissemination Agent, the Participating Underwriters and the Owners and Beneficial Owners from time to time of the Series 2021 Bonds, and shall create no rights in any other person or entity.

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT
NO. 11 (PONTE VISTA)**

By: _____

**ACKNOWLEDGED AND AGREED TO
BY:**

**DIGITAL ASSURANCE
CERTIFICATION, L.L.C., as
Dissemination Agent**

By: _____

EXHIBIT A

FORM OF NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Los Angeles Community Facilities District No. 11 (Ponte Vista)

Name of Issue: City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021

Date of Issuance: [____], 2021

NOTICE IS HEREBY GIVEN that the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) (the “Community Facilities District”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 2 of the Continuing Disclosure Certificate, dated as of [____] 1, 2021, executed and delivered by the Community Facilities District. [The Community Facilities District anticipates that the Annual Report will be filed by _____.]

Dated: _____

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT
NO. 11 (PONTE VISTA)**

By: _____

ATTACHMENT E

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2021**NEW ISSUE – BOOK-ENTRY-ONLY****NO RATING**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the 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 2021 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 2021 Bonds is not a specific preference item for purposes of the federal 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 2021 Bonds. See “TAX MATTERS” herein.

\$22,455,000*

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA)
SPECIAL TAX BONDS, SERIES 2021**

Dated: Date of Delivery**Due: September 1, as shown on the inside cover page**

The City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021 (the “Series 2021 Bonds”) are being issued and delivered by the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) (the “District”) to (i) provide financing for certain public facilities and costs with respect thereto related to the development within the District, (ii) fund a reserve fund with respect to the Series 2021 Bonds, (iii) fund capitalized interest on the Series 2021 Bonds through March 1, 2023, and (iv) pay the costs of issuance with respect to the Series 2021 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein. The District has been formed by and is located in the City of Los Angeles, California (the “City”).

The Series 2021 Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California), and pursuant to an Indenture, dated as of October 1, 2021, by and between the District and U.S. Bank National Association, as Trustee. The Series 2021 Bonds are special obligations of the District and are payable solely from Net Special Tax Revenues (as defined herein), and the other assets pledged therefor under the Indenture, all as further described herein. Special Taxes (as defined herein) are to be levied according to the rate and method of apportionment approved by the City Council of the City and the qualified electors within the District. The City Council is the legislative body of the District.

The Series 2021 Bonds are issuable in fully registered form and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases of Series 2021 Bonds may be made in principal amounts of \$5,000 and integral multiples thereof. Purchasers of Series 2021 Bonds will not receive certificates representing their beneficial ownership of the Series 2021 Bonds but will receive credit balances on the books of their respective nominees. Interest on the Series 2021 Bonds will be payable on each March 1 and September 1, commencing March 1, 2022. Principal of and interest on the Series 2021 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are expected to remit such payments to the beneficial owners of the Series 2021 Bonds. See “THE SERIES 2021 BONDS — General Provisions” and Appendix H — “INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM” herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE OF CALIFORNIA (THE “STATE”), OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2021 BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE SERIES 2021 BONDS. THE SERIES 2021 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

The purchase of the Series 2021 Bonds involves certain risks. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2021 Bonds.

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

The Series 2021 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Orrick Herrington & Sutcliffe, LLP, Los Angeles, California, as Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the District by the City Attorney, and by Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, and for the Master Developer by its counsel, Holland & Knight LLP, Los Angeles, California, and for the Merchant Builders by their respective counsel. It is anticipated that the Series 2021 Bonds will be available for delivery to DTC or its agent in book-entry form on or about October ___, 2021.

[STIFEL LOGO]

Dated: _____, 2021

**Preliminary, subject to change.*

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA)
SPECIAL TAX BONDS, SERIES 2021
MATURITY SCHEDULE**

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

\$ _____	_____ %	Term Bonds Due September 1, 20____	Yield: _____ %	Price: _____	CUSIP No. _____ [†]
\$ _____	_____ %	Term Bonds Due September 1, 2046	Yield: _____ %	Price: _____	CUSIP No. _____ [†]

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

CITY OF LOS ANGELES

Mayor

[Eric Garcetti]

Council Members

Gilbert Cedillo (District 1)
Paul Krekorian (District 2)
Bob Blumenfield (District 3)
Nithya Raman (District 4)
Paul Koretz (District 5)

Nury Martinez (District 6)
Monica Rodriguez (District 7)
Marqueece Harris-Dawson (District 8)
Curren D. Price, Jr. (District 9)
Mark Ridley-Thomas (District 10)

Mike Bonin (District 11)
John Lee (District 12)
Mitch O'Farrell (District 13)
Kevin de Leon (District 14)
Joe Buscaino (District 15)

City Officials

Michael N. Feuer, *City Attorney*
Ron Galperin, *City Controller*
Matthew W. Szabo, *City Administrative Officer*
Diana Mangioglu, *City Treasurer*
Holly L. Wolcott, *City Clerk*

City Department Issuing Debt

Office of the City Administrative Officer,
Debt Management Group

BOND COUNSEL

Orrick Herrington & Sutcliffe LLP
Los Angeles, California

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

DISCLOSURE COUNSEL

Nixon Peabody LLP
Los Angeles, California

TRUSTEE

U.S. Bank National Association
Los Angeles, California

SPECIAL TAX CONSULTANT

DTA, Inc.
Newport Beach, California

APPRAISER

Integra Realty Resources - Sacramento
Rocklin, California

PRICE POINT CONSULTANT

Robert Charles Lesser & Co., LLC
Los Angeles, California

Except where otherwise indicated, all information contained in this Official Statement has been provided by the City and the District. No dealer, broker, salesperson or other person has been authorized by the City, the District, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Series 2021 Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the District, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2021 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Series 2021 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

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.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described herein since the date hereof. All summaries of the Indenture or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as a “plan,” “expect,” “estimate,” “project,” “budget” or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions “THE COMMUNITY FACILITIES DISTRICT” and “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as set forth in the District’s Continuing Disclosure Certificate, a form of which is attached hereto as Appendix F, neither the District nor the City plans to issue any updates or revisions to the forward-looking statements set forth in this Official Statement. The Developers (defined herein) of the property in the District have also separately agreed to provide certain continuing disclosure information concerning themselves and their respective development within the District in the form attached hereto as Appendix G. See “CONTINUING DISCLOSURE.”

A wide variety of other information, including financial information, concerning the City, is available from publications and websites of the City and others. No such information is a part of or incorporated into this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

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[INSERT AREA MAP]

[INSERT AERIAL PHOTO]

\$22,455,000*
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA)
SPECIAL TAX BONDS, SERIES 2021

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2021 Bonds to potential investors is made only by means of the entire Official Statement.

The purpose of this Official Statement, which includes the cover page, the table of contents and the attached appendices, is to provide certain information concerning the issuance of the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) Special Tax Bonds, Series 2021 (the “Series 2021 Bonds”) by the City of Los Angeles Community Facilities District No. 11 (Ponte Vista) (the “District”). The proceeds of the Series 2021 Bonds will be used to finance certain public facilities related to the development within the District, to fund a debt service reserve fund for the Series 2021 Bonds (the “Reserve Fund”), fund capitalized interest on the Series 2021 Bonds through March 1, 2023, and to pay costs of issuance of the Series 2021 Bonds.

The Series 2021 Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq.* of the Government Code of the State of California) (the “Act”), and pursuant to the Indenture, dated as of October 1, 2021 (the “Indenture”), by and between the District and U.S. Bank National Association, as trustee (the “Trustee”). The Series 2021 Bonds are secured under the Indenture by a pledge of, constituting a lien on and security interest in, the Net Special Tax Revenues (as defined herein) and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund established pursuant to 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 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 2021 Bonds to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement and not defined shall have the meaning set forth in Appendix E — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Definitions” herein.

The District

The District consists of 50.2 acres of land that is being developed as a portion of a master-planned development known as “Ponte Vista.” The District is located in the northern end of San Pedro and is planned for 476 residential units when completed, with multiple product lines across five subareas. Ponte Vista is designed to include amenities such as community recreation center with a swimming pool, spa, clubhouse, group barbecues and an event lawn. Ponte Vista will also include a public park and a community park.

San Pedro is a neighborhood of the City of Los Angeles (the “City”) located in the southern part of the County of Los Angeles with the Pacific Ocean to the south and cities of Rolling Hills Estates and Rancho Palos Verdes to the west.

* Preliminary, subject to change.

The planned development within the District is divided into 5 subareas with subarea 4 divided into areas A and B. SoCal San Pedro SPV 1, LLC (the “Master Developer”) is under contract to sell subareas 1, 2, 3, 4B and 5 to the Merchant Builders, which Merchant Builders are taking ownership of their respective subareas in staggered phases pursuant to their respective purchaser agreements with the Master Developer.

D.R. Horton VEN, Inc., a California corporation (“D.R. Horton”), KB HOME Greater Los Angeles, Inc., a California corporation (“KB”), Meritage Homes of California, Inc., a California corporation (“Meritage”) and Taylor Morrison of California, LLC, a California limited liability company (“Taylor Morrison”) are referred to herein as the “Merchant Builders.” The Master Developer and the Merchant Builders are collectively referred to herein as the “Developers.” No assurance can be given that the Merchant Builders will close on the land currently in escrow as planned.

Ownership and the planned development of the subareas as of July 12, 2021 are as follows:

Subarea	Number of Lots/Planned Units	Number of Units Owned by Merchant Builder	Product Type	Merchant Builder	Expected Date of Final Take-Down of Property by Merchant Builder
1	66	55 ⁽¹⁾	Detached SFD (2 story)	D.R. Horton	12/2/2021
2	60	18	Detached SFD (2/3 story)	KB	9/3/2022
3	79	60	Detached SFD (3 story)	KB	3/6/2022
4A	54	N/A	Townhome (2 story)	TBD	TBD
4B	86	35	Townhome (3 story)	Meritage	6/4/2022
5	131	46	Semi-Detached Townhome (3 story)	Taylor Morrison	12/26/2022
Total	476	214			

⁽¹⁾ D.R. Horton had conveyed 2 units to individual homeowners as of July 12, 2021.
Source: Master Developer.

[The Master Developer is under contract with The New Home Company to sell the 54 lots in subarea 4A, which is scheduled to close in December 2021. No assurance can be given that The New Home Company will close on the land currently in escrow as planned.] Ponte Vista also includes subarea 6 where a 212-unit multifamily housing project is being developed concurrently with the development within the District. However, subarea 6 is not within the boundaries of the District.

As of the date of the appraisal described below, within the District, two single family residential units had been completed and conveyed to individual homeowners and 14 additional units (including five model units) had been completed and 11 were held by D.R. Horton and three by KB. Of the 11 homes held by D.R. Horton, nine homes are reportedly under contract. The homes under contract may not result in closed escrows as sales contracts are subject to cancellation by the homebuyer. In addition to the completed homes, permits and impact fees have been paid for 37 homes by D.R. Horton and 97 homes by KB. As of August 1, 2021, Meritage had not yet started construction on the property. Meritage anticipates obtaining the initial building permits and commencing construction on the four models and first phase of production units in September 2021. As of August 1, 2021, Taylor Morrison has not yet started construction on the property. Taylor Morrison anticipates beginning construction on the first 4 model units in September 2021, and then acquiring the remaining lots and constructing the units thereon through June 2024. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

Security and Sources of Payment for the Series 2021 Bonds

Under the Indenture, the District has pledged to repay the Series 2021 Bonds and any additional bonds issued under the Indenture (the “Additional Bonds,” and together with the Series 2021 Bonds, the “Bonds”) from Net Special Tax Revenues and any other amounts held in the Special Tax Fund, the Bond Fund and the Reserve Fund. Proceeds of any Additional Bonds may only be applied to refund the Series 2021 Bonds or Additional Bonds previously issued under the Indenture, providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and providing funds to make any required deposit to the Reserve Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS — No Additional Bonds Except for Refunding Bonds.” The Indenture defines “Net Special Tax Revenues” to mean Special Tax Revenues less amounts required to pay Administrative Expenses. The term “Special Tax Revenues” is defined in the Indenture to mean the proceeds of the Special Taxes received by or on behalf of the District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, which will be limited to the amount of said lien and interest and penalties thereon. “Administrative Expenses” is defined in the Indenture to mean costs directly related to the administration of the District, including the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules and the costs of collecting the Special Taxes, the costs of remitting the Special Taxes to the Trustee, the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture, the costs incurred by the District in complying with the disclosure provisions of any continuing disclosure undertaking and the Indenture, including those related to public inquiries regarding the Special Taxes and disclosures to Owners, the costs of the District related to an appeal of the Special Taxes, any amounts required to be rebated to the federal government in order for the District to comply with the tax covenants in the Indenture, an allocable share of the salaries of the City staff providing services on behalf of the District directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto, and the costs of foreclosure of delinquent Special Taxes.

Net Special Tax Revenues are the primary security for the repayment of the Bonds. In the event that Net Special Tax Revenues are not paid when due, the only sources of funds available to pay the debt service on the Bonds will be the amounts held by the Trustee for such purpose in the Special Tax Fund, the Bond Fund and the Reserve Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS” herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2021 BONDS. THE SERIES 2021 BONDS ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Description of the Series 2021 Bonds

The Series 2021 Bonds will be issued and delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Series 2021 Bonds (the “Beneficial Owners”) in the denominations of \$5,000 and any integral multiples thereof under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series 2021 Bonds. In the event that the book-entry only system described herein is no longer used with respect to the Series 2021 Bonds, the Series 2021 Bonds will be registered and transferred in accordance with the Indenture. See Appendix H — “INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM” herein.

Principal of, premium, if any, and interest on the Series 2021 Bonds is payable by the Trustee to DTC. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants. In the event that the book-entry only system is no longer used with respect to the Series 2021 Bonds, the Beneficial Owners will become the registered owners of the Series 2021 Bonds and will be paid principal and interest by the Trustee, all as described herein. See Appendix H — “INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM” herein.

The Series 2021 Bonds are subject to optional redemption, mandatory redemption from Special Tax prepayments and mandatory sinking fund redemption as described herein.* For a more complete description of the Series 2021 Bonds and the basic documentation pursuant to which they are being sold and delivered, see “THE SERIES 2021 BONDS” and Appendix E — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” herein.

Appraisal Report

The District has obtained an appraisal of the Taxable Property (as defined herein) included in the District with a date of value as of July 12, 2021 (the “Appraisal”). The Appraisal was prepared for the District by Integra Realty Resources - Sacramento, Rocklin, California (the “Appraiser”). Subject to the limitations set forth in the Appraisal, the Appraiser is of the opinion that, as of July 12, 2021, the market value of the Taxable Property within the District was not less than \$254,079,310.

See “THE COMMUNITY FACILITIES DISTRICT — Property Values” and “— Value-to-Lien Ratios.” A copy of the Appraisal is included as Appendix B to this Official Statement.

Price Point Study

Robert Charles Lesser & Co., LLC, Los Angeles, California (the “Price Point Consultant”) was retained to prepare a third-party pricing and absorption evaluation of the residential units planned within the District, dated July 23, 2021 (the “Price Point Study”). Pursuant to Section J of the rate and method of apportionment of the Special Taxes approved by the qualified electors of the District (the “Rate and Method”),

* Preliminary; subject to change.

prior to the issuance of Series 2021 Bonds, the Assigned Special Tax is required to be revised to the extent necessary to cause the Total Effective Tax Rate for any Plan Type in a Land Use Class to not exceed 2.00%. A copy of the Price Point Study is included as Appendix C to this Official Statement. Based on the conclusions of the Price Point Study, as well as the principal amount of the Series 2021 Bonds and all direct and overlapping debt, the Assigned Special Tax will not be revised. See “THE COMMUNITY FACILITIES DISTRICT — Direct and Overlapping Debt — Table 4 — Projected Fiscal Year 2021-22 Total Effective Tax Rates for Individually Owned Residential Property.” See also “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS — Rate and Method of Apportionment.”

Professionals Involved in the Offering

U.S. Bank National Association, Los Angeles, California, will act as Trustee under the Indenture. Stifel, Nicolaus & Company, Incorporated is the Underwriter of the Series 2021 Bonds. The validity of the Series 2021 Bonds and certain other legal matters are subject to the approving opinion of Orrick Herrington & Sutcliffe LLP, Bond Counsel to the District. Fieldman, Rolapp & Associates, Inc., Irvine, California, is acting as Municipal Advisor for the District in connection with the Series 2021 Bonds. Integra Realty Resources - Sacramento, Rocklin, California, is acting as the Appraiser to the District. DTA, Inc. (“DTA”) is acting as the Special Tax Consultant to the District. Robert Charles Lesser & Co., LLC is acting as the Price Point Consultant to the District. Certain legal matters will be passed on for the District by the City Attorney, and Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, and for the Master Developer by its counsel, Holland & Knight LLP, Los Angeles, California, and for the Merchant Builders by their respective counsel.

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and agents may have a financial or other interest in the offering of the Series 2021 Bonds, see “FINANCIAL INTERESTS” herein.

Continuing Disclosure

The District will agree to provide, or cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system available on the Internet at <http://emma.msrb.org> (“EMMA”) certain annual financial information and operating data. The District will further agree to provide notice of certain listed events. These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). See “CONTINUING DISCLOSURE” herein. See the form of District Continuing Disclosure Certificate attached as Appendix F hereto (the “District Continuing Disclosure Certificate”) for a description of the specific nature of the annual reports to be filed by the District and notices of listed events to be provided by the District. See the form of Developer Disclosure Certificate attached as Appendix G hereto for a description of the specific nature of the semi-annual reports to be filed by each of the Developers and notices of listed events to be provided by each of the Developers. See “CONTINUING DISCLOSURE.”

Bond Owners’ Risks

Certain events could affect the ability of the District to pay the principal of and interest on the Series 2021 Bonds when due. See the section of this Official Statement entitled “SPECIAL RISK FACTORS” for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2021 Bonds.

Other Information

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

Brief descriptions of the Series 2021 Bonds and the Indenture are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Series 2021 Bonds and the constitution and laws of the State as well as the proceedings of the City Council, acting as the legislative body of the District, are qualified in their entirety by references to such documents, laws and proceedings, and with respect to the Series 2021 Bonds, by reference to the Indenture.

Copies of the Indenture, the District Continuing Disclosure Certificate and other documents and information referred to herein are available for inspection and (upon request and payment to the City of a charge for copying, mailing and handling) for delivery from the City at 200 N. Main Street, Room 1500, Los Angeles, California 90012, Attention: Debt Management Group, or by email to cao.debt@lacity.org.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the expected sources and uses of Series 2021 Bond proceeds.

Sources:

Principal Amount of the Series 2021 Bonds	\$
Plus/Less Original Issue Premium/Discount	
Less Underwriter's Discount	
Total	<u>\$</u>

Uses:

Acquisition Account of the Improvement Fund ⁽¹⁾	\$
LAUSD Account of the Improvement Fund ⁽²⁾	
Reserve Fund ⁽³⁾	
Interest Account ⁽⁴⁾	
Costs of Issuance Fund ⁽⁵⁾	
Total	<u>\$</u>

⁽¹⁾ To finance the acquisition of the Acquisition Facilities described under the caption "THE COMMUNITY FACILITIES DISTRICT — The Facilities."

⁽²⁾ To finance costs of the LAUSD Facilities described under the caption "THE COMMUNITY FACILITIES DISTRICT — The Facilities."

⁽³⁾ Equal to the initial Reserve Requirement.

⁽⁴⁾ Capitalized interest on the Series 2021 Bonds through March 1, 2023.

⁽⁵⁾ To fund fees and expenses of bond counsel, disclosure counsel, municipal advisor, special tax consultant, appraiser, price point consultant and trustee, printing costs and certain other miscellaneous expenses [including costs of consultants and City staff related to formation of the District].

THE SERIES 2021 BONDS

General Provisions

The Series 2021 Bonds will be issued in fully registered form without coupons in denominations of \$5,000 and any integral multiple thereof ("Authorized Denominations"). The Series 2021 Bonds will be dated the date of issuance thereof. The Series 2021 Bonds are scheduled to mature on September 1, in the years and in the principal amounts, and will bear interest at the rates per annum, shown on the inside front cover page of this Official Statement. Interest on the Series 2021 Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months and will be payable on March 1 and September 1 of each year, commencing March 1, 2022 (each an "Interest Payment Date"). Interest on each Series 2021 Bond will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) such Series 2021 Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day (the "Record Date") in which event interest thereon will be payable from such Interest Payment Date, (ii) such Series 2021 Bond is authenticated on or before the first Record Date, in which event interest

thereon will be payable from the Closing Date or (iii) interest on such Series 2021 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been previously paid or duly provided for.

The interest on, and principal of and redemption premiums, if any, on the Series 2021 Bonds are payable in lawful money of the United States of America. Interest is payable by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Series 2021 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date (except that interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date will, if and to the extent that amounts subsequently become available therefor, be payable on a payment date established by the Trustee to the Person in whose name the ownership of such Series 2021 Bond is registered on the Registration Books at the close of business on a special record date to be established by the Trustee for the payment of such defaulted interest, notice of which shall be given to such Owner not less than ten days prior to such special record date in accordance with the Indenture). Payment of principal of any Bond will be made only upon presentation and surrender thereof at maturity or upon earlier redemption at the Office of the Trustee.

The Series 2021 Bonds will initially be issued in book-entry form, and DTC will act as securities depository. So long as the Series 2021 Bonds are held in book-entry form, principal of, premium, if any, and interest on the Series 2021 Bonds will be paid by the Trustee directly to DTC for distribution to the Beneficial Owners of the Series 2021 Bonds in accordance with procedures adopted by DTC. See Appendix H — “INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM.”

The Series 2021 Bonds are not general obligations of the District but are special obligations of the District payable solely from Net Special Tax Revenues and the other amounts held under the Indenture in the Special Tax Fund, the Bond Fund and the Reserve Fund. Neither the faith and credit nor the taxing power of the District (except to the limited extent set forth in the Indenture), the City, the State, or any political subdivision thereof, is pledged to the payment of the Series 2021 Bonds. See “SPECIAL RISK FACTORS — Bonds Are Limited Obligations.”

Redemption*

Optional Redemption. The Series 2021 Bonds maturing on or after September 1, 20__ shall be subject to optional redemption, in whole, or in part in Authorized Denominations, on any date on or after September 1, 20__, from any source of available funds, at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2021 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<i>Redemption Dates</i>	<i>Redemption Price</i>
September 1, 20__ through August 31, 20__	103%
September 1, 20__ through August 31, 20__	102
September 1, 20__ through August 31, 20__	101
September 1, 20__ and thereafter	100

Mandatory Redemption from Special Tax Prepayments. The Series 2021 Bonds are subject to mandatory redemption, in whole, or in part in Authorized Denominations, on any Interest Payment Date, from and to the extent of prepaid Special Taxes required to be applied thereto and any related proportional amounts in the Reserve Fund required to be applied thereto pursuant to the Indenture (see “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS — Reserve Fund”) at the following respective Redemption Prices (expressed as percentages of the principal amount of the Series 2021 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

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

See the caption “SPECIAL RISK FACTORS — Potential Early Redemption of Series 2021 Bonds from Special Tax Prepayments” for a discussion of the potential for a lower than expected yield on the Series 2021 Bonds as a result of a special mandatory redemption from prepayment of Special Taxes.

Mandatory Sinking Fund Redemption. The Series 2021 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2021 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

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

(Maturity)

If some but not all of the Series 2021 Bonds maturing on September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Series 2021 Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District filed with the Trustee; provided, however, that

* Preliminary, subject to change.

the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2021 Bonds maturing on September 1, 20__ so optionally redeemed. If some but not all of the Series 2021 Bonds maturing on September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture, the principal amount of the Series 2021 Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2021 Bonds maturing on September 1, 20__ so mandatorily redeemed, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

The Series 2021 Bonds maturing September 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 20__, at a Redemption Price equal to the principal amount of the Series 2021 Bonds maturing September 1, 20__ to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

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

(Maturity)

If some but not all of the Series 2021 Bonds maturing on September 1, 20__ are redeemed pursuant to the optional redemption provisions of the Indenture described above, the principal amount of the Series 2021 Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced, by \$5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the Series 2021 Bonds maturing on September 1, 20__ so optionally redeemed. If some but not all of the Series 2021 Bonds maturing on September 1, 20__ are redeemed pursuant to the mandatory redemption from Special Tax prepayments provisions of the Indenture, the principal amount of the Series 2021 Bonds maturing on September 1, 20__ to be redeemed by mandatory sinking fund redemption as described above on any subsequent September 1 shall be reduced by the aggregate principal amount of the Series 2021 Bonds maturing on September 1, 20__ so mandatorily redeemed, such reduction to be allocated among redemption dates as nearly as practicable on a pro rata basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee, notice of which determination shall be given by the Trustee to the District.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee will select the Bonds to be redeemed from all Bonds not previously called for redemption (i) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the District, (ii) with respect to any redemption from prepayments of Special Taxes, among maturities of all Series of Bonds on a *pro rata* basis as nearly as practicable, and (iii) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued. The Trustee shall select for redemption the Bonds of the same Series with the same maturity by lot in any manner in which the Trustee, in its sole discretion, shall deem appropriate. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 denominations, and such separate denominations shall be treated as separate Bonds that may be separately redeemed.

Notice of Redemption. If the Series 2021 Bonds are held in book-entry form, notice of redemption will be mailed to DTC and not to the Beneficial Owners of the Series 2021 Bonds under the DTC book-entry system. Neither the District nor the Trustee is responsible for giving notice of redemption to the Beneficial

Owners. See Appendix H — “INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM” herein.

The Indenture provides that the Trustee on behalf and at the expense of the District will give notice of any redemption by first class mail to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice of redemption will state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any, the Series 2021 Bond numbers and the maturity or maturities of the Series 2021 Bonds to be redeemed (except in the event of redemption of all of the Series 2021 Bonds of such maturity or maturities in whole). The notice of redemption will require that the Series 2021 Bonds to be redeemed be surrendered at the Office of the Trustee for redemption at the Redemption Price, and give notice that further interest on such Series 2021 Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, will affect the validity of the proceedings for the redemption of the Series 2021 Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Series 2021 Bonds to be redeemed, together with interest to said date, is held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof will have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Series 2021 Bonds will be held in trust for the account of the Owners of the Series 2021 Bonds so to be redeemed without liability to such Owners for interest thereon. With respect to any notice of any optional redemption of Series 2021 Bonds, unless at the time such notice is given the Series 2021 Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice will state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the Redemption Price of, and accrued interest on, the Series 2021 Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the District will not be required to redeem such Series 2021 Bonds. In the event a notice of redemption of Series 2021 Bonds contains such a condition and such moneys are not so received, the redemption of Series 2021 Bonds as described in the conditional notice of redemption will not be made and the Trustee will, within a reasonable time after the date on which such redemption was to occur, give notice to the Persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Series 2021 Bonds pursuant to such notice of redemption.

Debt Service Schedule

<i>Year Ending September 1</i>	<i>Principal⁽¹⁾</i>	<i>Interest</i>	<i>Total</i>
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
Total:	\$ _____	\$ _____	\$ _____

⁽¹⁾ Assumes no redemption prior to maturity except mandatory sinking fund redemption.
Source: The Underwriter.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS

General

The Series 2021 Bonds are special obligations of the District, and, except as otherwise provided in the Indenture, they are payable solely from Net Special Tax Revenues. The Indenture defines “Net Special Tax Revenues” to mean Special Tax Revenues less amounts required to pay Administrative Expenses. The term “Special Tax Revenues” is defined in the Indenture to mean the proceeds of the Special Taxes received by or on behalf of the District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes (which shall be limited to the amount of said lien and interest and penalties thereon). The Indenture defines the term “Special Taxes” as the special taxes described and defined in the Rate and Method approved by the qualified electors of the District. “Administrative Expenses” is defined in the Indenture to mean costs directly related to the administration of the District, including: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules and the costs of collecting the Special Taxes, the costs of remitting the Special Taxes to the Trustee, the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture, the costs incurred by the District in complying with the disclosure provisions of any continuing disclosure undertaking and the Indenture, including those related to public inquiries regarding the Special Taxes and disclosures to Owners, the costs of the District related to an appeal of

the Special Taxes, any amounts required to be rebated to the federal government in order for the District to comply with the tax covenants in the Indenture, an allocable share of the salaries of the City staff providing services on behalf of the District directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto, and the costs of foreclosure of delinquent Special Taxes.

In addition to the Net Special Tax Revenues, any other amounts held by the Trustee in the Special Tax Fund, the Bond Fund and the Reserve Fund are pledged pursuant to the Indenture to secure the payment of the principal of, premium, if any, and interest on the Series 2021 Bonds and any Additional Bonds in accordance with their respective terms, the Indenture and the Act. However, those amounts are pledged subject to the provisions of the Indenture permitting the application thereof for the purposes set forth in the Indenture. Amounts on deposit in the Improvement Fund, the Costs of Issuance Fund, the Redemption Fund, the Administrative Expense Fund and the Rebate Fund are not pledged to the payment of any of the Series 2021 Bonds or any Additional Bonds.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT (EXCEPT TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2021 BONDS. EXCEPT FOR THE NET SPECIAL TAX REVENUES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE SERIES 2021 BONDS. THE SERIES 2021 BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE AS MORE FULLY DESCRIBED HEREIN.

Special Taxes

Pursuant to the Act, the City Council adopted a resolution on October 28, 2020 stating its intention to establish the District and to levy a special tax within the District. In accordance with the provisions of the Act, the City Council established the District on December 1, 2020 for the purpose of, among other things, financing certain public infrastructure improvements necessary for the proposed development within the District. At a special election held on February 3, 2021, the property owners within the District authorized the District to incur indebtedness in an amount not to exceed \$30,000,000 and approved the Rate and Method. The Rate and Method is set forth in Appendix A hereto.

Pursuant to Section J of the Rate and Method, prior to the issuance of the Series 2021 Bonds, if necessary, the Assigned Special Tax (as defined in the Rate and Method) is required to be revised to the extent necessary to cause the Total Effective Tax Rate (as defined in the Rate and Method) for one or more land use classes of residential property in the District to not exceed 2.00% of the Price Point (as defined in the Rate and Method) set forth in the Price Point Study. A copy of the Price Point Study is included as Appendix C to this Official Statement. Based on the conclusions of the Price Point Study, the Assigned Special Tax will not be revised. See “— Rate and Method of Apportionment” below. See also “THE COMMUNITY FACILITIES DISTRICT — Direct and Overlapping Debt — Table 4 — Projected Fiscal Year 2021-22 Total Effective Tax Rates for Individually Owned Residential Property.”

Pursuant to the Indenture, the District has covenanted that it will fix and levy the amount of Special Taxes within the District in each Fiscal Year in accordance with the Rate and Method in an amount sufficient (subject to the limitations contained in the Rate and Method as to the maximum Special Taxes that may be levied) to yield Special Tax Revenues in the amount required for (i) the payment of principal of and interest on any Outstanding Bonds and Additional Bonds becoming due and payable during the Corresponding Bond Year, (ii) any necessary replenishment of the Reserve Fund, and (iii) the payment of Administrative Expenses estimated to be paid from such Special Tax Revenues, taking into account the balances in the funds and accounts established under the Indenture. See Appendix E — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Certain Covenants Under the Indenture.” Notwithstanding this covenant, the amount

of Special Taxes actually collected each year may be less than the amount described for a variety of different reasons. See “SPECIAL RISK FACTORS — Levy of the Special Tax.”

The Series 2021 Bonds have been structured so that Assigned Special Tax rates set forth in the Rate and Method that may be levied within the District, based on the expected buildout of the District, are at least 110% of debt service on the Series 2021 Bonds in each Bond Year net of estimated Administrative Expenses of \$60,000. The Special Taxes levied in any fiscal year may not exceed the maximum rates authorized pursuant to the Rate and Method. See Appendix A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” There is no assurance that the Special Tax proceeds will, in all circumstances, be adequate to pay the principal of and interest on the Series 2021 Bonds when due. Pursuant to the Act, the Special Taxes levied in any Fiscal Year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels within the District by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. See “SPECIAL RISK FACTORS — Levy of the Special Tax” and “— Exempt Properties.”

Rate and Method of Apportionment

General. The Rate and Method is to be applied by the District each year for the purpose of determining the amount of the Special Tax to be levied against each Assessor’s Parcel of Taxable Property within the District. For purposes of the discussion of the Rate and Method only, terms with initial capital letters that are not otherwise defined in this Official Statement shall have the respective meanings assigned to them in the Rate and Method, a copy of which appears in Appendix A.

Under the terms of the Indenture, prior to August 1 of each year, the District will ascertain from the County of Los Angeles Assessor the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year. The District will levy the Special Taxes by August 10 of each Fiscal Year that the Bonds are Outstanding, or otherwise such that the computation of the levy is complete before the final date on which the auditor of the County (the “Auditor”) will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the District will prepare, or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

The Special Taxes levied in any Fiscal Year may not exceed the maximum rates authorized pursuant to the Rate and Method. See Appendix A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX” hereto. Although the Series 2021 Bonds have been structured so that the Assigned Special Tax rates set forth in the Rate and Method that may be levied based on expected build out of the District are at least 110% of debt service on the Series 2021 Bonds net of estimated Administrative Expenses of \$60,000, there is no assurance that the proceeds of the Special Taxes will, in all circumstances, be adequate to pay the principal of and interest on the Series 2021 Bonds when due. See “SPECIAL RISK FACTORS — Levy of the Special Tax” herein.

Rate and Method of Apportionment of Special Tax. The District is legally authorized and has covenanted to cause the levy of the Special Taxes in an amount determined according to a methodology, *i.e.*, the Rate and Method, which the City Council and the qualified electors within the District have approved. The Rate and Method apportions the total amount of the Special Tax to be collected among the Taxable Property in the District as more particularly described below.

The following is a synopsis of the provisions of the Rate and Method, which should be read in conjunction with the complete text of the Rate and Method which is attached as Appendix A — “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX.” The meaning of the defined terms used in this section are as set forth in Appendix A. This section provides only a summary of the Rate and Method, and is

qualified by more complete and detailed information contained in the Rate and Method attached as Appendix A.

Exempt Property. No Special Tax will be levied on up to a total of 23.6 Acres of Property Owner Association Property and Public Property, except as otherwise provided in the Act. All such property will be allocated on a first-in-time basis separately for Property Owners Association Property and Public Property.

No Special Tax will be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Exempt Welfare Exemption Property.

Assignment to Land Use Categories. Each Fiscal Year, all Assessor's Parcels within the District will be classified as Taxable Property, Public Property, Property Owner Association Property, or Exempt Welfare Exemption Property. All Taxable Property will then be classified as Approved Property, Developed Property, Taxable Public Property, Taxable Property Owner Association Property, or Undeveloped Property, and will be subject to Special Taxes determined pursuant to the Rate and Method. Developed Property will be further classified as Condominium Property, Other Residential Property, and Non-Residential Property. Condominium Property and Other Residential Property will be assigned to Land Use Classes 1 through 13, and Non-Residential Property shall be assigned to Land Use Class 14.

The Assigned Special Tax for Condominium Property and Other Residential Property will be based on the Residential Floor Area of the dwelling unit(s) located on the Assessor's Parcel, as specified in the Rate and Method. The Assigned Special Tax for Non-Residential Property shall be based on the Acreage of the Assessor's Parcel.

Method of Apportionment of Special Tax. Commencing with Fiscal Year 2021-22, and for each following Fiscal Year, the District will levy the Special Tax until the amount of Special Taxes levied equals the Special Tax Requirement. The Special Tax will be levied each Fiscal Year as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 100% of the Maximum Special Tax for Approved Property;

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

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property at up to the Maximum Special Tax for Other Taxable Property;

Sixth: If additional monies are needed to satisfy the Special Tax Requirement after the first five steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property at up to the Maximum Special Tax for Other Taxable Property.

Notwithstanding the above, pursuant to Section 53321(d)(3) of the California Government Code, under no circumstances shall the Special Tax levied in any Fiscal Year against any Assessor's Parcel for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner or owners of any other Assessor's Parcel(s) by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. To the extent that the levy of the Special Tax on Assessor's Parcels of residential property is limited by the provision in the previous sentence, the levy of the Special Tax on all of the Assessor's Parcels of non-residential property within the District will continue to increase in equal percentages at up to 100% of the Maximum Special Tax.

Prepayment of Special Taxes. All Assessor's Parcels of Developed Property and Assessor's Parcels of Approved Property and/or Undeveloped Property for which a building permit has been issued may be prepaid. The Special Tax obligation applicable to such Assessor's Parcel may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described in the Rate and Method; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel or any other Assessor's Parcel owned by such owner at the time of prepayment.

The Prepayment Amount is calculated based on the Bond Redemption Amount plus Redemption Premium plus the Future Facilities Amount plus the Defeasance Amount plus the Administrative Fees and Expenses, less a credit for the resulting reduction in the Reserve Requirement for the Bonds (if any) and less an allocable share of capitalized interest (if any), all as specified in Appendix A — "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX — Section H."

Mandatory redemption of Series 2021 Bonds from Special Tax prepayments may result in the reduction in the otherwise expected yield on such Series 2021 Bonds if the Series 2021 Bonds were purchased at a price greater than par. See "SPECIAL RISK FACTORS — Potential Early Redemption of Series 2021 Bonds from Special Tax Prepayments."

Term of Special Taxes. Pursuant to the Rate and Method, the Special Tax levy is authorized to be levied each Fiscal Year until no Bonds are outstanding, but in no event after Fiscal Year 2059-60.

Estimated Debt Service Coverage. The principal amount of the Series 2021 Bonds has been established to produce debt service coverage on the Series 2021 Bonds from Special Taxes of at least 110%, net of estimated Administrative Expenses.

Pursuant to the Rate and Method, the status of Developed Property is based on building permits issued as of January 1 of the Fiscal Year preceding the Fiscal Year for which the Special Tax is levied. As of January 1, 2021, building permits had been issued for 22 anticipated residential parcels within the District; accordingly, 22 taxable parcels within the District will be classified as Developed Property for the Fiscal Year 2021-22 Special Tax levy. As of July 12, 2021, building permits had been issued for 79 single family residential units. Between July 12, 2021 and September 1, 2021, an additional ____ permits were issued. Such taxable parcels will be classified as Developed Property for Fiscal Year 2022-23. See "PROPERTY OWNERSHIP AND THE DEVELOPMENT."

Collection and Application of Special Taxes

The Special Taxes are levied and collected by the Treasurer-Tax Collector of the County in the same manner and at the same time as *ad valorem* property taxes; provided, however, that the District may directly bill the Special Taxes, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

The District has made certain covenants in the Indenture for the purpose of ensuring that the current maximum rates and method of collection of the Special Taxes are not altered in a manner that would impair the

District's ability to collect sufficient Special Taxes to pay debt service on the Series 2021 Bonds and Administrative Expenses when due. First, the District has covenanted that, to the extent it is legally permitted to do so, it will not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds and if an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the District shall, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds. Second, the District has covenanted not to authorize owners of taxable parcels within the District to satisfy Special Tax obligations by the tender of Bonds unless the District shall have first obtained a report of an Independent Consultant certifying that doing so would not result in the District having insufficient Special Tax Revenues to pay the principal of and interest on all Outstanding Bonds when due.

Although the Special Taxes constitute liens on Taxable Property within the District, they do not constitute a personal indebtedness of the owners of such property within the District. Moreover, other overlapping general obligation debt already exists on the property located within the District and other future special tax and assessment liens and overlapping general obligation debt could come into existence in the future in certain situations without the consent or knowledge of the City or the landowners therein. See "SPECIAL RISK FACTORS — Parity Taxes and Special Assessments" herein. There is no assurance that property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so, all as more fully described in the section of this Official Statement entitled "SPECIAL RISK FACTORS."

Under the terms of the Indenture, the Trustee shall establish and maintain a separate fund designated the "Special Tax Fund." As soon as practicable after the receipt by the District of any Special Tax Revenues, but in any event no later than the date ten Business Days prior to the Interest Payment Date after such receipt, the District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that any portion of any such Special Tax Revenues that represents prepaid Special Taxes that are to be applied to the payment of the redemption price of the Bonds in accordance with the provisions of the Indenture shall be identified to the Trustee as such by the District and shall be deposited in the Redemption Fund. See "— Special Tax Fund" below, "THE SERIES 2021 BONDS — Redemption — *Mandatory Redemption from Special Tax Prepayments*" and Appendix E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Covenant for Superior Court Foreclosure

Pursuant to Section 53356.1 of the Act, the District has covenanted in the Indenture that it will determine or cause to be determined, no later than August 15 of each year, whether or not any owners of property within the District are delinquent in the payment of Special Taxes and that, if such delinquencies exist, the District will order and cause to be commenced no later than October 1, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of any Special Taxes or installment thereof not paid when due. Notwithstanding the foregoing, the District is not required under the Indenture to order the commencement of foreclosure proceedings if (a) the total Special Tax delinquency in the District for such Fiscal Year is less than 5% of the total Special Taxes levied in such Fiscal Year, and (b) the amount then on deposit in the Reserve Fund is equal to the Reserve Requirement. Notwithstanding the foregoing, if the District determines that any single property owner is delinquent in the payment of two or more installments of Special Taxes levied on such property owner's property, then the District shall diligently institute, prosecute and pursue foreclosure proceedings against such property owner.

The mere commencement of foreclosure proceedings will not assure a prompt and favorable resolution of Special Tax delinquencies. The ability of the District to foreclose the lien of delinquent unpaid Special Taxes may be limited. See "SPECIAL RISK FACTORS — Bankruptcy and Legal Delays" and "— FDIC/Federal Government Interests in Properties." Moreover, even if a judgment of foreclosure and order of sale is obtained, the District must cause a notice of levy to be issued. Under current law, the property

owner has 120 days from the date of service of the notice of levy in which to redeem the subject property. If the property owner fails to redeem the property and it is sold, the property owner's only remedy is an action to set aside the sale, which action must be brought within 90 days of the date of sale. If such an action results in the setting aside of the foreclosure sale, the judgment is revived, and the District would be entitled to receive interest on the revived judgment as if the sale had not been made. Under former law a property owner had a period of one year within which to redeem property to be sold, and the constitutionality of the legislation that eliminated the one year redemption period has not been tested.

There can be no assurance that, even if the subject property is sold, the proceeds from such sale will be sufficient to pay the delinquent installments of the Special Tax. The Act does not require the District or any other governmental agency to purchase or otherwise acquire any Assessor's Parcel being sold if there is no other purchaser at such sale. The Act does require that property being sold pursuant to foreclosure under the Act must be sold for not less than the judgment amount (which must include reasonable attorneys' fees, together with interest, penalties, and other authorized charges and costs) plus post judgment interest and authorized costs, unless a lower bid price is authorized by the Owners of not less than 75% by value of the Bonds Outstanding.

Special Tax Fund

The Indenture provides that the Trustee will establish and maintain a separate fund designated the "Special Tax Fund." The Indenture requires that the District transfer Special Tax Revenues (other than prepaid Special Taxes) to the Trustee for deposit into the Special Tax Fund as soon as practicable after the District's receipt thereof, but in any event no later than ten Business Days prior to the Interest Payment Date after such receipt. No later than the Business Day immediately preceding each Interest Payment Date, after having made any requested transfers to the Administrative Expense Fund, as requested by the District, to have sufficient amounts available therein to pay Administrative Expenses, the Trustee is required by the Indenture to make transfers from the Special Tax Fund to the Interest Account in the Bond Fund, the Principal Account in the Bond Fund and the Reserve Fund in the amounts and in the priority specified in the Indenture. See Appendix E — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

As soon as practicable after the District's receipt of prepaid Special Taxes, but in any event no later than ten Business Days prior to the Interest Payment Date after such receipt, the District is required to transfer any prepaid Special Taxes to the Trustee and, in connection therewith, deliver to the Trustee a Written Certificate identifying such amounts as prepaid Special Taxes, identifying the portion of such prepaid Special Taxes so transferred that is to be applied to the Redemption Price of the Bonds and identifying the portion of such prepaid Special Taxes that is to be applied to the payment of interest on the Bonds to be so redeemed. The portion of such prepaid Special Taxes that is to be applied to the Redemption Price will be deposited by the Trustee in the Redemption Fund and will be applied to the redemption of the Series 2021 Bonds and any Additional Bonds pursuant to the Indenture. The portion of such prepaid Special Taxes that is to be applied to the payment of interest on the Bonds to be so redeemed will be deposited by the Trustee in the Interest Account and will be applied to the payment of such interest.

Reserve Fund

The Indenture provides that the Trustee will establish and maintain a special fund designated the "Reserve Fund." On the Closing Date, the Trustee will deposit in the Reserve Fund the amount specified under the caption "ESTIMATED SOURCES AND USES OF FUNDS." The Trustee is also required, not later than the Business Day immediately preceding each Interest Payment Date, to transfer from the Special Tax Fund (after the requisite transfers to the Administrative Expense Fund, the Interest Account and the Principal Account) the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement. The Indenture defines "Reserve Requirement" to mean, as of the date of any calculation, the least of (i) "10% of the proceeds of the issue," within the meaning of Section 148 of the Code (excluding Bonds refunded with the proceeds of subsequently issued additional bonds secured by Special

Taxes on a parity with the Bonds), (ii) Maximum Annual Debt Service and (iii) 125% of Average Annual Debt Service.

Except as otherwise provided in the Indenture, all amounts deposited in the Reserve Fund are to be used and withdrawn by the Trustee solely for the purpose of (i) making transfers to the Interest Account in accordance with the Indenture in the event that, on the Business Day prior to an Interest Payment Date, amounts in the Interest Account are insufficient to pay the interest on the Bonds due and payable on such Interest Payment Date, (ii) making transfers to the Principal Account in accordance with the Indenture in the event that, on the Business Day prior to a September 1 on which principal of the Bonds is due and payable (including principal due and payable by reason of mandatory sinking fund redemption of the Bonds), amounts in the Principal Account are insufficient to pay such principal, and (iii) redeeming Bonds and in accordance with the Indenture as described in the following paragraph.

Whenever Bonds are to be optionally redeemed or redeemed from Special Tax prepayments, a proportionate share (determined as provided below) of the amount on deposit in the Reserve Fund will, on the date on which amounts to redeem such Bonds are deposited in the Redemption Fund or otherwise deposited with the Trustee, be transferred by the Trustee from the Reserve Fund to the Redemption Fund or to such deposit held by the Trustee and will be applied to the redemption of said Bonds; provided that, such amount will be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share will be equal to the largest integral multiple of the minimum Authorized Denomination for said Bonds that is not larger than the amount equal to the product of (i) the amount on deposit in the Reserve Fund on the date of such transfer, times (ii) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed.

Whenever the balance in the Reserve Fund equals or exceeds the amount required to redeem or pay Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee will, upon receipt of a Written Request of the District, transfer the amount in the Reserve Fund to the Interest Account, Principal Account and/or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds. If, as a result of the scheduled payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the Trustee will transfer an amount equal to the amount of such reduction to the Interest Account.

Investment of Moneys

All moneys held by the Trustee in any of the funds or accounts established pursuant to the Indenture are required to be invested by the Trustee solely in Permitted Investments, as directed in writing by the District. As used in the Indenture, the phrase “Permitted Investments” includes a variety of investments, some of which may not be rated by a national rating service. See Appendix E — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Definitions.”

No Additional Bonds Except for Refunding Bonds

So long as any of the Bonds remain Outstanding, the District will not issue any obligations payable from Net Special Tax Revenues senior to the Bonds. The District may issue Additional Bonds or obligations payable on a parity with the Bonds, if, among other things: (i) upon the issuance of such Additional Bonds, no Event of Default will occur or be continuing under the Indenture; (ii) the proceeds of the Additional Bonds will be applied to refund any previously issued under the Indenture, pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and/or make any requisite deposit to the Reserve Fund; and (iii) the Annual Debt Service in each Bond Year, calculated for all Bonds that will be Outstanding after the issuance of such Additional Bonds, will be less than or equal to Annual Debt Service in such Bond Year,

calculated for all Bonds and any Additional Bonds that are Outstanding immediately prior to the issuance of such Additional Bonds.

The District may issue obligations payable from Net Special Tax Revenues on a basis subordinate to the Bonds.

THE COMMUNITY FACILITIES DISTRICT

General Information Regarding the District

The District was organized by the City Council under the Act to provide for the financing of public improvements to meet the needs of new development related to the District. The qualified electors within the boundaries of the District, being the then owner of all property in the District, authorized the District to incur bonded indebtedness to finance certain public facilities to meet the needs of new development within the District and approved the Rate and Method for and authorized the levy of the Special Tax.

The District consists of 50.2 acres of land that is being developed as a portion of a master-planned development known as “Ponte Vista.” The District is located in the northern end of San Pedro and is planned for 476 residential units when completed, with multiple product lines across five subareas. Ponte Vista is designed to include amenities such as community recreation center with a swimming pool, spa, clubhouse, group barbecues and an event lawn. Ponte Vista will also include a public park and a community park.

San Pedro is a neighborhood of the City located in the southern part of the County of Los Angeles with the Pacific Ocean to the south and cities of Rolling Hills Estates and Rancho Palos Verdes to the west.

The planned development within the District is divided into 5 subareas with subarea 4 divided into areas A and B. The Master Developer is under contract to sell subareas 1, 2, 3, 4B and 5 to the Merchant Builders, which Merchant Builders are taking ownership of their respective subareas in staggered phases pursuant to their respective purchaser agreements with the Master Developer. No assurance can be given that the Merchant Builders will close on the land currently in escrow as planned. Ownership and the planned development of the subareas as of July 12, 2021 are as follows:

Subarea	Number of Lots/Planned Units	Number of Units Owned by Merchant Builder	Product Type	Merchant Builder	Expected Date of Final Take-Down of Property by Merchant Builder
1	66	55 ⁽¹⁾	Detached SFD (2 story)	D.R. Horton	12/2/2021
2	60	18	Detached SFD (2/3 story)	KB	9/3/2022
3	79	60	Detached SFD (3 story)	KB	3/6/2022
4A	54	N/A	Townhome (2 story)	TBD	TBD
4B	86	35	Townhome (3 story)	Meritage	6/4/2022
5	131	46	Semi-Detached Townhome (3 story)	Taylor Morrison	12/26/2022
Total	476	214			

⁽¹⁾ D.R. Horton had conveyed 2 units to individual homeowners as of July 12, 2021.
Source: Master Developer.

[The Master Developer is under contract with The New Home Company to sell the 54 lots in subarea 4A, which is scheduled to close in December 2021. No assurance can be given that The New Home Company will close on the land currently in escrow as planned.] Ponte Vista also includes subarea 6 where a 212-unit multifamily housing project is being developed concurrently with the development within the District. However, subarea 6 is not within the boundaries of the District.

As of the date of value of the Appraisal, within the District, two single family residential units had been completed and conveyed to individual homeowners and 14 additional units (including five model units) had been completed and 11 were held by D.R. Horton and three by KB. Of the 11 homes held by D.R. Horton nine homes were reportedly under contract. In addition to the completed homes, permits and impact fees have been paid for 37 homes by D.R. Horton and 97 homes by KB. As of August 1, 2021, Meritage had not yet started construction on the property. Meritage anticipates obtaining the initial building permits and commencing construction on the four models and first phase of production units in September 2021. As of August 1, 2021, Taylor Morrison has not yet started construction on the property. Taylor Morrison anticipates beginning construction on the first four model units in September 2021, and then acquiring the remaining lots and constructing the units thereon through June 2024.

Additionally, the Appraisal noted that backbone infrastructure appeared to be in place and in-tract work appeared to be under way in some portions of the District. The subdivision lots are partially improved with completed homes on 16 lots and home construction underway on more than 60 lots across multiple subareas. The Master Developer has completed the majority of site improvements for the project with minimal site improvements remaining to be completed by the Merchant Builders while constructing homes. As of January 1, 2021, 22 parcels had obtained a building permit and will be classified as Developed Property for Fiscal Year 2021-22.

See “PROPERTY OWNERSHIP AND THE DEVELOPMENT.” A detailed description of the status of the construction as of the date of the Appraisal is included in Appendix B — “APPRAISAL REPORT.”

Like all of Southern California, the land within the District is subject to seismic activity. According to the Seismic Safety Commission, the District is located within Zone 4, which is assigned to areas near major faults and considered to be the highest risk zone in the State. In addition, the District is located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone) (as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology). In general, a number of faults are located in Southern California and throughout the State; thus, the area is subject to severe ground shaking during earthquakes. According to the California Department of Conservation, the District is not within a landslide zone but is crossed by a liquefaction zone. See “SPECIAL RISK FACTORS — Geologic, Topographic and Climatic Conditions.”

In recent years, wildfires have caused extensive damage throughout the State. However, the District’s location within the City has not been classified as an area of concern related to wildfires. While the District is not aware of any particular risk of wildfire within the District, there can be no assurances that wildfires won’t occur within the District. See “SPECIAL RISK FACTORS — Wildfires.”

The Federal Emergency Management Agency has determined that the District is located in a Zone “X” flood area (an area of minimal flooding, outside the 500-year flood plain).

An aerial photo showing the District and a map showing the general location of the District and the surrounding area appears on the pages before page 1. More detailed information about the property therein is contained in Appendix B — “APPRAISAL REPORT,” and information about the ownership of such property is set forth under the caption “PROPERTY OWNERSHIP AND THE DEVELOPMENT.”

The Facilities

The City, the District and the Master Developer entered into an Acquisition and Funding Agreement, dated as of October 1, 2021, (the “Acquisition Agreement”), providing for, among other things, the means by which certain public facilities, consisting of grading the site and installing sewer, storm drain and joint trench backbone improvements, along with Western Avenue Improvements, street lighting, landscaping, and off-site intersection and street improvements (the “Acquisition Facilities”), will be financed in connection with the development within the District. As of December 1, 2020, all of the Acquisition Facilities to be acquired with the proceeds of the Series 2021 Bonds had been completed.

A portion of the proceeds of the Series 2021 Bonds in the amount of \$_____ will be deposited in the Acquisition Account of the Improvement Fund to finance the acquisition of the Acquisition Facilities.

A portion of the proceeds of the Series 2021 Bonds in the amount of \$_____ will also be deposited into the LAUSD Account of the Improvement Fund to finance certain Los Angeles Unified School District school facilities.

Assigned Special Taxes and Development Summary

The following table sets forth the Assigned Special Taxes to be levied on the property within the District for Fiscal Year 2021-22.

TABLE 1
FISCAL YEAR 2021-22 ASSIGNED AND ACTUAL SPECIAL TAXES

<i>Property Classification/Tax Class⁽¹⁾</i>	<i>FY 2021-22 Number of Units/Acres</i>	<i>Assigned Special Tax per Units/Acre⁽²⁾</i>	<i>Total FY 2021-22 Assigned Special Tax⁽²⁾</i>	<i>FY 2021- 22 Special Tax per Unit/Acre⁽³⁾</i>	<i>Total FY 2021-22 Special Tax⁽³⁾</i>
Developed Property					
Condominium Property (≥ 2,000 SF)	0 Units	\$3,292	\$0	\$0	\$0
Condominium Property (1,800 - 1,999 SF)	0 Units	\$3,154	\$0	\$0	\$0
Condominium Property (1,600 - 1,799 SF)	0 Units	\$2,871	\$0	\$0	\$0
Condominium Property (1,400 - 1,599 SF)	0 Units	\$2,503	\$0	\$0	\$0
Condominium Property (1,200 - 1,399 SF)	0 Units	\$2,269	\$0	\$0	\$0
Condominium Property (< 1,200 SF)	0 Units	\$1,940	\$0	\$0	\$0
Other Residential Property (≥ 3,400 SF)	0 Units	\$5,148	\$0	\$0	\$0
Other Residential Property (3,100 - 3,399 SF)	14 Units	\$4,942	\$69,193	\$4,942	\$69,193
Other Residential Property (2,800 - 3,099 SF)	5 Units	\$4,618	\$23,090	\$4,618	\$23,090
Other Residential Property (2,600 - 2,799 SF)	0 Units	\$4,296	\$0	\$0	\$0
Other Residential Property (2,300 - 2,599 SF)	1 Units	\$3,972	\$3,972	\$3,972	\$3,972
Other Residential Property (2,000 - 2,299 SF)	1 Units	\$3,466	\$3,466	\$3,466	\$3,466
Other Residential Property (< 2,000 SF)	1 Units	\$3,276	\$3,276	\$3,276	\$3,276
<u>Non-Residential Property</u>	<u>0 Acres</u>	<u>\$93,908</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Subtotal – Developed Property	22 Units	N/A	\$102,997	N/A	\$102,997
Approved Property	13.34 Acres	\$93,908	\$1,252,874	\$0	\$0
Undeveloped Property	12.89 Acres	\$93,908	\$1,210,587	\$0	\$0
Total	N/A	N/A	\$2,566,457	N/A	\$102,997

(1) Per the Rate and Method, Developed Property is property for which a building permit was issued as of January 1, 2021. Approved Property is property for which a Final Map was recorded prior to January 1, 2021 and a building permit was not issued as of January 1, 2021. Final Map means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates individual lots or parcels for which building permits may be issued without further subdivision, or (ii) for Condominium Property, a final map approved by the City and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels. Undeveloped Property is property for which a building permit was not issued as of January 1, 2021.

(2) Based on the Assigned Special Tax for Developed Property and the Maximum Special Tax for Approved Property and Undeveloped Property. The Maximum Special Tax for Developed Property is the greater of the amount derived from the application of the Assigned Special Tax rate or the Backup Special Tax.

(3) Fiscal Year 2021-22 Special Tax levy equal to 100.00% of the Assigned Special Tax rates for Developed Property.

Source: DTA, Inc.

The following table sets forth the Assigned Special Taxes that are projected to be levied on the property within the District for Fiscal Year 2022-23 based on the status of development as of July 12, 2021.

TABLE 2
FISCAL YEAR 2022-23 ASSIGNED AND PROJECTED SPECIAL TAXES

<i>Property Classification/Tax Class⁽¹⁾⁽²⁾</i>	<i>FY 2022-23 Number of Units/Acres</i>	<i>Assigned Special Tax per Units/Acre⁽³⁾</i>	<i>Total FY 2022-23 Assigned Special Tax⁽³⁾</i>	<i>Projected FY 2022- 23 Special Tax per Unit/Acre⁽⁴⁾</i>	<i>Total Projected FY 2022- 23 Special Tax⁽⁴⁾</i>
Developed Property					
Condominium Property (≥ 2,000 SF)	0 Units	\$3,292	\$0	\$0	\$0
Condominium Property (1,800 - 1,999 SF)	0 Units	\$3,154	\$0	\$0	\$0
Condominium Property (1,600 - 1,799 SF)	0 Units	\$2,871	\$0	\$0	\$0
Condominium Property (1,400 - 1,599 SF)	0 Units	\$2,503	\$0	\$0	\$0
Condominium Property (1,200 - 1,399 SF)	0 Units	\$2,269	\$0	\$0	\$0
Condominium Property (< 1,200 SF)	0 Units	\$1,940	\$0	\$0	\$0
Other Residential Property (≥ 3,400 SF)	0 Units	\$5,148	\$0	\$0	\$0
Other Residential Property (3,100 - 3,399 SF)	36 Units	\$4,942	\$177,925	\$4,942	\$177,925
Other Residential Property (2,800 - 3,099 SF)	14 Units	\$4,618	\$64,651	\$4,618	\$64,651
Other Residential Property (2,600 - 2,799 SF)	0 Units	\$4,296	\$0	\$0	\$0
Other Residential Property (2,300 - 2,599 SF)	11 Units	\$3,972	\$43,694	\$3,972	\$43,694
Other Residential Property (2,000 - 2,299 SF)	11 Units	\$3,466	\$38,127	\$3,466	\$38,127
Other Residential Property (< 2,000 SF)	7 Units	\$3,276	\$22,932	\$3,276	\$22,932
<u>Non-Residential Property</u>	<u>0 Acres</u>	<u>\$93,908</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Subtotal – Developed Property	79 Units	N/A	\$347,327	N/A	\$347,327
Approved Property	8.35 Acres	\$93,908	\$783,955	\$93,908	\$783,955
Undeveloped Property⁽⁵⁾	12.89 Acres	\$93,908	\$1,210,588	\$28,920	\$372,818
Total	N/A	N/A	\$2,341,870	N/A	\$1,504,100

(1) Reflects building permits issued and final maps recorded as of July 12, 2021. As of July 12, 2021, building permits had been issued for 79 units and such units will be considered Developed Property in Fiscal Year 2022-23. The actual Fiscal Year 2022-23 levy will be based on the number of building permits issued as of January 1, 2022.

(2) Per the Rate and Method, Developed Property is property for which a building permit was issued as of January 1, 2022. Approved Property is property for which a Final Map was recorded prior to January 1, 2022 and a building permit was not issued as of January 1, 2022. Final Map means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates individual lots or parcels for which building permits may be issued without further subdivision, or (ii) for Condominium Property, a final map approved by the City and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels. Undeveloped Property is property for which a building permit was not issued as of January 1, 2022.

(3) Based on the Assigned Special Tax for Developed Property and the Maximum Special Tax for Approved Property and Undeveloped Property. The Maximum Special Tax for Developed Property is the greater of the amount derived from the application of the Assigned Special Tax rate or the Backup Special Tax.

(4) Projected Fiscal Year 2022-23 Special Tax levy for debt service due on the Series 2021 Bonds in 2023 plus \$60,000 in annual administrative expenses less available capitalized interest through March 1, 2023.

(5) Tract Map Nos. 71886-02, 71886-05, and 71886-06 were recorded in September 2020, but the applicable condominium plans have not yet been recorded as of July 12, 2021. Once recorded, such property will be reclassified as Approved Property.

Source: DTA, Inc.

The following table sets forth the debt service coverage for Fiscal Years 2021-22 through 2045-46. Under the Rate and Method, however, the District will levy the Special Tax until the amount of Special Taxes levied equals the Special Tax Requirement. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS — Rate and Method of Apportionment.”

TABLE 3
BOND DEBT SERVICE COVERAGE

Fiscal Year	Number of Developed Units ⁽¹⁾	Developed Special Tax Revenues ⁽¹⁾⁽²⁾	Approved Special Tax Revenues ⁽¹⁾⁽³⁾	Undeveloped Special Tax Revenues ⁽¹⁾⁽⁴⁾	Annual Administrative Expenses ⁽⁵⁾	Net Special Tax Revenues ⁽¹⁾	Debt Service on the Series 2021 Bonds ⁽⁶⁾	Debt Service Coverage from Developed Property	Debt Service Coverage from All Taxable Property
2021-22	22	\$102,997	-	-	\$60,000	\$42,997	-	N/A	N/A
2022-23	79	347,327	\$783,955	\$1,210,588	60,000	2,281,870	\$1,444,100	19.90%	158.01%
2023-24	317	1,175,312	798,822	-	60,000	1,914,134	1,443,400	77.27	132.61
2024-25	476	1,652,054	-	-	60,000	1,592,054	1,445,000	110.18	110.18
2025-26	476	1,652,054	-	-	60,000	1,592,054	1,445,600	110.13	110.13
2026-27	476	1,652,054	-	-	60,000	1,592,054	1,445,200	110.16	110.16
2027-28	476	1,652,054	-	-	60,000	1,592,054	1,443,800	110.27	110.27
2028-29	476	1,652,054	-	-	60,000	1,592,054	1,446,400	110.07	110.07
2029-30	476	1,652,054	-	-	60,000	1,592,054	1,442,800	110.34	110.34
2030-31	476	1,652,054	-	-	60,000	1,592,054	1,443,200	110.31	110.31
2031-32	476	1,652,054	-	-	60,000	1,592,054	1,442,400	110.38	110.38
2032-33	476	1,652,054	-	-	60,000	1,592,054	1,445,400	110.15	110.15
2033-34	476	1,652,054	-	-	60,000	1,592,054	1,447,000	110.02	110.02
2034-35	476	1,652,054	-	-	60,000	1,592,054	1,442,200	110.39	110.39
2035-36	476	1,652,054	-	-	60,000	1,592,054	1,446,200	110.09	110.09
2036-37	476	1,652,054	-	-	60,000	1,592,054	1,443,600	110.28	110.28
2037-38	476	1,652,054	-	-	60,000	1,592,054	1,444,600	110.21	110.21
2038-39	476	1,652,054	-	-	60,000	1,592,054	1,444,000	110.25	110.25
2039-40	476	1,652,054	-	-	60,000	1,592,054	1,446,800	110.04	110.04
2040-41	476	1,652,054	-	-	60,000	1,592,054	1,442,800	110.34	110.34
2041-42	476	1,652,054	-	-	60,000	1,592,054	1,442,200	110.39	110.39
2042-43	476	1,652,054	-	-	60,000	1,592,054	1,444,800	110.19	110.19
2043-44	476	1,652,054	-	-	60,000	1,592,054	1,445,400	110.15	110.15
2044-45	476	1,652,054	-	-	60,000	1,592,054	1,444,000	110.25	110.25
2045-46	476	1,652,054	-	-	60,000	1,592,054	1,445,600	110.13	110.13

Footnotes on next page.

- (1) Based on projected development set forth in the Price Point Study. Actual Special Tax Revenues will reflect development status as of the January 1 prior to the start of such Fiscal Year.
- (2) For Fiscal Year 2021-22, Developed Special Tax Revenues are equal to 100.00% of the Assigned Special Tax for 22 units classified as Developed Property as of January 1, 2021. For Fiscal Year 2022-23, Developed Special Tax Revenues are equal to 100.00% of the Assigned Special Tax for 79 units classified as Developed Property as of July 12, 2021. For Fiscal Year 2023-24, Developed Special Tax Revenues equal to 100.00% of the Assigned Special Tax for an estimated 317 units expected to be classified as Developed Property as of January 1, 2023. For Fiscal Year 2024-25 and each year thereafter, Developed Special Tax Revenues are equal to 100.00% of the Assigned Special Tax for all 476 units at buildout.
- (3) For Fiscal Year 2021-22, Approved Property will not be levied. For Fiscal Year 2022-23, Approved Special Tax Revenues equal to 100.00% of the Maximum Special Tax based on development as of July 12, 2021 (8.35 acres). For Fiscal Year 2023-24, Approved Special Tax Revenues equal to approximately 100.00% of the Maximum Special Tax based on expected development as of January 1, 2023 (8.51 acres).
- (4) For Fiscal Year 2021-22, Undeveloped Property will not be levied. For Fiscal Year 2022-23, Undeveloped Special Tax Revenues equal to approximately 100.00% of the Maximum Special Tax based on development as of July 12, 2021 (12.89 acres). Tract Map Nos. 71886-02, 71886-05, and 71886-06 were recorded in September 2020, but the applicable condominium plans have not yet been recorded as of July 12, 2021. Once recorded, such property will be reclassified as Approved Property.
- (5) Based on administrative expenses of \$60,000 each year.
- (6) Preliminary; subject to change. Fiscal Years 2021-22 and 2022-23 debt service reduced by capitalized interest through March 1, 2023.
- Source: DTA, Inc.

Direct and Overlapping Debt

The District is included within the boundaries of numerous overlapping local agencies providing governmental services. Some of these local agencies have outstanding bonds, and/or the authority to issue bonds, payable from taxes or assessments. The existing indebtedness payable from taxes and assessments that may be levied upon the property within the District is shown in Table 4 below. In addition to current debt, new community facilities districts and/or special assessment districts could be formed in the future encompassing all or a portion of the property within the District; and such districts or the agencies that formed them could issue more bonds and levy additional special taxes or assessments.

TABLE 4
DIRECT AND OVERLAPPING DEBT SUMMARY (TAXABLE PROPERTY)

<i>Overlapping District</i>	<i>Actual FY 2020-21 Total Levy</i>	<i>Amount of Levy on Parcels in District⁽¹⁾</i>	<i>Percent of Levy on Parcels in District</i>	<i>Total Debt Outstanding⁽²⁾</i>	<i>District's Share of Total Debt Outstanding</i>
Metropolitan Water District G.O. Bonds	\$153,026,056	\$4,893	0.0032%	\$26,830,000	\$858
City of Los Angeles G.O. Bonds	101,172,971	23,122	0.0229%	627,460,000	143,401
Los Angeles Unified School District G.O. Bonds	2,027,808,720	195,639	0.0096%	10,864,555,000	1,048,193
Los Angeles Community College District G.O. Bonds	626,714,550	56,152	0.0090%	4,409,250,000	395,056
Estimated Share of Overlapping Debt Allocable to the District					\$1,587,509
Plus the CFD No. 11 Series 2021 Special Tax Bonds ⁽³⁾					\$22,445,000
Estimated Share of Overlapping Debt Allocable to District					\$24,042,509

(1) The amount of levy shown herein is based on the Fiscal Year 2020-21 ad-valorem rates. Calculated by applying the corresponding ad-valorem rate to the Fiscal Year 2021-22 assessed value of \$139,813,380 as provided by the Los Angeles County Assessor.

(2) As of June 2, 2021.

(3) Preliminary; subject to change.

(4) Based on Fiscal Year 2021-22 assessed value provided by the Los Angeles County Assessor. Assessed value is calculated as the sum of land value and improvement value.

Source: DTA, Inc.

As shown in Tables 5 through 9 below, the projected total effective tax rate for Fiscal Year 2021-22 for completed single family homes conveyed to individual homeowners as of July 23, 2021 in the District ranges from approximately 1.559% to approximately 1.578% of the sales prices identified in the Price Point Study.

TABLE 5
COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA)
ESTIMATED FISCAL YEAR 2021-22 SAMPLE TAX BILL
DEVELOPED PROPERTY – DETACHED STANDARD HOME (D.R. HORTON)
SUB-AREA 1 – TAX CLASS 9 (2,800 SF – 3,099 SF)

<u>Assessed Valuation and Property Taxes</u>		<u>Percent of Total AV</u>	<u>Expected Amount</u>
TOTAL ASSESSED VALUE ⁽¹⁾	\$1,455,000		
NET ASSESSED VALUE ⁽¹⁾	\$1,448,000		
Unit Size ⁽²⁾	2,986		
Lot Size ⁽³⁾	4,870		
AD VALOREM PROPERTY TAXES ⁽⁴⁾			
Basic Levy		1.00000%	\$14,550.00
Metropolitan Water District		0.00350%	\$50.93
Los Angeles Unified School District		0.13993%	\$2,035.97
City of Los Angeles		0.01654%	\$240.63
Los Angeles Community College District		0.04016%	\$584.36
Total General Property Taxes and Overrides		1.20013%	\$17,461.88
ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES			
County of Los Angeles Sewer Maintenance ⁽⁵⁾			\$50.50
County of Los Angeles Flood Control ⁽⁶⁾			\$39.21
County Sanitation District #5 ⁽⁷⁾			\$167.00
County of Los Angeles Fire Department ⁽⁸⁾			\$71.50
West Vector Mosquito ⁽⁹⁾			\$10.80
Safe, Clean Water Funding Measure W ⁽¹⁰⁾			\$68.89
County of Los Angeles Trauma & Emergency ⁽¹¹⁾			\$126.61
County of Los Angeles Parks & Rec Measure A ⁽¹²⁾			\$47.78
Landscaping and Lighting District No. 96-1 ⁽¹³⁾			\$16.24
City of Los Angeles CFD No. 11 ⁽¹⁴⁾			\$4,617.90
Total Assessments and Parcel Charges			\$5,216.42
PROJECTED TOTAL PROPERTY TAXES			\$22,678.30
Projected Total Effective Tax Rate (as % of Total Assessed Value)			1.559%

- (1) Based on net base price for units in Tax Class 9 of Sub-Area 1, provided by Price Point Consultant as of July 23, 2021. Total Assessed Value includes \$7,000 homeowner's exemption. Total Assessed Value used to determine the Total Effective Tax Rate.
- (2) Based on average unit size for units in Tax Class 9 of Sub-Area 1, provided by Price Point Consultant as of July 23, 2021.
- (3) Based on average lot size for units in Tax Class 9 of Sub-Area 1, provided by Price Point Consultant as of July 23, 2021.
- (4) Based on actual Fiscal Year 2020-2021 ad valorem rates.
- (5) Based on the actual Fiscal Year 2020-2021 rate of \$50.50 per benefit unit.
- (6) Based on the actual Fiscal Year 2020-2021 rate of \$39.21 per benefit unit.
- (7) Based on the actual Fiscal Year 2020-2021 rate of \$167.00 per benefit unit.
- (8) Based on the actual Fiscal Year 2020-2021 rate of \$71.50 per benefit unit.
- (9) Based on the actual Fiscal Year 2020-2021 rate of \$10.80 per benefit unit.
- (10) Based on the actual Fiscal Year 2020-2021 rate of \$68.89 per benefit unit.
- (11) Based on the actual Fiscal Year 2020-2021 rate of \$0.0424 per square foot.
- (12) Based on the actual Fiscal Year 2020-2021 rate of \$0.016 per square foot.
- (13) Based on the actual Fiscal Year 2020-2021 rate of \$16.24 per benefit unit.
- (14) Expected amount based on the City of Los Angeles CFD No. 11 Fiscal Year 2021-2022 Special Tax of \$4,617.90 per unit for Tax Class 9, which is 100.00% of the Fiscal Year 2021-2022 Assigned Special Tax. Maximum amount based on the greater of the Fiscal Year 2021-2022 Backup Special Tax rate of \$93,908.00 per acre or the Fiscal Year 2021-2022 Assigned Special Tax of \$4,617.90 per unit for Tax Class 9, which does not escalate annually.
- Source: DTA, Inc., Price Point Consultant

TABLE 6
COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA)
ESTIMATED FISCAL YEAR 2021-22 SAMPLE TAX BILL
DEVELOPED PROPERTY – DETACHED CLUSTER HOME (KB)
SUB-AREA 2 – TAX CLASS 11 (2,300 SF – 2,599SF)

<u>Assessed Valuation and Property Taxes</u>		<u>Percent of Total AV</u>	<u>Expected Amount</u>
TOTAL ASSESSED VALUE ⁽¹⁾	\$1,200,000		
NET ASSESSED VALUE ⁽¹⁾	\$1,193,000		
Unit Size ⁽²⁾	2,307		
Lot Size ⁽³⁾	2,611		
AD VALOREM PROPERTY TAXES ⁽⁴⁾			
Basic Levy		1.00000%	\$12,000.00
Metropolitan Water District		0.00350%	\$42.00
Los Angeles Unified School District		0.13993%	\$1,679.15
City of Los Angeles		0.01654%	\$198.46
Los Angeles Community College District		0.04016%	\$481.94
Total General Property Taxes and Overrides		1.20013%	\$14,401.55
ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES			
County of Los Angeles Sewer Maintenance ⁽⁵⁾			\$50.50
County of Los Angeles Flood Control ⁽⁶⁾			\$39.21
County Sanitation District #5 ⁽⁷⁾			\$167.00
County of Los Angeles Fire Department ⁽⁸⁾			\$71.50
West Vector Mosquito ⁽⁹⁾			\$10.80
Safe, Clean Water Funding Measure W ⁽¹⁰⁾			\$68.89
County of Los Angeles Trauma & Emergency ⁽¹¹⁾			\$97.82
County of Los Angeles Parks & Rec Measure A ⁽¹²⁾			\$36.91
Landscaping and Lighting District No. 96-1 ⁽¹³⁾			\$16.24
City of Los Angeles CFD No. 11 ⁽¹⁴⁾			\$3,972.15
Total Assessments and Parcel Charges			\$4,531.02
PROJECTED TOTAL PROPERTY TAXES			\$18,932.57
Projected Total Effective Tax Rate (as % of Total Assessed Value)			1.578%

- (1) Based on net base price for units in Tax Class 11 of Sub-Area 2, provided by Price Point Consultant as of July 23, 2021. Total Assessed Value includes \$7,000 homeowner's exemption. Total Assessed Value used to determine the Total Effective Tax Rate.
- (2) Based on average unit size for units in Tax Class 11 of Sub-Area 2, provided by Price Point Consultant as of July 23, 2021.
- (3) Based on average lot size for units in Tax Class 11 of Sub-Area 2, provided by Price Point Consultant as of July 23, 2021.
- (4) Based on actual Fiscal Year 2020-2021 ad valorem rates.
- (5) Based on the actual Fiscal Year 2020-2021 rate of \$50.50 per benefit unit.
- (6) Based on the actual Fiscal Year 2020-2021 rate of \$39.21 per benefit unit.
- (7) Based on the actual Fiscal Year 2020-2021 rate of \$167.00 per benefit unit.
- (8) Based on the actual Fiscal Year 2020-2021 rate of \$71.50 per benefit unit.
- (9) Based on the actual Fiscal Year 2020-2021 rate of \$10.80 per benefit unit.
- (10) Based on the actual Fiscal Year 2020-2021 rate of \$68.89 per benefit unit.
- (11) Based on the actual Fiscal Year 2020-2021 rate of \$0.0424 per square foot.
- (12) Based on the actual Fiscal Year 2020-2021 rate of \$0.016 per square foot.
- (13) Based on the actual Fiscal Year 2020-2021 rate of \$16.24 per benefit unit.
- (14) Expected amount based on the City of Los Angeles CFD No. 11 Fiscal Year 2021-2022 Special Tax of \$3,972.15 per unit for Tax Class 11, which is 100.00% of the Fiscal Year 2021-2022 Assigned Special Tax. Maximum amount based on the greater of the Fiscal Year 2021-2022 Backup Special Tax rate of \$93,908.00 per acre or the Fiscal Year 2021-2022 Assigned Special Tax of \$3,972.15 per unit for Tax Class 11, which does not escalate annually.
- Source: DTA, Inc., Price Point Consultant

TABLE 7
COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA)
ESTIMATED FISCAL YEAR 2021-22 SAMPLE TAX BILL
DEVELOPED PROPERTY – DETACHED CLUSTER HOME (KB)
SUB-AREA 3 – TAX CLASS 13 (<2,000 SF)

<u>Assessed Valuation and Property Taxes</u>		<u>Percent of Total AV</u>	<u>Expected Amount</u>
TOTAL ASSESSED VALUE ⁽¹⁾	\$1,020,000		
NET ASSESSED VALUE ⁽¹⁾	\$1,013,000		
Unit Size ⁽²⁾	1,874		
Lot Size ⁽³⁾	2,611		
AD VALOREM PROPERTY TAXES ⁽⁴⁾			
Basic Levy		1.00000%	\$10,200.00
Metropolitan Water District		0.00350%	\$35.70
Los Angeles Unified School District		0.13993%	\$1,427.28
City of Los Angeles		0.01654%	\$168.69
Los Angeles Community College District		0.04016%	\$409.65
Total General Property Taxes and Overrides		1.20013%	\$12,241.32
ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES			
County of Los Angeles Sewer Maintenance ⁽⁵⁾			\$50.50
County of Los Angeles Flood Control ⁽⁶⁾			\$39.21
County Sanitation District #5 ⁽⁷⁾			\$167.00
County of Los Angeles Fire Department ⁽⁸⁾			\$71.50
West Vector Mosquito ⁽⁹⁾			\$10.80
Safe, Clean Water Funding Measure W ⁽¹⁰⁾			\$68.89
County of Los Angeles Trauma & Emergency ⁽¹¹⁾			\$79.46
County of Los Angeles Parks & Rec Measure A ⁽¹²⁾			\$29.98
Landscaping and Lighting District No. 96-1 ⁽¹³⁾			\$16.24
City of Los Angeles CFD No. 11 ⁽¹⁴⁾			\$3,276.00
Total Assessments and Parcel Charges			\$3,809.58
PROJECTED TOTAL PROPERTY TAXES			\$16,050.90
Projected Total Effective Tax Rate (as % of Total Assessed Value)			1.574%

- (1) Based on net base price for units in Tax Class 13 of Sub-Area 3, provided by Price Point Consultant as of July 23, 2021. Total Assessed Value includes \$7,000 homeowner's exemption. Total Assessed Value used to determine the Total Effective Tax Rate.
- (2) Based on average unit size for units in Tax Class 13 of Sub-Area 3, provided by Price Point Consultant as of July 23, 2021.
- (3) Based on average lot size for units in Tax Class 13 of Sub-Area 3, provided by Price Point Consultant as of July 23, 2021.
- (4) Based on actual Fiscal Year 2020-2021 ad valorem rates.
- (5) Based on the actual Fiscal Year 2020-2021 rate of \$50.50 per benefit unit.
- (6) Based on the actual Fiscal Year 2020-2021 rate of \$39.21 per benefit unit.
- (7) Based on the actual Fiscal Year 2020-2021 rate of \$167.00 per benefit unit.
- (8) Based on the actual Fiscal Year 2020-2021 rate of \$71.50 per benefit unit.
- (9) Based on the actual Fiscal Year 2020-2021 rate of \$10.80 per benefit unit.
- (10) Based on the actual Fiscal Year 2020-2021 rate of \$68.89 per benefit unit.
- (11) Based on the actual Fiscal Year 2020-2021 rate of \$0.0424 per square foot.
- (12) Based on the actual Fiscal Year 2020-2021 rate of \$0.016 per square foot.
- (13) Based on the actual Fiscal Year 2020-2021 rate of \$16.24 per benefit unit.
- (14) Expected amount based on the City of Los Angeles CFD No. 11 Fiscal Year 2021-2022 Special Tax of \$3,276.00 per unit for Tax Class 13, which is 100.00% of the Fiscal Year 2021-2022 Assigned Special Tax. Maximum amount based on the greater of the Fiscal Year 2021-2022 Backup Special Tax rate of \$93,908.00 per acre or the Fiscal Year 2021-2022 Assigned Special Tax of \$3,276.00 per unit for Tax Class 13, which does not escalate annually.
- Source: DTA, Inc., Price Point Consultant

TABLE 8
COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA)
ESTIMATED FISCAL YEAR 2021-22 SAMPLE TAX BILL
DEVELOPED PROPERTY – TOWNHOME (TBD/MERITAGE)
PLANNING-AREA 4 – TAX CLASS 2 (1,800 SF – 1,999 SF)

<u>Assessed Valuation and Property Taxes</u>		<u>Percent of Total AV</u>	<u>Expected Amount</u>
TOTAL ASSESSED VALUE ⁽¹⁾	\$987,500		
NET ASSESSED VALUE ⁽¹⁾	\$980,500		
Unit Size ⁽²⁾	1,875	Square Feet	
Lot Size ⁽³⁾	2,292	Square Feet	
AD VALOREM PROPERTY TAXES ⁽⁴⁾			
Basic Levy		1.00000%	\$9,875.00
Metropolitan Water District		0.00350%	\$34.56
Los Angeles Unified School District		0.13993%	\$1,381.80
City of Los Angeles		0.01654%	\$163.31
Los Angeles Community College District		0.04016%	\$396.60
Total General Property Taxes and Overrides		1.20013%	\$11,851.27
ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES			
County of Los Angeles Sewer Maintenance ⁽⁵⁾			\$50.50
County of Los Angeles Flood Control ⁽⁶⁾			\$39.21
County Sanitation District #5 ⁽⁷⁾			\$167.00
County of Los Angeles Fire Department ⁽⁸⁾			\$71.50
West Vector Mosquito ⁽⁹⁾			\$10.80
Safe, Clean Water Funding Measure W ⁽¹⁰⁾			\$68.89
County of Los Angeles Trauma & Emergency ⁽¹¹⁾			\$79.50
County of Los Angeles Parks & Rec Measure A ⁽¹²⁾			\$30.00
Landscaping and Lighting District No. 96-1 ⁽¹³⁾			\$16.24
City of Los Angeles CFD No. 11 ⁽¹⁴⁾			\$3,154.20
Total Assessments and Parcel Charges			\$3,687.84
<u>PROJECTED TOTAL PROPERTY TAXES</u>			<u>\$15,539.11</u>
Projected Total Effective Tax Rate (as % of Total Assessed Value)			1.574%

- (1) Based on net base price for units in Tax Class 2 of Subarea 4, provided by Price Point Consultant as of July 23, 2021. Total Assessed Value includes \$7,000 homeowner's exemption. Total Assessed Value used to determine the Total Effective Tax Rate.
- (2) Based on average unit size for units in Tax Class 2 of Subarea 4, provided by Price Point Consultant as of July 23, 2021.
- (3) Based on average lot size for units in Tax Class 2 of Subarea 4, provided by Price Point Consultant as of July 23, 2021.
- (4) Based on actual Fiscal Year 2020-2021 ad valorem rates.
- (5) Based on the actual Fiscal Year 2020-2021 rate of \$50.50 per benefit unit.
- (6) Based on the actual Fiscal Year 2020-2021 rate of \$39.21 per benefit unit.
- (7) Based on the actual Fiscal Year 2020-2021 rate of \$167.00 per benefit unit.
- (8) Based on the actual Fiscal Year 2020-2021 rate of \$71.50 per benefit unit.
- (9) Based on the actual Fiscal Year 2020-2021 rate of \$10.80 per benefit unit.
- (10) Based on the actual Fiscal Year 2020-2021 rate of \$68.89 per benefit unit.
- (11) Based on the actual Fiscal Year 2020-2021 rate of \$0.0424 per square foot.
- (12) Based on the actual Fiscal Year 2020-2021 rate of \$0.016 per square foot.
- (13) Based on the actual Fiscal Year 2020-2021 rate of \$16.24 per benefit unit.
- (14) Expected amount based on the City of Los Angeles CFD No. 11 Fiscal Year 2021-2022 Special Tax of \$3,154.20 per unit for Tax Class 2, which is 100.00% of the Fiscal Year 2021-2022 Assigned Special Tax. Maximum amount based on the greater of the Fiscal Year 2021-2022 Backup Special Tax rate of \$93,908.00 per acre or the Fiscal Year 2021-2022 Assigned Special Tax of \$3,154.20 per unit for Tax Class 2, which does not escalate annually.
- Source: DTA, Inc., Price Point Consultant

TABLE 9
COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA)
ESTIMATED FISCAL YEAR 2021-22 SAMPLE TAX BILL
DEVELOPED PROPERTY – TOWNHOME (TAYLOR MORRISON)
SUB-AREA 5 – TAX CLASS 2 (1,800 SF – 1,999 SF)

<u>Assessed Valuation and Property Taxes</u>		<u>Percent of Total AV</u>	<u>Expected Amount</u>
TOTAL ASSESSED VALUE ⁽¹⁾	\$1,002,500		
NET ASSESSED VALUE ⁽¹⁾	\$995,500		
Unit Size ⁽²⁾	1,870		
Lot Size ⁽³⁾	2,270		
AD VALOREM PROPERTY TAXES ⁽⁴⁾			
Basic Levy		1.00000%	\$10,025.00
Metropolitan Water District		0.00350%	\$35.09
Los Angeles Unified School District		0.13993%	\$1,402.79
City of Los Angeles		0.01654%	\$165.79
Los Angeles Community College District		0.04016%	\$402.62
Total General Property Taxes and Overrides		1.20013%	\$12,031.29
ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES			
County of Los Angeles Sewer Maintenance ⁽⁵⁾			\$50.50
County of Los Angeles Flood Control ⁽⁶⁾			\$39.21
County Sanitation District #5 ⁽⁷⁾			\$167.00
County of Los Angeles Fire Department ⁽⁸⁾			\$71.50
West Vector Mosquito ⁽⁹⁾			\$10.80
Safe, Clean Water Funding Measure W ⁽¹⁰⁾			\$68.89
County of Los Angeles Trauma & Emergency ⁽¹¹⁾			\$79.29
County of Los Angeles Parks & Rec Measure A ⁽¹²⁾			\$29.92
Landscaping and Lighting District No. 96-1 ⁽¹³⁾			\$16.24
City of Los Angeles CFD No. 11 ⁽¹⁴⁾			\$3,154.20
Total Assessments and Parcel Charges			\$3,687.55
PROJECTED TOTAL PROPERTY TAXES			\$15,718.84
Projected Total Effective Tax Rate (as % of Total Assessed Value)			1.568%

- (1) Based on net base price for units in Tax Class 2 of Sub-Area 5, provided by Price Point Consultant as of July 23, 2021. Total Assessed Value includes \$7,000 homeowner's exemption. Total Assessed Value used to determine the Total Effective Tax Rate.
- (2) Based on average unit size for units in Tax Class 2 of Sub-Area 5, provided by Price Point Consultant as of July 23, 2021.
- (3) Based on average lot size for units in Tax Class 2 of Sub-Area 5, provided by Price Point Consultant as of July 23, 2021.
- (4) Based on actual Fiscal Year 2020-2021 ad valorem rates.
- (5) Based on the actual Fiscal Year 2020-2021 rate of \$50.50 per benefit unit.
- (6) Based on the actual Fiscal Year 2020-2021 rate of \$39.21 per benefit unit.
- (7) Based on the actual Fiscal Year 2020-2021 rate of \$167.00 per benefit unit.
- (8) Based on the actual Fiscal Year 2020-2021 rate of \$71.50 per benefit unit.
- (9) Based on the actual Fiscal Year 2020-2021 rate of \$10.80 per benefit unit.
- (10) Based on the actual Fiscal Year 2020-2021 rate of \$68.89 per benefit unit.
- (11) Based on the actual Fiscal Year 2020-2021 rate of \$0.0424 per square foot.
- (12) Based on the actual Fiscal Year 2020-2021 rate of \$0.016 per square foot.
- (13) Based on the actual Fiscal Year 2020-2021 rate of \$16.24 per benefit unit.
- (14) Expected amount based on the City of Los Angeles CFD No. 11 Fiscal Year 2021-2022 Special Tax of \$3,154.20 per unit for Tax Class 2, which is 100.00% of the Fiscal Year 2021-2022 Assigned Special Tax. Maximum amount based on the greater of the Fiscal Year 2021-2022 Backup Special Tax rate of \$93,908.00 per acre or the Fiscal Year 2021-2022 Assigned Special Tax of \$3,154.20 per unit for Tax Class 2, which does not escalate annually.
- Source: DTA, Inc., Price Point Consultant

Property Values

Appraisal. In order to provide information with respect to the value of the land within the District, the District engaged Integra Realty Resources - Sacramento to prepare the Appraisal. The principal of the Appraiser, who was actively involved in the preparation of the Appraisal, has an “MAI” designation from the Appraisal Institute and has prepared numerous appraisals for the sale of land secured municipal bonds. The Appraiser was selected by the District and has no material relationships with the City, the District or the owners of the land within the District other than the relationship represented by the engagement to prepare the Appraisal and other similar engagements for the City. The City instructed the Appraiser to prepare its analysis and report in conformity with City-approved guidelines and the Appraisal Standards for Land Secured Financings published in 1994 and revised in 2004 by the commission now known as California Debt and Investment Advisory Commission. A copy of the Appraisal is included as Appendix B to this Official Statement.

The purpose of the Appraisal was to estimate the minimum market value of the fee simple estate, subject to special tax and special assessment liens, of the property within the District in its current condition. Subject to the contingencies, assumptions and limiting conditions set forth in the Appraisal, the Appraiser concluded that, as of July 12, 2021, the minimum market value of the Taxable Property within the District was not less than \$254,079,310, consisting of \$2,760,000 for the two completed residential units conveyed to individual homeowners, and \$251,319,310 for the remainder of the properties, which includes 14 completed production units (including 5 completed model units) owned by the Developers. See Appendix B — “APPRAISAL REPORT.”

Reference is made to Appendix B for a complete list and full discussion of the applicable contingencies, assumptions and limiting conditions and the methodology employed by the Appraiser. In the event that any of the contingencies, assumptions and limiting conditions are not actually realized, the value of the property within the District may be less than the amount reported in the Appraisal. In any case, there can be no assurance that any portion of the property within the District would actually sell for the amount indicated by the Appraisal.

The Appraisal merely indicates the Appraiser’s opinion as to the minimum market value of the property referred to therein as of the date and under the conditions specified therein. The Appraiser’s opinion reflects conditions prevailing in the applicable market as of the date of value. The Appraiser’s opinion does not predict the future value of the subject property, and there can be no assurance that market conditions will not adversely change in the future.

The Appraiser has specifically consented to the inclusion of the Appraisal in this Official Statement. Nevertheless, the Appraisal contains the following statement:

The acceptance of and/or use of this appraisal report by the client or any third party constitutes acceptance of the following conditions:

The liability of Integra Realty Resources and the appraisers responsible for this report is limited to the client only and to the fee actually received by the appraisers. Further, there is no accountability, obligation or liability to any third-party. If the appraisal report is placed in the hands of anyone other than the client for whom this report was prepared, the client shall make such party and/or parties aware of all limiting conditions and assumptions of this assignment and related discussions. Any party who uses or relies upon any information in this report, without the preparer’s written consent, does so at his own risk.

If the client or any third party brings legal action against Integra Realty Resources or the signer of the Appraisal and the appraisers prevail, the party initiating such legal action shall reimburse Integra Realty Resources and/or the appraisers for any and all costs of any nature, including attorneys’ fees, incurred in their defense.

It is a condition precedent to the issuance of the Series 2021 Bonds that the Appraiser deliver to the District a certification to the effect that nothing has come to the attention of the Appraiser subsequent to the date of the Appraisal that would cause the Appraiser to believe that the value of property in the District is less than the minimum value reported in the Appraisal.

Value-to-Lien Ratios

The value of the property within the District is significant because, in the event of a delinquency in the payment of Special Taxes, the District may foreclose only against delinquent parcels. Likewise, the ratio of the value of a parcel to its “share” of the Series 2021 Bonds is important because it provides an indication of the extent of the relative burden imposed on each parcel by the applicable Special Tax. As indicated above, the minimum appraised value of the property within the District is not less than \$254,079,310. The ratio of that value to the \$22,445,000* total principal amount of the Series 2021 Bonds is approximately 11.32*-to-1. This ratio does not include other overlapping general obligation debt within the District. At this time there is no other overlapping land secured special tax or assessment debt within the District. See “— Direct and Overlapping Debt.” Taking the \$22,445,000* principal amount of the Series 2021 Bonds and other overlapping general obligation debt within the District into account, the ratio of the minimum appraised value to the total amount of bonded debt for the District of \$24,042,509* is approximately 10.57*-to-1.

Table 10 sets forth the projected appraised value-to-lien ratios of all the taxable property within the District by development status as of July 12, 2021, based on a projected Fiscal Year 2022-23 Special Tax levy.

Table 11 sets forth the projected appraised value-to-lien ratios of all the taxable property within the District by property owner, based on the projected Fiscal Year 2022-23 Special Tax levy. Taxable property within the District is classified as “Developed Property” for purposes of the Fiscal Year 2022-23 Special Tax levy if a building permit for such property is obtained by January 1, 2022.

* *Preliminary, subject to change.*

TABLE 10
PROJECTED MINIMUM MARKET VALUE-TO-LIEN RATIOS BASED ON
TOTAL AMOUNT OF BONDED DEBT ALLOCATED BY PROPERTY OWNER/DEVELOPMENT STATUS
(Projected Fiscal Year 2022-23 Special Tax Levy)

Property Classification/Subarea/Owner ^(1,2,3)	Number of Units/Lots	Projected FY 2022-23 Special Tax Levy ⁽⁴⁾	Percentage of Special Tax Levy ⁽⁴⁾	City of LA CFD No. 11 Outstanding Bond Amount ⁽⁵⁾	MWD GO Outstanding Bond Amount ⁽⁶⁾	City of LA GO Outstanding Bond Amount ⁽⁶⁾	LA Unified School District GO Outstanding Bond Amount ⁽⁶⁾	LA Community College District GO Outstanding Bond Amount ⁽⁶⁾	Total Direct and Overlapping Debt	Appraised Value ⁽³⁾	Appraised Value-to-Lien Ratio ⁽⁷⁾
Developed Property											
<i>Subarea 1</i>											
Individual Owners (Completed Homes)	2	\$ 9,885	0.66%	\$ 147,571	\$ 7	\$ 1,101	\$ 8,048	\$ 3,033	\$ 159,759	\$ 2,760,000	17.28 to 1
D.R. Horton (Completed Homes)	11	53,068	3.53	792,263	44	7,357	53,778	20,269	873,711	15,180,000	17.37 to 1
D.R. Horton (Detached Standard Lots)	34	165,120	10.98	2,465,106	116	19,443	142,121	53,564	2,680,350	25,699,668	9.59 to 1
Master Developer (Detached Standard Lots)	3	14,503	0.96	216,512	11	1,789	13,077	4,929	236,318	2,211,000	9.36 to 1
<i>Subarea 2</i>											
KB (Detached Cluster Lots)	6	22,821	1.52	340,695	19	3,144	22,982	8,662	375,501	3,621,662	9.64 to 1
<i>Subarea 3</i>											
KB (Completed Homes)	3	10,714	0.71	159,954	8	1,309	9,567	3,606	174,444	3,180,000	18.23 to 1
KB (Detached Cluster Lots)	20	71,217	4.73	1,063,217	70	11,679	85,367	32,174	1,192,506	12,072,205	10.12 to 1
Subtotal - Developed Property	79	\$ 347,327	23.09%	\$ 5,185,317	\$274	\$ 45,822	\$ 334,940	\$126,236	\$ 5,692,589	\$ 64,724,535	11.37 to 1
Approved Property											
<i>Subarea 1</i>											
D.R. Horton (Detached Standard Lots)	1	\$ 10,943	0.73%	\$ 163,370	\$ 4	\$ 602	\$ 4,399	\$ 1,658	\$ 170,033	\$ 755,873	4.45 to 1
Master Developer (Detached Standard Lots)	15	155,597	10.34	2,322,939	51	8,558	62,556	23,577	2,417,681	11,055,000	4.57 to 1
<i>Subarea 2</i>											
KB (Detached Cluster Lots)	12	70,933	4.72	1,058,976	43	7,201	52,637	19,838	1,138,696	7,243,323	6.36 to 1
Master Developer (Detached Cluster Lots)	42	256,115	17.03	3,823,586	61	10,194	74,510	28,082	3,936,433	24,444,000	6.21 to 1
<i>Subarea 3</i>											
KB (Detached Cluster Lots)	37	178,932	11.90	2,671,308	73	12,194	89,129	33,592	2,806,295	22,333,579	7.96 to 1
Master Developer (Detached Cluster Lots)	19	111,435	7.41	1,663,633	27	4,438	32,438	12,226	1,712,761	11,058,000	6.46 to 1
Subtotal - Approved Property	126	\$ 783,955	52.12%	\$11,703,813	\$258	\$ 43,186	\$ 315,669	\$118,973	\$12,181,899	\$ 76,889,775	6.31 to 1
Undeveloped Property⁽⁸⁾											
<i>Subarea 4A</i>											
Master Developer (Townhome Unit Lots)	54	\$ 82,200	5.47%	\$ 1,227,180	\$ 57	\$ 9,560	\$ 69,882	\$ 26,338	\$ 1,333,018	\$ 39,425,000	29.58 to 1
<i>Subarea 4B</i>											
Meritage Homes (Townhome Unit Lots)	35	36,150	2.40	539,696	44	7,425	54,271	20,454	621,890	14,525,000	23.36 to 1
Master Developer (Townhome Unit Lots)	51	51,028	3.39	761,811	57	9,546	69,777	26,298	867,489	23,655,000	27.27 to 1
<i>Subarea 5</i>											
Taylor Morrison (Townhome Unit Lots)	46	75,506	5.02	1,127,246	62	10,401	76,024	28,653	1,242,386	19,090,000	15.37 to 1
Master Developer (Townhome Unit Lots)	85	127,933	8.51	1,909,938	104	17,461	127,630	48,103	2,103,237	15,770,000	7.50 to 1
Subtotal - Undeveloped Property	271	\$ 372,818	24.79%	\$ 5,565,871	\$325	\$ 54,393	\$ 397,585	\$149,847	\$ 6,168,021	\$112,465,000	18.23 to 1
Total	476	\$1,504,100	100.00%	\$22,455,000	\$858	\$143,401	\$1,048,193	\$395,056	\$24,042,509	\$254,079,310	10.57 to 1

Footnotes appear on next page.

Footnotes to Table 10 on prior page.

- (1) Reflects building permits issued and final maps recorded as of July 12, 2021. As of July 12, 2021, building permits had been issued for 79 units and such units will be considered Developed Property in Fiscal Year 2022-2023. The actual Fiscal Year 2022-2023 Special Tax levy will reflect building permits as of January 1, 2022.
- (2) Per the Rate and Method of Apportionment, Developed Property is property for which a building permit was issued as of January 1, 2022. Approved Property is property for which a Final Map was recorded prior to January 1, 2022 and a building permit was not issued as of January 1, 2022. Final Map means (i) a final map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.) that creates individual lots or parcels for which building permits may be issued without further subdivision, or (ii) for Condominium Property, a final map approved by the City and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots or parcels. Undeveloped Property is property for which a building permit was not issued as of January 1, 2022.
- (3) Ownership and value based on Appraisal Report with a date of value of July 12, 2021.
- (4) Projected Fiscal Year 2022-2023 Special Tax levy for debt service due on the Series 2021 Bonds in 2023 plus \$60,000 in annual administrative expenses less available capitalized interest through March 1, 2023.
- (5) Preliminary; subject to change. Allocated based on projected Fiscal Year 2022-2023 Special Tax levy.
- (6) As of June 2, 2021. Allocated based on Fiscal Year 2020-2021 levy.
- (7) Calculated by dividing the Appraised Value column by the Total Direct and Overlapping Debt column.
- (8) Tract Map Nos. 71886-02, 71886-05, and 71886-06 were recorded in September 2020, but the applicable condominium plans have not yet been recorded as of July 12, 2021. Once recorded, such property will be reclassified as Approved Property.

Source: DTA, Inc.

TABLE 11
PROJECTED MINIMUM MARKET VALUE-TO-LIEN RATIOS BASED ON TOTAL AMOUNT OF BONDED DEBT
ALLOCATED BY PROPERTY OWNER/SUBAREA
(Projected Fiscal Year 2022-23 Special Tax Levy)

Owner/Subarea ⁽¹⁾	Number of Units/Lots	Projected FY 2022-2023 Special Tax Levy ⁽²⁾	Percentage of Special Tax Levy ⁽²⁾	City of LA CFD No. 11 Outstanding Bond Amount ⁽³⁾	MWD GO Outstanding Bond Amount ⁽⁴⁾	City of LA GO Outstanding Bond Amount ⁽⁴⁾	LA Unified School District GO Outstanding Bond Amount ⁽⁴⁾	LA Community College District GO Outstanding Bond Amount ⁽⁴⁾	Total Direct and Overlapping Debt	Appraised Value ⁽¹⁾	Appraised Value-to-Lien Ratio ⁽⁶⁾
Individual Homeowners											
Subarea 1	2	\$ 9,885	0.66%	\$ 147,571	\$ 7	\$ 1,101	\$ 8,048	\$ 3,033	\$ 159,759	\$ 2,760,000	17.28 to 1
Subtotal - Individual Owner	2	\$ 9,885	0.66%	\$ 147,571	\$ 7	\$ 1,101	\$ 8,048	\$ 3,033	\$ 159,759	\$ 2,760,000	17.28 to 1
D.R. Horton											
Subarea 1	46	\$ 229,131	15.23%	\$ 3,420,739	\$164	\$ 27,402	\$ 200,298	\$ 75,491	\$ 3,724,095	\$ 41,635,541	11.18 to 1
Subtotal - D.R. Horton	46	\$ 229,131	15.23%	\$ 3,420,739	\$164	\$ 27,402	\$ 200,298	\$ 75,491	\$ 3,724,095	\$ 41,635,541	11.18 to 1
KB											
Subarea 2	18	\$ 93,754	6.23%	\$ 1,399,671	\$ 62	\$ 10,345	\$ 75,619	\$ 28,500	\$ 1,514,198	\$ 10,864,985	7.18 to 1
Subarea 3	60	\$ 260,863	17.34	\$ 3,894,479	151	\$ 25,181	\$ 184,062	\$ 69,372	\$ 4,173,245	\$ 37,585,784	9.01 to 1
Subtotal - KB	78	\$ 354,617	23.58%	\$ 5,294,150	\$213	\$ 35,527	\$ 259,682	\$ 97,872	\$ 5,687,443	\$ 48,450,769	8.52 to 1
Meritage Homes											
Subarea 4B ⁽⁶⁾	35	\$ 36,150	2.40%	\$ 539,696	\$ 44	\$ 7,425	\$ 54,271	\$ 20,454	\$ 621,890	\$ 14,525,000	23.36 to 1
Subtotal - Meritage Homes	35	\$ 36,150	2.40%	\$ 539,696	\$ 44	\$ 7,425	\$ 54,271	\$ 20,454	\$ 621,890	\$ 14,525,000	23.36 to 1
Taylor Morrison											
Subarea 5 ⁽⁶⁾	46	\$ 75,506	5.02%	\$ 1,127,246	\$ 62	\$ 10,401	\$ 76,024	\$ 28,653	\$ 1,242,386	\$ 19,090,000	15.37 to 1
Subtotal - Taylor Morrison	46	\$ 75,506	5.02%	\$ 1,127,246	\$ 62	\$ 10,401	\$ 76,024	\$ 28,653	\$ 1,242,386	\$ 19,090,000	15.37 to 1
Master Developer											
Subarea 1	18	\$ 170,100	11.31%	\$ 2,539,451	\$ 62	\$ 10,347	\$ 75,633	\$ 28,505	\$ 2,653,998	\$ 13,266,000	5.00 to 1
Subarea 2	42	\$ 256,115	17.03	\$ 3,823,586	61	\$ 10,194	\$ 74,510	\$ 28,082	\$ 3,936,433	\$ 24,444,000	6.21 to 1
Subarea 3	19	\$ 111,435	7.41	\$ 1,663,633	27	\$ 4,438	\$ 32,438	\$ 12,226	\$ 1,712,761	\$ 11,058,000	6.46 to 1
Subarea 4A ⁽⁶⁾	54	\$ 82,200	5.47	\$ 1,227,180	57	\$ 9,560	\$ 69,882	\$ 26,338	\$ 1,333,018	\$ 39,425,000	29.58 to 1
Subarea 4B ⁽⁶⁾	51	\$ 51,028	3.39	\$ 761,811	57	\$ 9,546	\$ 69,777	\$ 26,298	\$ 867,489	\$ 23,655,000	27.27 to 1
Subarea 5 ⁽⁶⁾	85	\$ 127,933	8.51	\$ 1,909,938	104	\$ 17,461	\$ 127,630	\$ 48,103	\$ 2,103,237	\$ 15,770,000	7.50 to 1
Subtotal - Master Developer	269	\$ 798,811	53.11%	\$ 11,925,599	\$368	\$ 61,546	\$ 449,870	\$ 169,553	\$ 12,606,937	\$ 127,618,000	10.12 to 1
Total	476	\$1,504,100	100.00%	\$22,455,000	\$858	\$143,401	\$1,048,193	\$395,056	\$24,042,509	\$254,079,310	10.57 to 1

⁽¹⁾ Ownership and value based on Appraisal Report with a date of value of July 12, 2021.

⁽²⁾ Reflects building permits issued and final maps recorded as of July 12, 2021. The actual Fiscal Year 2022-2023 Special Tax levy will reflect building permits as of January 1, 2022. Projected Fiscal Year 2022-2023 Special Tax levy for debt service due on the Series 2021 Bonds in 2023 plus \$60,000 in annual administrative expenses less available capitalized interest through March 1, 2023.

⁽³⁾ Preliminary; subject to change. Allocated based on projected Fiscal Year 2022-2023 Special Tax levy.

⁽⁴⁾ As of June 2, 2021. Allocated based on Fiscal Year 2020-2021 levy.

⁽⁵⁾ Calculated by dividing the Appraised Value column by the Total Direct and Overlapping Debt column.

⁽⁶⁾ Tract Map Nos. 71886-02, 71886-05, and 71886-06 were recorded in September 2020, but the applicable condominium plans have not yet been recorded as of July 12, 2021.

Source: DTA, Inc.

Delinquency History

Fiscal Year 2021-22 was the first year in which Special Taxes were levied in the District. The first installment is due by November 1, 2021, which becomes delinquent on December 10, 2021.

PROPERTY OWNERSHIP AND THE DEVELOPMENT

The information about the property in the District contained in this Official Statement has been provided by representatives of the Developers and has not been independently confirmed or verified by the Underwriter, the City or the District. The Underwriter, the City, and the District make no representation as to the accuracy or adequacy of the information contained in this caption. There may be material adverse changes in this information after the date of this Official Statement. Neither the Series 2021 Bonds nor the Net Special Tax Revenues securing the Series 2021 Bonds and any Additional Bonds are personal obligations of the Developers or any affiliate thereof or any other property owner and, in the event that any property owner defaults in the payment of its Special Taxes, the District may proceed with judicial foreclosure but has no direct recourse to the assets of any property owner or any affiliate thereof. See the caption "SPECIAL RISK FACTORS."

Notwithstanding the belief of the Developers that they will have sufficient funds to complete their respective planned land acquisition and development in the District, no assurance can be given that amounts necessary to fund the remaining planned land acquisition and development by the Developers in the District will be available when needed. None of Developers or any other entity or person is under any legal obligation of any kind to expend funds for the acquisition and development of the property as planned by the Developers in the District. Any contributions by the Developers or any other entity or person to fund the costs of such land acquisition and development are entirely voluntary. If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned land acquisition and development by the Developers within the District, the remaining portions of such development may not be completed. None of the Developers have any legal obligation to Owners to make any such funds available for land acquisition, construction or development, or the payment of ad valorem property taxes or the Special Taxes.

Master Developer

The land within the District is being developed by the Master Developer. The Master Developer originally acquired all 50.2 acres of the property within the District in March 2018.

The Master Developer's project manager, Harridge Development Group LLC, a Delaware limited liability company ("Harridge"), is a member of the member of the upper tier entity that serves as the sole member and manager of the Master Developer. The other member of the sole member and manager of the Master Developer is a private equity company. Harridge, through its various investment vehicles, has extensive expertise in developing urban districts with single family, planned use development, condominium, multifamily and mixed-use projects. The executive team of Harridge has both regional and national development experience.

The following examples include developments that Harridge and its affiliates are completing or have completed. They represent a small sample of the work being done by Harridge and its affiliates:

- *The Metropolitan.* The Metropolitan is a mixed-use project in Los Angeles, along Sunset Boulevard, with loft apartments and creative office space. The development of the Metropolitan consisted of redeveloping an underutilized 12-story hotel and dilapidated strip center by providing much needed housing (52 apartment units) and 40,000 square feet of creative office and retail space.

- *Deluxe.* In December 2013, this 3.41 acre site in Hollywood was purchased in a joint venture with Harridge as the development manager. The property was improved with a three building campus consisting of office, lab and post-production facilities at the time of sale. Harridge successfully obtained the entitlements to enable a mixed use project featuring approximately 60,000 square feet of creative office space, a new parking structure, and a 254-unit multifamily building. The property was sold to a partnership between La Terra and Gemdale USA in September 2015.
- *City of Inglewood.* An affiliate of Harridge is developing 18.3 acres in the City of Inglewood. The project includes 226 two- and three-story detached condominium units, and several community amenities, including a community recreation building, a community pool and spa, children play areas, neighborhood pocket parks, and open space lawns.
- *Crossroads.* An affiliate of Harridge is developing 6.8 acres in the City of Los Angeles. The project includes nine new buildings, including a 308-room hotel. There will be 950 apartments, including 105 affordable units, and 190,000 square feet of commercial space.
- *Baldwin Hills.* An affiliate of Harridge, acquired Baldwin Hills Crenshaw Plaza, a regional mall in South Los Angeles. Harridge anticipates that the project will consist of approximately 960 housing units, retail, hotel and office space.

Development Entitlements. The property within the District is fully entitled for a total of 345 two- and three-story detached single family units or townhome units, 131 semi-detached condominium units, and several community amenities, including a community recreation building, a community pool and spa, children play areas, neighborhood pocket parks, and open space. No remaining discretionary approvals are required for development of the District.

Status of Development. The public backbone infrastructure necessary for development of the District was completed by December 1, 2020. This includes grading the site and installing sewer, storm drain and joint trench backbone improvements, along with Western Avenue Improvements, street lighting, landscaping, and off-site intersection and street improvements. Remaining infrastructure construction consists of completion of the intract streets, landscaping, clubhouse construction, and installation of wet and dry utilities. The Master Developer retained the obligation to complete the clubhouse, but the responsibility for completing the remaining intract streets, landscaping, and installation of wet and dry utilities depends on the subarea and the agreement between the Master Developer and the various builders, as more particularly described below. The clubhouse is complete and a temporary certificate of occupancy has been issued by the City.

Utilities. Public utilities, including electricity, natural gas, water, sewer, and telephone service, are available to the property in the District. Public utilities are provided by the following entities:

Utility	Provider
Electricity	LADWP
Natural Gas	Southern California Gas Company
Sewer/Water	LA Public Works/Water is Cal Water
Data/Phone	Various providers

Property Ownership. As of August 1, 2021, ownership of the property within the District is as follows:

D.R. Horton Agreement. The Master Developer and D.R. Horton are parties to that certain Purchase and Sale Agreement dated as of January 8, 2020, as amended by that certain Reinstatement of and First Amendment to Purchase and Sale Agreement dated as of February 21, 2020, as further amended by that certain Second Amendment to Purchase and Sale Agreement dated as of November 24, 2020, and as further amended by that certain Third Amendment to Purchase and Sale Agreement dated as of January 26, 2021 (collectively, the “D.R. Horton Agreement”). The D.R. Horton Agreement provides for the sale to D.R. Horton of 66 finished lots in the District in eight take-downs. The Master Developer closed 55 finished lots to D.R. Horton between March 6, 2020 and August 5, 2021. Closing of an additional six lots is scheduled to occur by October 7, 2021 and the final 5 lots closing is scheduled to occur by December 2, 2021 (“Remaining D.R. Horton Closings”), or such other date mutually approved by the Master Developer and D.R. Horton, subject to certain extension rights. The remaining conditions to closing of the remaining 11 lots are that the Master Developer’s representations and warranties under the D.R. Horton Agreement are true, correct and complete, the title company is committed to issue a title insurance policy, the Master Developer has complied with all of the Master Developer’s covenants under the D.R. Horton Agreement, including, without limitation, delivery of the property in near finished lot condition (including, without limitation, all grading work, but without completion of the construction of the in-tract water, sewer and storm drain nor any touch up grading work), the Master Developer having completed requisite common area infrastructure, no enacted or proposed building or utility hook-up moratorium or similar action or any ordinances, laws or regulations exist affecting the remaining units not in existence at the time of the execution of the D.R. Horton Agreement that would prohibit or materially delay or hinder the issuance of building permits or certificates of occupy for residences planned for the remaining units. The “Backbone Escrow Agreement” means that certain Holdback Escrow Agreement (Backbone & Rec Center Work) dated March 6, 2020 between the Master Developer and Fidelity National, whereby the Master Developer held back \$5,602,082.45 from the D.R. Horton Agreement. Requirements under this agreement include the Master Developer's obligation to complete certain backbone and recreation center work, with the ability to draw down on escrowed funds for the work.

KB Purchase Agreements. The Master Developer and KB are parties to two different purchase and sale agreements; one for Subarea 2 and one for Subarea 3.

Subarea 2. KB and the Master Developer entered into that certain Purchase and Sale Agreement dated as of July 8, 2020, as amended by that certain First Amendment to Purchase and Sale Agreement dated as of July 22, 2020 (collectively, the “Subarea 2 KB Agreement”). The Subarea 2 KB Agreement provides for the sale to KB of 60 finished lots in the District in three take-downs. The Master Developer closed 18 finished lots to KB on September 3, 2020, with the closing of an additional 24 lots scheduled to close by November 3, 2021, and the last 18 lots in Subarea 2 scheduled to close by November 3, 2022 (collectively, the “Remaining KB Subarea 2 Closings”), or such other date mutually approved by the Master Developer and KB, subject to certain extension rights. The remaining conditions to closing of the remaining Subarea 2 property are that the Master Developer’s representations and warranties under the Subarea 2 KB Agreement are true, correct and complete, the title company is committed to issue a title insurance policy, the Master Developer has complied with all of the Master Developer’s covenants under the Subarea 2 KB Agreement, including, without limitation, delivery of the property in near finished lot condition (including, without limitation, all grading work, but without completion of the construction of the in-tract water, sewer and storm drain nor any touch up grading work), the Master Developer having completed requisite common area infrastructure, no enacted or proposed building or utility hook-up moratorium or similar action or any ordinances, laws or regulations exist affecting the Subarea 2 property not in existence at the time of the execution of the Subarea 2 KB Agreement that would prohibit or materially delay or hinder the issuance of building permits or certificates of occupy for residences planned for the Subarea 2 property.

Subarea 3. KB and the Master Developer entered into that certain Purchase and Sale Agreement dated as of December 23, 2019, as amended by that certain First Amendment to Purchase and Sale Agreement, dated as of January 22, 2020, as further amended by that certain Second Amendment to Purchase and Sale Agreement

dated as of February 11, 2020, and as further amended by that certain Third Amendment to Purchase and Sale Agreement dated as of March 3, 2020 (collectively, the “Subarea 3 KB Agreement”). The Subarea 3 KB Agreement provides for the sale to KB of 79 finished lots in the District in three take-downs. The Master Developer closed 40 finished lots to KB on March 6, 2020 and an additional 20 finished lots on May 6, 2021, with the closing of the remaining 19 lots in Subarea 3 scheduled to close by March 6, 2022 (“Remaining Subarea 3 KB Closing”), or such other date mutually approved by the Master Developer and KB, subject to certain extension rights. The remaining conditions to closing of the remaining Subarea 3 property are that the Master Developer’s representations and warranties under the Subarea 3 KB Agreement are true, correct and complete, the title company is committed to issue a title insurance policy, the Master Developer has complied with all of the Master Developer’s covenants under the Subarea 3 KB Agreement, including, without limitation, delivery of the property in near finished lot condition (including, without limitation, all grading work, but without completion of the construction of the in-tract water, sewer and storm drain nor any touch up grading work), the Master Developer having completed requisite common area infrastructure, no enacted or proposed building or utility hook-up moratorium or similar action or any ordinances, laws or regulations exist affecting the Subarea 3 property not in existence at the time of the execution of the Subarea 2 KB Agreement that would prohibit or materially delay or hinder the issuance of building permits or certificates of occupy for residences planned for the Subarea 3 property.

Meritage Agreement. The Master Developer and Meritage are parties to that certain Purchase and Sale Agreement, dated as of July 13, 2020, as amended by that certain First Amendment to Purchase and Sale Agreement, dated as of August 17, 2020, (collectively, the “Meritage Agreement”) for the Subarea 4B property in the District. The Meritage Agreement provides for the sale to Meritage of property planned for 86 units (three legal lots of Tract No. 71886-05) in the District in three take-downs. The Master Developer closed property planned for 35 units (“Takedown 1”) to Meritage on December 4, 2020, with the closing of property planned for 30 units (“Takedown 2”) by October 4, 2021, and property planned for the remaining 21 units (“Takedown 3”) by June 4, 2022. The remaining conditions to closing of the Takedown 2 and Takedown 3 property are that the Master Developer’s representations and warranties under the Meritage Agreement are true, correct and complete, the title company is committed to issue a title insurance policy, the Master Developer has complied with all of its covenants under the Meritage Agreement, including, without limitation, delivery of the property in near finished lot condition (including, without limitation, all grading work, but without completion of the construction of the in-tract water, sewer and storm drain nor any touch up grading work), the Master Developer having completed requisite common area infrastructure, and no enacted or proposed building or utility hook-up moratorium or similar action or any ordinances, laws or regulations exist affecting the Takedown 2 or Takedown 3 property not in existence at the time of the execution of the Meritage Agreement that would prohibit or materially delay or hinder the issuance of building permits or certificates of occupy for residences planned for the Takedown 2 or Takedown 3 property.

Taylor Morrison Agreement. The Master Developer and Taylor Morrison are parties to that certain Purchase and Sale Agreement dated as of August 13, 2020, as amended by that certain First Amendment to Purchase and Sale Agreement dated as of August 24, 2020, as further amended by that certain the Second Amendment to Purchase and Sale Agreement dated as of September 4, 2020, as further amended by that certain Third Amendment to Purchase and Sale Agreement dated as of September 24, 2020, and as further amended by that certain Fourth Amendment to Purchase and Sale Agreement dated as of February 26, 2021 (collectively, the “Taylor Morrison Agreement”) for the Subarea 5 property in the District. The Taylor Morrison Agreement provides for the sale to Taylor Morrison of 131 units (three legal lots of Tract No. 71886-06) in the District in three stages. The Master Developer sold 46 units (“TM Takedown 1”) to Taylor Morrison on February 26, 2021. Taylor Morrison remains under contract to buy 48 units no sooner than 12 months, and no later than 13 months (subject to extensions), after the purchase of TM Takedown 1 (currently estimated to occur on February 26, 2022) (“TM Takedown 2”), and 37 units no sooner than 10 months, and no later than 11 months (subject to extensions), after the purchase of TM Takedown 2 (currently estimated to occur on December 26, 2022) (“TM Takedown 3”). The remaining conditions to closing of the TM Takedown 2 property and the TM Takedown 3 Property are that the Master Developer’s representations and warranties under the Taylor Morrison Agreement are true, correct and complete, the title company is committed to issue a title insurance policy, the Master

Developer has complied with all of the Master Developer's covenants under the Taylor Morrison Agreement, including, without limitation, delivery of the property in near finished lot condition (including, without limitation, all grading work, but without completion of the intract water, sewer and storm drain nor any touch up grading work), the Master Developer having completed requisite common area infrastructure, no enacted or proposed building or utility hook-up moratorium or similar action or any ordinances, laws or regulations exist affecting the TM Takedown 2 or TM Takedown 3 property not in existence at the time of the execution of the Taylor Morrison Agreement that would prohibit or materially delay or hinder the issuance of building permits or certificates of occupy for residences planned for the TM Takedown 2 or TM Takedown 3 property. Taylor Morrison will complete intract water, sewer and storm drain, grading and streets.

The Master Developer anticipates that it will be able to satisfy all of the conditions precedent under its control in order to close escrow on the Remaining D.R. Horton Closings, the Remaining KB Subarea 2 Closings, the Remaining Subarea 3 KB Closing, Takedown 2, Takedown 3, TM Takedown 2, and TM Takedown 3.

Plan of Finance. As of August 1, 2021, the Master Developer has expended approximately \$27,000,000 in hard costs and \$15,000,000 in soft costs for site development, permits and fees, consultants and specific soft costs related to the horizontal development of the property within the District as a whole (exclusive of land acquisition, financing and other carry costs).

To date, the Master Developer has financed its land acquisition and various site development costs related to its property in the District through equity and a prior construction loan.

On April 1, 2021, the Master Developer closed on a \$110,000,000 construction loan (the "Construction Loan") secured by a deed of trust on its property in the District and Subarea 6 with Highpark San Pedro, LLC, of which \$3,129,000 will be used for the completion of the following in-tract improvements:

<u>Subarea 4</u>	
Sewer	\$102,970.00
Water	127,339.00
Joint Trench	85,194.00
<u>Subarea 5</u>	
Walls	\$361,120.40
Sewer	176,684.00
Storm Drain	81,520.00
Water	242,214.00
Joint Trench	582,584.40
Streets	328,675.75
<u>Subarea 6</u>	
Walls	\$350,000.00
Sewer	43,046.00
Storm Drain	41,760.00
Water	226,573.00
Joint Trench	147,065.00
Streets	232,277.35
Total	\$3,129,023.40

The Master Developer expects to use the Construction Loan, property sales and internal funding to complete its development within the District.

The balance of the Construction Loan was used to repay prior financing, including equity provided by the members of the Master Developer. The Construction Loan will be paid off by funds generated from the sale of the remaining property in the District and the sale of property in Subarea 6. The Master Developer anticipates that the Construction Loan will be paid off and reconveyed in the first quarter of 2022.

Subarea 6, which is not part of the District, is owned by the Master Developer and is being developed with 212 multi-family rental units. The Master Developer is under contract for the sale of Subarea 6, pursuant to which a purchaser acquired 112 units on February 18, 2021. The remaining 100 units are scheduled to close on May 18, 2022.

The Master Developer believes that it will have sufficient funds available to complete its proposed development in the District, commensurate with the development timing described in this Official Statement. There can be no assurance, however, that amounts necessary to finance the remaining development costs will be available from the Master Developer or any other source when needed. Neither the Master Developer nor any of its related entities are under any legal obligation of any kind to expend funds for the remaining development of and construction of homes on its property in the District. Any contributions by the Master Developer or any other entity to fund the costs of such development and home construction are entirely voluntary.

D.R. Horton

General. As previously defined in this Official Statement, “D.R. Horton” is D.R. Horton VEN, Inc., a California corporation. D.R. Horton is a subsidiary of D.R. Horton, Inc., a Delaware corporation (“D.R. Horton, Inc.”), a public company whose common stock is traded on the New York Stock Exchange under the symbol “DHI.” Founded in 1978 and headquartered in Arlington, Texas, D.R. Horton, Inc. constructs and sells homes through its operating divisions in 96 markets in 30 states under the names of D.R. Horton, *America’s Builder*, Emerald Homes, Express Homes and Freedom Homes.

D.R. Horton, Inc. is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith files reports, proxy statements and other information, including financial statements, with the Securities and Exchange Commission (the “SEC”). Such filings, particularly, D.R. Horton, Inc.’s Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed with the SEC on November 20, 2020, its Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2020, as filed with the SEC on January 27, 2021, and its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, as filed with the SEC on July 23, 2021, which set forth certain data relative to the consolidated results of operations and financial position of D.R. Horton, Inc. and its subsidiaries, including D.R. Horton, as of such date.

The SEC maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including D.R. Horton, Inc. The address of such Internet web site is www.sec.gov. In addition, the aforementioned material may also be inspected at the offices of the NYSE at 20 Broad Street, New York, NY 10005. All documents subsequently filed by D.R. Horton, Inc. pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

Copies of D.R. Horton, Inc.’s Annual Report and each of its other quarterly and current reports, including any amendments, are available from D.R. Horton, Inc.’s website at www.drhorton.com.

The foregoing internet websites and references to filings with the SEC are included for reference only, and the information on these internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such internet sites. Neither D.R. Horton nor D.R. Horton, Inc. is obligated to advance funds to pay for development or construction costs or to

pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Series 2021 Bonds.

Development Plan. Pursuant to the D.R. Horton Agreement with the Master Developer, D.R. Horton is under contract to acquire Subarea 1 (totaling approximately 10.04 acres) in eight take-downs. As of August 1, 2021, D.R. had acquired 48 residential lots and expects to close escrow on the remaining 18 residential lots by December 2, 2021. No assurance can be given that D.R. Horton will close escrow on the remaining residential lots in Subarea 1 as planned. D.R. Horton plans to develop this property into 66 single-family detached two-story homes in a neighborhood being marketed as “Estates at Ponte Vista.”

Home construction and sales are underway within Subarea 1. D.R. Horton commenced vertical construction of the models and first phase of production homes in September, 2020 and opened its sales office in January, 2021. As of August 1, 2021, individual homeowners owned 8 homes and D.R. Horton owned 2 completed model homes, 1 completed production home, 36 homes under construction and 1 finished lots. As of August 1, 2021, D.R. Horton had 20 homes in escrow, however, homes under contract may not result in closed escrows as sales contracts are subject to cancellation.

Assuming D.R. Horton completes the acquisition of the remaining 18 residential lots in Subarea 1, D.R. Horton’s Estates at Ponte Vista project is planned to consist of 66 single-family detached homes at completion. The table below summarizes, as of August 1, 2021, the product mix and development status of D.R. Horton’s project within the District.

**ESTATES AT PONTE VISTA
(As of August 1, 2021)**

<u>Owned by D.R. Horton</u>						
Plan	Total Units Planned⁽¹⁾	Estimated Home Square Footage	Closings as of August 1, 2021	Completed Homes/Homes Under Construction⁽²⁾	Finished Lots⁽³⁾	Base Home Prices⁽⁴⁾
1	23	2,986	2	13	0	\$1,389,990
2	22	3,337	3	11	1	1,430,990
3	<u>21</u>	3,527	<u>3</u>	<u>15</u>	<u>0</u>	1,530,990
Total	66		8	39	1	

(1) Includes 18 finished lots owned by the Master Developer.

(2) Includes 2 completed model homes, 1 completed production home and 36 homes under construction.

(3) A building permit had been issued for the 1 finished lot owned by D.R. Horton as of August 1, 2021.

(4) Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Source: D.R. Horton.

D.R. Horton expects to complete and convey all remaining homes within its project in the District to individual homeowners by September 2022.

No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans outlined herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. D.R. Horton continuously evaluates its product lines and prices in light of the then current market conditions. See “SPECIAL RISK FACTORS” herein for a discussion of risk factors.

Financing Plan. As of August 1, 2021, D.R. Horton had expended approximately \$49.5 million in land acquisition costs, site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs (exclusive of interest, internal financing repayment, and corporate overhead) related to the Estates project. As of August 1, 2021, D.R. Horton anticipates expending approximately \$26.3 million in additional land acquisition costs, site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs to complete the Estates project.

To date, D.R. Horton has financed its land acquisition, site development and home construction costs related to its property in the District through internally generated funds. D.R. Horton expects to use homes sales revenue and internally generated funds to complete the land acquisition and development of its property in the District.

Although D.R. Horton believes that such funding sources will be sufficient to complete its proposed land acquisition and development in the District commensurate with the development timing described in this Official Statement, there can be no assurance that amounts necessary to fund the remaining planned land acquisition and development of D.R. Horton's property within the District will be available from D.R. Horton or any other source when needed. Neither D.R. Horton, nor any of its related entities, including its parent D.R. Horton, Inc., is under any legal obligation of any kind to expend funds for the remaining land acquisition and development of D.R. Horton's property in the District, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by D.R. Horton or any other entity or person to fund the costs of such remaining land acquisition and development are entirely voluntary.

If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned land acquisition and development by D.R. Horton within the District and other financing by D.R. Horton is not put into place, there could be a shortfall in the funds required to complete the planned land acquisition and development by D.R. Horton in the District, and the remaining portions of D.R. Horton's project in the District may not be completed. Many factors beyond D.R. Horton's control, or a decision by D.R. Horton to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS — Failure to Develop Properties" herein.

COVID-19 Impact. The COVID-19 pandemic and related public health and governmental authorities' orders and actions is having a negative impact throughout the world, including in the County of Los Angeles, and could have a material adverse effect on D.R. Horton's ability to complete its Estates project within the District in the time frame and budget, and at the sales prices, described in this Official Statement.

As of August 1, 2021, D.R. Horton has experienced increases in certain construction costs, supply chain delays, labor shortages, and increased cycle time for home deliveries. However, D.R. Horton has not experienced any significant development delays resulting from work stoppages, reduced attendance of workers, or the ability to obtain necessary inspections and approvals for homes, which may be attributed, directly or indirectly, to the COVID-19 pandemic. While the cost increases and delays may have been and may continue to be intermittently affected by COVID-19, the majority of cost increases and delays can be attributable to the strength of the housing market and the result of vendors not anticipating the scale of the demand for housing materials.

Although the recent cost increases and construction delays are not currently having a significant impact on the overall development of D.R. Horton's project in the District, the impacts caused by the outbreak are evolving and no prediction can be made with respect to the ultimate effects of the COVID-19 outbreak and related public health and governmental authorities' orders and actions (including, without limitation, the scope of restrictions under the current or any amended County of Los Angeles or State of California orders), on D.R. Horton's ability to continue to sell and close homes in the District.

See "SPECIAL RISK FACTORS — Reduction in Property Values," "— Failure to Develop Properties" and "— COVID-19 (Coronavirus) Pandemic" herein.

Required Infrastructure. D.R. Horton expects to complete the construction of the remaining in-tract improvements associated with the property that it owns within the District as home construction on such property is completed. As of August 1, 2021, remaining in-tract improvements remaining to be completed within the property D.R. Horton owns or is under contract to acquire consisted primarily of finishing of streets, curbs, gutters, landscaping and wall improvements.

Entitlement Status. Other than building and other permits required in the normal course of home construction, all discretionary entitlements required to complete the development and sales of homes within the Estates development in the District have been received.

Conditions of Approval. All conditions of approval required for the issuance of building permits within the project have been satisfied, and none of the remaining infrastructure improvements are required to be completed as a condition of receiving building permits

KB

General. As previously defined in this Official Statement, “KB” is KB HOME Greater Los Angeles Inc., a California corporation. KB is a wholly-owned subsidiary of KB Home, a Delaware corporation (“KB Home”), whose principal executive offices are located in Los Angeles, California. KB Home is a publicly traded company listed on the New York Stock Exchange under the ticker symbol “KHO.”

KB Home is subject to the informational reporting requirements of the Exchange Act, and in accordance therewith is obligated to annual, quarterly and current reports, proxy statements and other information with the SEC. Such filings set forth, among other things, certain data relative to the consolidated results of operations and financial position of KB Home and its subsidiaries. KB Home’s SEC filings are available to the public over the Internet at the SEC’s website at www.sec.gov, and at KB Home’s website at www.kbhome.com.

The foregoing internet websites and references to filings with the SEC are included for reference only, and the information on these internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such internet sites. Neither KB nor KB Home is obligated to advance funds to pay for development or construction costs or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Series 2021 Bonds.

Founded in 1957, KB Home constructs and sells homes through its operating subsidiaries under the name KB Home. KB Home’s ongoing principal operations are in nine states, including California, Arizona, Nevada, Washington, Idaho, Colorado, Texas, Florida, and North Carolina, within 45 major markets. KB Home first developed homes in California in 1963. KB Home’s homebuilding operations offer a variety of homes designed primarily for first-time, move-up and active adult homebuyers, including attached and detached single-family homes, townhomes and condominiums.

Development Plan. Pursuant to the Subarea 2 KB Agreement with the Master Developer, KB is under contract to acquire Subarea 2 (totaling approximately 5.74 acres) in three take-downs. As of August 1, 2021, KB had acquired 18 residential lots. KB expects to close escrow on an additional 24 lots by November 3, 2021, and the last 18 lots in Subarea 2 by September 3, 2022. No assurance can be given that KB will close escrow on the remaining residential lots in Subarea 2 as planned. KB plans to develop this property into 60 single-family detached two-story homes in a neighborhood being marketed as “Westport at Ponte Vista.”

Pursuant to the Subarea 3 KB Agreement with the Master Developer, KB is under contract to acquire Subarea 3 (totaling approximately 7.17 acres) in three take-downs. As of August 1, 2021, KB had acquired 60 residential lots. KB expects to close escrow on the remaining 19 lots in Subarea 3 by March 6, 2022. No

assurance can be given that KB will close escrow on the remaining residential lots in Subarea 3 as planned. KB plans to develop this property into 79 single-family detached three-story homes in a neighborhood being marketed as “Skyview at Ponte Vista.”

Westport. As of August 1, 2021, three model homes within Westport were under construction. The models are expected to be completed and open to the public in October 2021.

Assuming KB completes the acquisition of the remaining 42 lots in Subarea 2, KB’s Westport at Ponte Vista project is planned to consist of 60 single-family detached two-story homes at completion. The table below summarizes, as of August 1, 2021, the product mix and development status of KB’s Westport project within the District.

**WESTPORT AT PONTE VISTA
(As of August 1, 2021)**

<i><u>Owned by KB</u></i>						
<i>Plan</i>	<i>Total Units Planned⁽¹⁾</i>	<i>Estimated Home Square Footage</i>	<i>Closings as of August 1, 2021</i>	<i>Completed Homes/Homes Under Construction⁽²⁾</i>	<i>Finished Lots⁽³⁾</i>	<i>Estimated Base Home Prices⁽⁴⁾</i>
1	20	2,275	0	1	5	\$1,217,990
2	20	2,443	0	1	5	1,229,990
3	<u>20</u>	2,595	<u>0</u>	<u>1</u>	<u>5</u>	1,289,990
Total	60		0	3	15	

(1) Includes three model homes under construction owned by KB, 15 finished lots owned by KB and 42 finished lots owned by the Master Developer.

(2) Includes three model homes under construction.

(3) Represents finished lots without any vertical home construction owned by KB as of August 1, 2021, all with building permits issued.

(4) Actual base home prices may be less than estimated. Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Source: KB.

KB expects to complete and convey all homes within its Westport project in the District to individual homeowners by December 2022.

Skyview. Home construction and sales are underway within Skyview. KB commenced vertical construction of the models and first phase of production homes in December 2020 and opened its sales office in August 2021. Initial home closings are expected to occur in ____, 2021. As of August 1, 2021, KB owned three completed model homes, 37 homes under construction and 20 finished lots. As of August 1, 2021, __ homes within Skyview were in escrow, however, homes under contract may not result in closed escrows as sales contracts are subject to cancellation.

Assuming KB completes the acquisition of the remaining 19 lots in Subarea 3, KB’s Skyview at Ponte Vista project is planned to consist of 79 single-family detached three-story homes at completion. The table below summarizes, as of August 1, 2021, the product mix and development status of KB’s Skyview project within the District.

SKYVIEW AT PONTE VISTA
(As of August 1, 2021)

Owned by KB

Plan	Total Units Planned⁽¹⁾	Estimated Home Square Footage	Closings as of August 1, 2021	Completed Homes/Homes Under Construction⁽²⁾	Finished Lots⁽³⁾	Base Home Prices⁽⁴⁾
1	24	1,874	0	12	6	\$1,070,990
2	31	2,057	0	15	8	1,169,990
3	24	2,233	0	13	6	1,201,990
Total	79		0	40	20	

(1) Includes 60 lots owned by KB and 19 lots owned by the Master Developer.

(2) Includes three completed model homes and 37 homes under construction.

(3) Represents finished lots without any vertical home construction owned by KB as of August 1, 2021, of which none had building permits issued.

(4) Base home prices shown exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Source: KB.

KB expects to complete and convey all remaining homes within its Skyview project in the District to individual homeowners by March 2023.

No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans outlined herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. KB continuously evaluates its product lines and prices in light of the then current market conditions. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors.

Financing Plan. As of August 1, 2021, KB had expended \$41,190,414 in land acquisition costs, site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs (exclusive of interest, internal financing repayment, and corporate overhead) related to the Skyview project. As of August 1, 2021, KB anticipates expending \$21,211,006 million in additional land acquisition costs, site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs to complete the Skyview project. As of August 1, 2021, KB had expended \$12,215,674 in land acquisition costs, site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs (exclusive of interest, internal financing repayment, and corporate overhead) related to the Westport project. As of August 1, 2021, KB anticipates expending \$40,063,436 in additional land acquisition costs, site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs to complete the Westport project.

To date, KB has financed its land acquisition, site development and home construction costs related to its property in the District through internally generated funds. KB expects to use homes sales revenue and internally generated funds to complete the land acquisition and development of its property in the District.

Although KB believes that such funding sources will be sufficient to complete its proposed land acquisition and development in the District commensurate with the development timing described in this Official Statement, there can be no assurance that amounts necessary to fund the remaining planned land acquisition and development of KB's property within the District will be available from KB or any other source when needed. Neither KB, nor any of its related entities, including its parent KB Home, is under any legal obligation of any kind to expend funds for the remaining land acquisition and development of KB's

property in the District, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by KB or any other entity or person to fund the costs of such land acquisition and development are entirely voluntary.

If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned land acquisition and development by KB within the District and other financing by KB is not put into place, there could be a shortfall in the funds required to complete the planned land acquisition and development by KB in the District, and the remaining portions of KB's project in the District may not be completed. Many factors beyond KB's control, or a decision by KB to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS — Failure to Develop Properties" herein.

COVID-19 Impact. The COVID-19 pandemic and related public health and governmental authorities' orders and actions is having a negative impact throughout the world, including in the County of Los Angeles, and could have a material adverse effect on KB's ability to complete its Skyview and Westport projects within the District in the time frame and budget, and at the sales prices, described in this Official Statement.

As of August 1, 2021, KB has experienced increases in certain construction costs, supply chain delays, labor shortages, and increased cycle time for home deliveries. However, KB has not experienced any significant development delays resulting from work stoppages, reduced attendance of workers, or the ability to obtain necessary inspections and approvals for homes, which may be attributed, directly or indirectly, to the COVID-19 pandemic. While the cost increases and delays may have been and may continue to be intermittently affected by COVID-19, the majority of cost increases and delays can be attributable to the strength of the housing market and the result of vendors not anticipating the scale of the demand for housing materials.

Although the recent cost increases and construction delays are not currently having a significant impact on the overall development of KB's projects in the District, the impacts caused by the outbreak are evolving and no prediction can be made with respect to the ultimate effects of the COVID-19 outbreak and related public health and governmental authorities' orders and actions (including, without limitation, the scope of restrictions under the current or any amended County of Los Angeles or State of California orders), on KB's ability to continue to sell and close homes in the District.

See "SPECIAL RISK FACTORS — Reduction in Property Values," "— Failure to Develop Properties" and "— COVID-19 (Coronavirus) Pandemic" herein.

Required Infrastructure. KB expects to complete the construction of the remaining in-tract improvements associated with the property that it owns within the District as home construction on such property is completed. As of August 1, 2021, remaining in-tract improvements remaining to be completed within the property KB owns or is under contract to acquire consisted primarily of finishing of streets, curbs, gutters, and landscaping.

Entitlement Status. Other than building and other permits required in the normal course of home construction, all discretionary entitlements required to complete the development and sales of homes within the Skyview development in the District have been received.

Conditions of Approval. [TO BE CONFIRMED] All conditions of approval required for the issuance of building permits within the project have been satisfied, and none of the remaining infrastructure improvements are required to be completed as a condition of receiving building [or occupancy permits].

Meritage

General. As previously defined in this Official Statement, “Meritage” is Meritage Homes of California, Inc., a California corporation. Meritage is a subsidiary of Meritage Homes Corporation (“Meritage Homes Corporation”), a Maryland corporation. Meritage Homes Corporation is a homebuilder focused primarily on high-growth regions of the western and southern United States. Meritage Homes Corporation operates as a holding company, has no independent assets or operations, and is traded on the New York Stock Exchange (“NYSE”) under the ticker symbol MTH. Homebuilding, construction, development and sales activities are conducted through subsidiaries. As of December 31, 2020, Meritage Homes Corporation was actively selling homes in 195 communities, with base prices ranging from approximately \$191,000 to \$921,000. The company’s average sales price on both home closings and orders was approximately \$377,000 for the year ended December 31, 2020.

Meritage Homes Corporation is subject to the informational reporting requirements of the Exchange Act, and in accordance therewith is obligated to file reports, proxy statements and other information with the SEC. Such filings set forth, among other things, certain data relative to the consolidated results of operations and financial position of Meritage Homes Corporation and its subsidiaries (e.g., see Meritage Homes Corporation’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020, as filed with the SEC on February 2, 2021 and Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021, as filed with the SEC on July 30, 2021) as of the dates described therein. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, including Meritage Homes Corporation. The address of such Internet website is www.sec.gov. All documents subsequently filed by Meritage Homes Corporation pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Copies of Meritage Homes Corporation’s annual report, quarterly reports and current reports, including any amendments, will be available from Meritage Homes Corporation’s website at www.meritagehomes.com.

The foregoing internet websites and references to filings with the SEC are included for reference only, and the information on these internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such internet sites. Neither Meritage nor Meritage Home Corporation is obligated to advance funds to pay for development or construction costs or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating whether to buy, hold or sell the Series 2021 Bonds.

Development Plan. Meritage entered into a contract with the Master Developer (the “Meritage PSA”) to purchase Subarea 4B (comprised of three large lots totaling approximately ___ acres) within the District in three take-downs. Meritage closed on the first take-down planned for 35 units (“Takedown 1”) on December 4, 2020. Meritage plans to close on the second take-down planned for 30 units (“Takedown 2”) by October 4, 2021, and the third take-down planned for the remaining 21 units (“Takedown 3”) by June 4, 2022. No assurance can be given that Meritage will close escrow on the remaining property in Subarea 4B as planned. Meritage plans to develop the property into 86 townhome style condominium units in a neighborhood being marketed as “Cabrilla at Ponte Vista.”

As of August 1, 2021, Meritage had not yet started construction on the property. Meritage anticipates obtaining the initial building permits and commencing construction on the four models and first phase of production units in September 2021.

Assuming Meritage completes the acquisition of the remaining property in Subarea 4B planned for 51 units, Meritage’s Cabrilla at Ponte Vista project is planned to consist of 86 three-story townhome style

condominium units at completion. The table below summarizes, as of August 1, 2021, the proposed product mix and development status of Meritage's project within the District.

**CABRILLA AT PONTE VISTA
(As of August 1, 2021)**

<u><i>Owned by Meritage</i></u>						
<i>Plan</i>	<i>Total Units Planned</i>	<i>Approx. Home Square Footage</i>	<i>Closings as of August 1, 2021</i>	<i>Completed Homes/Homes Under Construction⁽¹⁾</i>	<i>Home Construction Not Started</i>	<i>Estimated Base Home Prices⁽²⁾</i>
1	20	1,731	0	0	20	TBD
2	20	1,800	0	0	20	TBD
3	27	1,800	0	0	27	TBD
4	<u>19</u>	<u>1,977</u>	<u>0</u>	<u>0</u>	<u>19</u>	<u>TBD</u>
Total	86		0	0	86	

⁽¹⁾ No building permits had been issued as of August 1st.

⁽²⁾ Meritage anticipates establishing initial base home prices by September 2021. Base home prices will exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Source: Meritage.

Meritage expects to complete and convey all remaining homes within its project in the District to individual homeowners by the fourth quarter of 2023.

No assurance can be given that home construction and sales will be carried out on the schedule and according to the plans outlined herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. Meritage continuously evaluates its product lines and prices in light of the then current market conditions. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors.

Financing Plan. As of July 31, 2021, Meritage had expended approximately \$16.0 million in land acquisition costs, site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs (exclusive of interest, internal financing repayment, and corporate overhead) related to the Cabrilla project. As of August 1, 2021, Meritage anticipates expending approximately \$44.2 million in additional site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs to complete the Cabrilla project.

To date, Meritage has financed its land acquisition, site development and home construction costs related to its property within the District through internally generated funds. Meritage expects to use internal funding (which may include home sales revenues from its project within the District) to complete its development activities within the District. However, home sales revenues from Meritage's activities in the District are not segregated and set aside for completing the homes in the District. Notwithstanding the foregoing, Meritage believes that it will have sufficient funds to complete its construction and sale of homes in the District.

Although Meritage believes that such funding sources will be sufficient to complete its proposed development in the District commensurate with the development timing described in this Official Statement, there can be no assurance that amounts necessary to fund the remaining planned development of Meritage's property within the District will be available from Meritage or any other source when needed. Neither Meritage, nor any of its related entities, including its parent Meritage Homes Corporation, is under any legal

obligation of any kind to expend funds for the development of Meritage's property in the District, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by Meritage or any other entity or person to fund the costs of such development are entirely voluntary.

If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned development by Meritage within the District and other financing by Meritage is not put into place, there could be a shortfall in the funds required to complete the planned development by Meritage in the District, and the remaining portions of Meritage's project in the District may not be completed. Many factors beyond Meritage's control, or a decision by Meritage to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS — Failure to Develop Properties" herein.

COVID-19 Impact. The COVID-19 pandemic and related public health and governmental authorities' orders and actions is having a negative impact throughout the world, including in the County of Los Angeles, and could have a material adverse effect on Meritage's ability to complete its Cabrilla project within the District in the time frame and budget, and at the sales prices, described in this Official Statement.

As of August 1, 2021, Meritage has experienced increases in certain construction costs, supply chain delays, labor shortages, and increased cycle time for home deliveries. However, Meritage has not experienced any significant development delays resulting from work stoppages, reduced attendance of workers, or the ability to obtain necessary inspections and approvals for homes, which may be attributed, directly or indirectly, to the COVID-19 pandemic. While the cost increases and delays may have been and may continue to be intermittently affected by COVID-19, the majority of cost increases and delays can be attributable to the strength of the housing market and the result of vendors not anticipating the scale of the demand for housing materials.

Although the recent cost increases and construction delays are not expected to have a significant impact on the overall development of Meritage's project in the District, the impacts caused by the outbreak are evolving and no prediction can be made with respect to the ultimate effects of the COVID-19 outbreak and related public health and governmental authorities' orders and actions (including, without limitation, the scope of restrictions under the current or any amended County of Los Angeles or State of California orders), on Meritage's ability to sell and close homes in the District.

See "SPECIAL RISK FACTORS — Reduction in Property Values," "— Failure to Develop Properties" and "— COVID-19 (Coronavirus) Pandemic" herein.

Required Infrastructure. Meritage expects to complete the construction of the remaining in-tract improvements associated with the property that it owns within the District as home construction on such property is completed. As of August 1, 2021, remaining in-tract improvements remaining to be completed within the property Meritage owns or is under contract to acquire consisted primarily of finishing of streets, curbs, drainage, downspouts, gutters, and landscaping.

Entitlement Status. Other than building and other permits required in the normal course of home construction, all discretionary entitlements required to complete the development and sales of homes within the Cabrilla development in the District have been received.

Conditions of Approval. All conditions of approval required for the issuance of building permits within the project have been satisfied. None of the remaining infrastructure improvements are required to be completed as a condition of receiving building permits, however, the receipt of occupancy permits is conditioned upon the installation drainage improvements [which effectively means all streets, curbs, gutters, drainage, downspouts have to be installed].

Taylor Morrison

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

TMHC is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and in accordance therewith files reports, proxy statements, and other information with the SEC. The SEC maintains an Internet web site that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC, including TMHC. The address of such internet web site is “www.sec.gov”. All documents subsequently filed by TMHC pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes. Additional information on TMHC, including annual reports and related financial statements, can be found on the investors relations tab at the website “www.taylormorrison.com.” *The foregoing internet addresses are included for reference only and the information on the respective internet sites is not a part of this Official Statement and is not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on the aforementioned internet sites.*

Development Plan. Taylor Morrison is under contract (previously defined as the “Taylor Morrison Agreement”) with the Master Developer to purchase land to be developed into 131 townhomes. The Taylor Morrison Agreement provides that Taylor Morrison will purchase the property in three installments. Taylor Morrison made a nonrefundable deposit to secure all three closings. The Master Developer closed 46 units (“TM Takedown 1”) with Taylor Morrison on February 26, 2021. Taylor Morrison remains under contract to buy an additional 48 units by no sooner than 12 months, and no later than 13 months, after the purchase of TM Takedown 1 (subject to extensions, but currently estimated to occur on February 26, 2022) (“TM Takedown 2”), and the final 37 units by no sooner than 10 months, and no later than 11 months, after the purchase of TM Takedown 2 (currently estimated to occur on December 26, 2022) (“TM Takedown 3”).

As of August 1, 2021, Taylor Morrison has not yet started construction on the property. Taylor Morrison anticipates beginning construction on the first 4 model units in September, 2021, and then acquiring the remaining lots and constructing the units thereon through June 2024.

Assuming that Taylor Morrison acquires all three phases of the property under contract, Taylor Morrison’s project is planned to consist of 131 alley-loaded, three-story semi-detached condominium homes at completion. Each home is connected to its neighbor by a 12-foot high wall located near the rear of the structure. The table below summarizes, as of August 1, 2021, the product mix and development status of Taylor Morrison’s project within the District assuming that Taylor Morrison acquires all 131 lots from the Master Developer pursuant to the Taylor Morrison Agreement.

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA)
TAYLOR MORRISON
(As of August 1, 2021)**

Owned by Taylor Morrison

Plan	Total Units Planned	Estimated Home Square Footage	Closings as of August 1, 2021	Completed Homes/Homes Under Construction	Finished Lots⁽¹⁾	Base Home Prices⁽²⁾
1	32	1,688	0	0	32	\$919,990
1X	3	1,731	0	0	3	\$919,990
2	44	1,745	0	0	44	\$925,990
3	<u>52</u>	1,870	<u>0</u>	<u>0</u>	<u>52</u>	\$966,990
Total	131		0	0	131	

(1) This table assumes that Taylor Morrison acquires all 131 lots from the Master Developer. There can be no guarantee that Taylor Morrison will close on TM Takedown 2 or TM Takedown 3.

(2) Base home prices shown are estimates as of August 1, 2021 and exclude lot premiums, options and extras and any incentives or price reductions. Base sales prices are subject to change.

Source: Taylor Morrison.

No assurance can be given that Taylor Morrison will close on TM Takedown 2 or TM Takedown 3 and if it does, no assurance can be given that home construction and sales will be carried out on the schedule and according to the plans outlined herein, or that the home construction and sale plans or base prices set forth above will not change after the date of this Official Statement. Additionally, homes sold may not result in closed escrows as sales contracts are subject to cancellation. In changing market conditions, builders will often revise the product lines and prices and the rate of sales can fluctuate. Taylor Morrison continuously evaluates its product lines and prices in light of the then current market conditions. See "SPECIAL RISK FACTORS" herein for a discussion of risk factors.

Financing Plan. As of August 1, 2021, Taylor Morrison had expended approximately \$_____ million in land acquisition costs, site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs (exclusive of interest, internal financing repayment, and corporate overhead) related to its project. As of August 1, 2021, Taylor Morrison anticipates expending approximately \$_____ million in additional site improvement costs, direct and indirect home construction costs, permit and impact fees, and sales and marketing costs to complete the development of the 131 lots.

To date, Taylor Morrison has financed its land acquisition, site development and home construction costs related to its property in the District through internally generated funds. Taylor Morrison expects to use homes sales revenue and internally generated funds to complete development of its property in the District.

The property owned, and to be acquired, by Taylor Morrison is and will be encumbered by a deed of trust to secure the Payment and Performance Agreement (PAPA) between the Master Developer and Taylor Morrison. As payments are made to the Master Developer from each sale of the property to homeowners by Taylor Morrison, the deed of trust will be reconveyed on the parcels sold.

Although Taylor Morrison believes that such funding sources will be sufficient to complete its proposed development in the District commensurate with the development timing described in this Official Statement, there can be no assurance that amounts necessary to fund the remaining planned development of Taylor Morrison's property within the District will be available from Taylor Morrison or any other source when needed. Neither Taylor Morrison, nor any of its related entities, including its parent TMHC, is under any legal obligation of any kind to expend funds for the development of Taylor Morrison's property in the

District, or the payment of ad valorem property taxes or the Special Taxes. Any contributions by Taylor Morrison or any other entity or person to fund the costs of such development are entirely voluntary.

If and to the extent the aforementioned sources are inadequate to pay the costs to complete the planned development by Taylor Morrison within the District and other financing by Taylor Morrison is not put into place, there could be a shortfall in the funds required to complete the planned development by Taylor Morrison in the District, and the remaining portions of Taylor Morrison's project in the District may not be completed. Many factors beyond Taylor Morrison's control, or a decision by Taylor Morrison to alter its current plans, may cause the actual sources and uses to differ from the projections. See "SPECIAL RISK FACTORS — Failure to Develop Properties" herein.

COVID-19 Impact. The COVID-19 pandemic and related public health and governmental authorities' orders and actions is having a negative impact throughout the world, including in the County of Los Angeles, and could have a material adverse effect on Taylor Morrison's ability to complete its project within the District in the time frame and budget, and at the sales prices, described in this Official Statement.

As of August 1, 2021, Taylor Morrison has experienced increases in certain construction costs, supply chain delays, labor shortages, and increased cycle time for home deliveries. However, Taylor Morrison has not experienced any significant development delays resulting from work stoppages, reduced attendance of workers, or the ability to obtain necessary inspections and approvals for homes, which may be attributed, directly or indirectly, to the COVID-19 pandemic. While the cost increases and delays may have been and may continue to be intermittently affected by COVID-19, the majority of cost increases and delays can be attributable to the strength of the housing market and the result of vendors not anticipating the scale of the demand for housing materials.

Although the recent cost increases and construction delays are not currently having a significant impact on the overall development of Taylor Morrison's project in the District, the impacts caused by the outbreak are evolving and no prediction can be made with respect to the ultimate effects of the COVID-19 outbreak and related public health and governmental authorities' orders and actions (including, without limitation, the scope of restrictions under the current or any amended County of Los Angeles or State of California orders), on Taylor Morrison's ability to continue to sell and close homes in the District.

See "SPECIAL RISK FACTORS — Risks of Real Estate Secured Investments Generally – Declines in Value," "— Failure to Develop Properties" and "— COVID-19 (Coronavirus) Pandemic" herein.

Required Infrastructure. Taylor Morrison expects to complete construction of the remaining in-tract improvements associated with the lots that it owns within the District as home construction on such lots is completed.

Entitlement Status. Other than building and other permits required in the normal course of home construction, all discretionary entitlements required to complete the development and sales of homes within the development in the District have been received.

Conditions of Approval. All conditions of approval required for the issuance of building permits within the project have been satisfied, and none of the remaining infrastructure improvements are required to be completed as a condition of receiving building or occupancy permits.

SPECIAL RISK FACTORS

The principal source of payment of debt service on the Series 2021 Bonds will be payments of the Special Tax made with respect to the Taxable Property. As discussed under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS — Special Taxes," the Special Tax is to be levied annually against all such Taxable Property either at the maximum rate authorized by the Rate and Method or at such

lower rates as are determined by the District Administrator to raise sufficient funds to comply with the agreements, conditions, covenants and terms contained in the Indenture, and in accordance with the Act. The Special Tax is to be collected on the tax roll of the District at the same time and in the same manner as general *ad valorem* real property taxes are collected. The Special Tax cannot be levied at a tax rate higher than the maximum tax rate even if the maximum tax rate will not produce sufficient Net Special Tax Revenues to pay the principal and interest then payable with respect to the Series 2021 Bonds. See discussions below under “— Levy of the Special Tax” and “— Collection of the Special Tax.”

Payment of the Special Tax levied on a parcel is secured by a continuing lien against such parcel. In the event an installment of the Special Tax included in the tax bill for a parcel of Taxable Property is not paid when due, the District has covenanted to institute foreclosure proceedings in court to cause the parcel to be sold in order to attempt to recover the delinquent amount from the sale proceeds. Foreclosure and sale may not always result in the recovery of the full amount of delinquent installments of the Special Tax. See “— Collection of the Special Tax.” The sufficiency of the foreclosure sale proceeds to cover the delinquent amount depends in part upon the market for and the value of the parcel at the time of the sale. Sufficiency of the foreclosure sale proceeds to cover a delinquency may also depend upon the value of prior or parity liens and similar claims. Further, other governmental claims, such as hazardous substance claims, may affect the realizable value even though such claims may not rise to the status of liens. See “— Hazardous Substances.”

Timely foreclosure and sale proceedings with respect to a parcel of Taxable Property may be forestalled or delayed by a stay in the event the owner of the parcel becomes the subject of bankruptcy proceedings. Not only may foreclosure and sale proceedings be forestalled or delayed, but the sale of a parcel may also be similarly affected by a bankruptcy stay. Further, should the stay not be lifted, payment of the Special Tax may be subordinated to bankruptcy law priorities. See “— Bankruptcy and Legal Delays.”

Although bankruptcy proceedings may forestall or delay a foreclosure and sale or a tax sale of a delinquent parcel of Taxable Property, the Special Tax is secured by a lien which, assuming proper procedures are followed, may be enforced against the parcel. There may not be any recourse against a bankrupt property owner since the owner is not personally obligated to pay the Special Tax. Further, if proper disclosure of the authorization of the Special Tax is not made to the owner, the willingness or ability of an owner to pay the Special Tax may be adversely affected. See “— Payment of the Special Tax is Not a Personal Obligation of the Owners.”

The District is not obligated to advance funds to pay such debt service except from moneys on deposit in the Reserve Fund. See “— Bonds Are Limited Obligations.”

Even if debt service is timely paid, interest on the Series 2021 Bonds may have to be included in the gross income of the owner of the Series 2021 Bonds by reason of some circumstance occurring subsequent to issuance of the Series 2021 Bonds, thereby reducing the after-tax yield. See “— Loss of Tax Exemption.”

Risks of Real Estate Secured Investments Generally – Declines in Value

Purchasers of the Series 2021 Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the vicinity of the District, the supply of or demand for competitive properties in such area, and the market value of property in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses.

No assurance can be given that the individual property owners within the District will pay Special Taxes in the future or that they will be able to pay such Special Taxes on a timely basis. See the

caption “— Bankruptcy and Legal Delays” for a discussion of certain limitations on the District’s ability to pursue judicial proceedings with respect to delinquent parcels within the District.

Levy of the Special Tax

The principal source of money with which to pay debt service on the Series 2021 Bonds is the proceeds derived from the annual levy and collection of the Special Tax applicable to the Taxable Property in the District. The amount of the Special Tax that can be levied is limited to the maximum tax rates authorized pursuant to the Rate and Method. Additionally, pursuant to Section 53321(d) of the Government Code, the Special Tax levied against any Assessor’s parcel for which an occupancy permit for private residential use has been issued shall not be increased as a consequence of delinquency or default by the owner of any other Assessor’s parcel within the District by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. As a result, it is possible that the District may not be able to increase the tax levy to the Assigned Special Tax on residential parcels in all years. The levies cannot be made at higher rates even if the failure to do so would result in insufficient Net Special Tax Revenues to pay the principal of and interest on the Series 2021 Bonds as the same become due and payable.

The levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of a particular parcel and the amount of the levy of the Special Tax against such parcel. Thus, there will rarely, if ever, be a uniform relationship between the value of a parcel and its proportionate share of the debt service on the Series 2021 Bonds. The Special Tax levied in any particular Fiscal Year on a parcel is based upon the revenue needs of the District and the application of the Rate and Method. The application of the Rate and Method will, in turn, be dependent upon certain development factors with respect to each parcel by comparison with similar development factors with respect to the other parcels in the District. Thus, in addition to annual variations in the revenue needs of the District that must be met from the Special Tax, the following are some of the factors which might cause the levy of the Special Tax on any particular parcel to vary from the Special Tax that might otherwise be expected:

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

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

Collection of the Special Tax

The timely payment of the principal of and interest on the Series 2021 Bonds is ultimately dependent upon the timely payment of all Special Taxes. Any money on deposit in the Reserve Fund can be used to make such payment in the event of delinquencies, but the replenishment of the Reserve Fund will be dependent on the recovery of such delinquencies. The Indenture provides that the Special Tax is to be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable (or in such other manner as the City Council shall determine, including direct billing of the affected property owners) and, except as provided in the special covenant for foreclosure described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS — Covenant for Superior Court Foreclosure” and in the Act, is to be subject to the same proportionate penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* taxes on real property.

Pursuant to the Act, in the event of any delinquency in the payment of the Special Tax, the District may order the institution of a superior court action to foreclose the lien therefor 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 District has covenanted for the benefit of the owners of the Series 2021 Bonds that it will institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installments of the Special Tax under certain circumstances. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS — Covenant for Superior Court Foreclosure.” In the event that foreclosure proceedings are commenced, such foreclosure proceedings could be stayed by the commencement of bankruptcy proceedings by or against the owner of the property being foreclosed. In the event that sales or foreclosures of property are necessary, there could be a delay in payments to Owners of the Series 2021 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the District of the proceeds of sale if the Reserve Fund is depleted.

The District may be unable to make full or timely payment of debt service on the Series 2021 Bonds if property owners in the District fail to pay installments of the Special Tax when due, if the Reserve Fund is depleted, or if the District is unable to sell foreclosed parcels for amounts sufficient to cover the delinquent installments of the Special Tax.

No Teeter Plan

Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District’s receipt of property taxes is therefore subject to delinquencies and the County will pay to the District only actual amounts collected.

Failure to Develop Properties

Development of property within the District may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the Developers, or any other property owner to pay the Special Taxes prior to delinquency. Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or satisfy such governmental requirements would adversely affect planned land development. Finally, development of land is subject to economic considerations.

Undeveloped or partially developed land is inherently less valuable than developed land and provides less security to the Owners should it be necessary for the District to foreclose on the property due to the nonpayment of Special Taxes. The failure to complete development in the District as planned, or substantial delays in the completion of the development may reduce the value of the property within the District and increase the length of time during which Special Taxes will be payable from undeveloped property, and may affect the willingness and ability of the owners of property within the District to pay the Special Taxes prior to delinquency.

There can be no assurance that land development operations within the District will not be adversely affected by a future deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, an increase in mortgage interest rates, the income tax treatment of real property ownership, or the national economy. A slowdown of the development process and the absorption rate could adversely affect land values and reduce the ability or desire of the

property owners to pay the annual Special Taxes. In that event, there could be a default in the payment of principal of, and interest on, the Series 2021 Bonds when due.

Owners should assume that any event that significantly impacts the ability to develop land in the District would cause the property values within the District to decrease substantially from those estimated by the Appraiser and could affect the willingness and ability of the owners of land within the District to pay the Special Taxes prior to delinquency.

Concentration of Property Ownership

Based on development status as of January 1, 2021 and ownership status as of July 12, 2021, the Developers are expected to be responsible for approximately 99.34% of the Fiscal Year 2021-22 Special Tax levied within the District. The inability or refusal of the Developers to pay the Special Tax applicable to its property when due could result in the depletion of the Reserve Fund prior to reimbursement thereof from sale or foreclosure proceedings, and/or insufficient money with which to pay the principal of and interest on the Series 2021 Bonds as the same became due. Additionally, pursuant to the Act, the Special Taxes levied in any fiscal year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or default. As a result, while the Maximum Special Taxes pursuant to the Rate and Method may be higher, Maximum Special Taxes on parcels of residential parcels cannot be greater than 110% of the projected actual Special Tax levy on such parcels.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Rate and Method. 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 in the 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. In addition, the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment. The constitutionality and operation of these provisions of the Act have not been tested.

In particular, insofar as the Act requires payment of the Special Tax by a federal entity acquiring property in the District, it may be unconstitutional. If for any reason property in the District becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government or another public agency, subject to the limitation of the maximum authorized rates, the Special Tax will be reallocated to the remaining Taxable Properties in the 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 property in the District becomes exempt from the Special Tax because of public ownership, or otherwise, the Maximum Annual Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the Series 2021 Bonds when due and a default would occur with respect to the payment of such principal and interest.

Constitutional Limitations on Taxation and Appropriations

Articles XIII A and XIII B of the California Constitution. On June 6, 1978, California voters approved an amendment to the California Constitution, commonly known as Proposition 13 (the Jarvis/Gann Initiative), which added Article XIII A to the California Constitution. The effect of Article XIII A is to significantly limit the imposition of new *ad valorem* taxes, special taxes, transaction taxes, and sales taxes. On November 7, 1978, California voters approved Proposition 8, which made certain clarifications to Article XIII A.

Article XIII A of the California Constitution limits the amount of *ad valorem* taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% per year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and allows local governments to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. Article XIII A requires a vote of two-thirds of the qualified electorate to impose special taxes on real property, while otherwise generally precluding the imposition of any additional *ad valorem* taxes, special taxes, transaction taxes, and sales taxes. In addition, Article XIII A requires the approval of two-thirds of all members of the California Legislature to change any State laws resulting in increased tax revenues.

Enactment of Article XIII A has reduced the amount of general property tax revenues received by the City. This reduction in such revenues makes it less likely that the City or the District will have surplus funds, other than the Reserve Fund for the Series 2021 Bonds, with which to advance funds to make any payments or to cure any deficiency in the Interest Account or Principal Account of the Special Tax Fund, should the City or the District, as applicable, in the exercise of its discretion, choose to do so. If there are additional delinquencies after exhaustion of funds in the Reserve Fund for the Series 2021 Bonds, none of the City or the District has any obligation to transfer into the Interest Account or Principal Account of the Special Tax Fund the amount of any such delinquencies out of any surplus moneys of the City.

On July 2, 1979, the Fifth District Court of Appeal rendered a 3-0 decision in the case of *County of Fresno v. Malmstrom* (94 Cal.App.3d 974), that determined that special assessments are not subject to the limitations of Article XIII A (Proposition 13). The Court held the one percent tax limitation imposed by California Constitution Article XIII A on *ad valorem* taxes does not apply to special assessments levied pursuant to the Improvement Act of 1911 (Streets and Highways Code, Section 5000 *et seq.*, the relevant portions of which are incorporated in the 1915 Act) and the 1913 Act. The Court further held that because special assessments pursuant to such acts are not within the definition of “special taxes” in Article XIII A, the Constitution does not require the levy of assessments and the issuance of bonds to be approved by a two-thirds vote of the qualified electors in an assessment district. On September 12, 1979, the California Supreme Court refused to hear an appeal of the lower court’s decision.

At the November 6, 1979, general election, Proposition 4 (the Gann Initiative) was approved by the voters of California. Such proposition added Article XIII B to the California Constitution.

Article XIII B of the California Constitution limits the annual appropriations of the State and of any city, county, school district, authority, or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is the fiscal year 1978-79 and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance, and disability insurance funds. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to an entity of government from (i) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation), and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity’s

revenues in any year exceed the amounts permitted to be spent, the excess would have to be allocated to fund schools or be returned by revising tax rates or fee schedules over the subsequent two years.

On December 17, 1980, the Third District Court of Appeal rendered a 3-0 decision in the case *County of Placer v. Corin* (113 Cal. App. 3d 443) that determined that special assessments are not subject to the limitation of Article XIII B (Proposition 4). The Court held that the definition of “proceeds of taxes” imposed by California Constitution Article XIII B does not apply to special assessments and improvement bonds issued pursuant to the 1915 Act and the 1913 Act. The decision of the Court was not appealed.

The enactment of Article XIII A of the California Constitution (Proposition 13) and subsequent legislative enactments effectively repeal the otherwise mandatory duty on the part of the City, under the 1915 Act, to levy and collect a special tax (in an amount necessary to meet delinquencies, but not to exceed ten cents on each \$100 of assessable property within the City in any one year) if other funds are not available to cover delinquencies.

In early 1990, the U.S. Supreme Court struck down as a violation of equal protection certain property tax assessment practices in West Virginia, which had resulted in vastly different assessments of similar properties. Since Article XIII A provides that property may only be assessed up to 2%, per year, except upon change of ownership or new construction, recent purchasers may pay substantially higher property taxes than long-time owners of comparable property in a community. The Supreme Court in the West Virginia case expressly declined to comment in any way on the constitutionality of Article XIII A.

Based on this decision, however, property owners in California brought three suits challenging the acquisition value assessment provisions of Article XIII A. Two cases involve residential property and one case involves commercial property. In all three cases, State trial and appellate courts have upheld the constitutionality of Article XIII A’s assessment rules and concluded that the West Virginia case did not apply to California’s laws. On June 3, 1991, the U.S. Supreme Court agreed to hear the appeal in the challenge relating to commercial property, but the plaintiff subsequently decided to drop the case.

On October 7, 1991, the U.S. Supreme Court granted the plaintiff’s petition for a writ of certiorari and agreed to hear the *Nordlinger v. Lynch* case. On June 18, 1992, the U.S. Supreme Court affirmed the Nordlinger decision (112 U.S. 2326) of the California Court of Appeal, Second Appellate District, which previously held that Article XIII A does not violate the U.S. Constitution.

The City cannot predict whether any other pending or future challenges to the State’s present system of property tax assessment will be successful, when the ultimate resolution of any challenge will occur, or the ultimate effect any decision regarding the State’s present system of property tax assessment will have on the City’s revenues or on the State’s financial obligations to local governments.

Articles XIII C and XIII D of the California Constitution. Proposition 218, a state ballot initiative known as the “Right to Vote on Taxes Act,” was approved by California voters on November 6, 1996. Proposition 218 added Articles XIII C and XIII D to the State Constitution, and, with the exception of certain provisions, Articles XIII C and XIII D became effective on November 6, 1996.

Among other things, Proposition 218 imposed certain voting requirements and other limitations on the imposition of new or increased taxes, assessments, and property-related fees and charges. Under Proposition 218 (i) all taxes imposed by local governments are deemed to be either general taxes, or special taxes, (ii) no local government may impose, extend, or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote, and (iii) no local government may impose, extend, or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote. Special purpose districts, including community facilities districts and assessment districts, have no power to levy general taxes. The City believes that the issuance of the Series 2021 Bonds does not require the

conduct of further proceedings under the Refunding Act, the 1915 Act, the 1913 Act, the Mello-Roos Act, or Proposition 218, as applicable, other than as described herein.

Proposition 218 provides that the initiative power shall “not be prohibited or otherwise limited in matters reducing or repealing any local tax, assessment, fee or charge...” Thus, Proposition 218 removes limitations on the initiative power in matters of, among other things, the Special Taxes. Consequently, it is conceivable that the voters of the City or the District could, by future initiative, repeal, reduce, or prohibit the future imposition or increase of any Special Tax, subject to overriding federal constitutional principles relating to impairment of contracts.

Although the provisions of Article XIII C have not been interpreted by the courts, the City believes that the initiative power cannot be used to reduce or repeal the unpaid Special Taxes that are pledged as security for payment of the Series 2021 Bonds or to otherwise interfere with the mandatory, statutory duty of the City and the County Auditor with respect to the unpaid Special Taxes that are pledged as security for payment of the Series 2021 Bonds.

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

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

The facts of the San Diego Decision show that there were hundreds of thousands of registered voters within the CCFD (viz., all of the registered voters in the City of San Diego). There were no registered voters in the District at the time of formation. In the San Diego Decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court’s holding does not apply to the Special Tax elections in the District. Moreover, Section 53341 of the Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. Voters in the District approved the Special Tax and the issuance of Series 2021 Bonds on February 3, 2021. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, the City believes the Special Tax is being levied in accordance with the Rate and Method and the Act.

The interpretation and application of Proposition 218 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.

Maximum Special Tax

Within the limits of the Special Tax, the District may adjust the Special Tax levied on all property in the District to provide an amount required to pay interest on and principal of the Series 2021 Bonds, and the amount, if any, necessary to cure delinquencies and replenish the Reserve Fund to an amount equal to the Reserve Requirement for the respective Bonds and to pay Administrative Expenses. However, the amount of the Special Tax that may be levied against any property in the District is subject to the Maximum Special Tax applicable to it. There is no assurance that the Maximum Special Tax on the property in the District will be sufficient to pay the amounts required to be paid by the Indenture at all times. Additionally, pursuant to the Act, the Special Taxes levied in any fiscal year against any parcel of residential property in the District may not be increased as a consequence of delinquency or default by the owners of any other parcels within the District by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS — Special Taxes.”

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

An owner of a parcel of Taxable Property is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation only against the parcel of Taxable Property. If the value of a parcel is not sufficient, taking into account other obligations also payable thereby, to fully secure the Special Tax, the District has no recourse against the owner.

Disclosures to Future Purchasers

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

Parity Taxes and Special Assessments

The ability or willingness of a property owner in the District to pay the Special Tax could be affected by the existence of other taxes and assessments imposed upon the property. The Special Tax and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with all special tax and special assessments levied by other agencies and is co-equal to and independent of the lien for general property taxes, other special taxes, and certain special assessments regardless of when they are imposed upon the same property. The Special Tax has priority over all existing and future private liens imposed on the property. In addition, other public agencies whose boundaries overlap those of the District could, with or in some circumstances without the consent of the owners of the land in the District, impose additional taxes or assessment liens on the property in the District in order to finance public improvements to be located inside or outside of the District.

The District has no control over the ability of other entities and districts to issue indebtedness secured by special tax or assessments payable from all or a portion of the property in the District. In addition, the City

is not prohibited itself from establishing assessment districts, community facilities districts or other districts which might impose assessments or taxes against property in the District. In the event any additional improvements are financed pursuant to the establishment of an assessment district, community facilities district or other district, any taxes or assessments levied to finance such improvements will have a lien on a parity with the lien of the Special Tax. The imposition of additional liens on a parity with the Special Tax could reduce the ability or willingness of the property owners to pay the Special Tax and increase the possibility that foreclosure proceeds will not be adequate to pay delinquent Special Tax or the principal of and interest on the Series 2021 Bonds when due.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement. Money in said fund may be used to pay debt service on the Series 2021 Bonds in the event the proceeds of the levy and collection of the Special Tax against property in the District are insufficient. If funds in the Reserve Fund are used to pay debt service on the Series 2021 Bonds, the funds can be replenished from the proceeds of the levy and collection of the Special Tax that are in excess of the amount required to pay all amounts to be paid pursuant to the Indenture. However, no replenishment from the proceeds of a levy of the Special Tax can occur as long as the proceeds that are collected from the levy of the Special Tax at the maximum tax rates, together with other available funds, remain insufficient to pay all such amounts. Thus it is possible that the Reserve Fund will be depleted by its use to pay such amounts and will not be replenished by the levy of the Special Tax. There is no assurance that the amount in the Reserve Fund will, at any particular time, be sufficient to pay all such amounts or that any amounts of the Reserve Requirement used for debt service on the Series 2021 Bonds will be fully replenished from the proceeds of the levy and collection of the Special Tax.

Bankruptcy and Legal Delays

The payment of the Special Tax and the ability of the District to foreclose the lien of a delinquent unpaid tax, as discussed in “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS,” may be limited by bankruptcy, insolvency or other laws generally affecting creditors’ rights or by the laws of the State of California relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds (including Bond Counsel’s approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the obligation to pay the Special Tax to become extinguished, the bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Any such delays could increase the likelihood of a delay or default in payment of the principal of and interest on the Series 2021 Bonds and the possibility of delinquent tax installments not being paid in full. Moreover, if the value of the subject property is less than the lien of the Special Tax, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws against Taxable Property, payment of the Special Tax may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over the Special Tax in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

FDIC/Federal Government Interests In Properties

The ability of the District to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to parcels in which the Federal Deposit Insurance Corporation (the “FDIC”), or other federal government entities such as Fannie Mae or Freddie Mac, has or obtains an interest.

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

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County, California, in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

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

In the case of Fannie Mae and Freddie Mac, in the event a parcel of Taxable Property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or in the event a private deed of trust secured by a parcel of Taxable Property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of Taxable Property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

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

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

Geologic, Topographic and Climatic Conditions

The value of the property within the District can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements to property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions

such as earth movements, landslides and floods and climatic conditions such as droughts. One or more of such conditions could occur and could result in damage to improvements of varying seriousness. Such damage could entail significant repair or replacement costs and such repair or replacement might never occur either because of the cost or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of the Taxable Parcels may well be reduced.

Wildfires

In recent years, wildfires have caused extensive damage throughout the State. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. While the District is not aware of any particular risk of wildfire within the District, there can be no assurances that wildfires won't occur within the District. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. Property damage due to wildfire could result in a significant decrease in the market value of property in the District and in the ability or willingness of property owners to pay Special Taxes.

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of a parcel of Taxable Property, other less common claims may be relevant. One example is a claim with regard to a hazardous substance.

In general, the owners and operators of a parcel of Taxable Property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Property be affected by a hazardous substance is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of the property that is realizable upon a delinquency and foreclosure.

While the District is not aware that the owner (or operator) of any of Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the District is not aware of them. The Master Developers and the Merchant Builders have also represented to the District that it is not aware of any substances currently classified as hazardous by the federal government or the State located on its property within the District.

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

No Acceleration Provision

The Indenture does not contain a provision allowing for the acceleration of the Series 2021 Bonds in the event of a payment default or other default under the terms of the Series 2021 Bonds or the Indenture.

Bonds Are Limited Obligations

Neither the faith and credit nor the taxing power of the District (except to the limited extent set forth in the Indenture), the City, the State or any political subdivision thereof is pledged to the payment of the Series 2021 Bonds. The Series 2021 Bonds are limited obligations of the District; and, except as provided in the Indenture, they are payable solely from Net Special Tax Revenues and the other assets pledged therefore under the Indenture. Net Special Tax Revenues could be insufficient to pay debt service on the Series 2021 Bonds as a result of delinquencies in the payment of Special Taxes or the insufficiency of proceeds derived from the sale of land within the District following a delinquency in the payment of the applicable Special Tax. The District has no obligation to pay debt service on the Series 2021 Bonds in the event of insufficient Net Special Tax Revenues, except to the extent that money is available for such purpose in the Reserve Fund. The District's only obligation with respect to delinquent Special Taxes is to pursue judicial foreclosure proceedings under the circumstances described in the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS — Covenant for Superior Court Foreclosure."

Loss of Tax Exemption

As discussed under "TAX MATTERS," interest on the Series 2021 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the District subsequent to the issuance of the Series 2021 Bonds in violation of the District's covenants with respect to the Series 2021 Bonds. Should interest become includable in gross income, the Series 2021 Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Tax.

Potential Early Redemption of Series 2021 Bonds from Special Tax Prepayments

Property owners within the District are permitted to prepay their Special Taxes at any time. Such payments will result in a mandatory redemption of Series 2021 Bonds from Special Tax prepayments on the Interest Payment Date for which timely notice may be given under the Indenture following the receipt of such Special Tax prepayment. The resulting redemption of Series 2021 Bonds purchased at a price greater than par could reduce the otherwise expected yield on such Series 2021 Bonds. See "THE SERIES 2021 BONDS — Redemption — *Mandatory Redemption from Special Tax Prepayments.*"

Cybersecurity

The City relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the City and its departments face multiple cyber threats including hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. There have been, however, only limited cyber-attack disruptions on the City's computer system to date.

In 2013, the City created the Cyber Intrusion Command Center (the "CICC") under a Mayoral Executive Directive to coordinate cybersecurity preparation and response across City departments. The CICC is comprised of key City departments, cybersecurity professionals, and local and federal law enforcement experts. The CICC has assisted the City in establishing policies for data classification, information handling, and cybersecurity prevention and response protocols. In 2015, the City established an Integrated Security Operations Center (the "ISOC") with cybersecurity professionals for cyber-attack monitoring and response. In

addition, the City has identified critical data assets and applied additional cyber defenses through its Critical Asset Protection program. The City has conducted cyber security awareness training for all City employees with computer access, conducts phishing email tests, and provides periodic cybersecurity newsletters and workshops to its employees. In 2017, the City consolidated and distributed a comprehensive Information Security Policy Manual with sections dedicated to City employees, City managers, and City technology professionals. Also, the City conducts annual “penetration tests” to identify and remediate any potential weaknesses in its networks and weekly cyber vulnerability scanning on City servers and websites accessible by the Internet.

No assurances can be given that the City’s security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the City’s computer and information technology systems could impact its operations and damage the City’s digital networks and systems, and the costs of remedying any such damage could be substantial.

COVID-19 (Coronavirus) Pandemic

A coronavirus disease, known as COVID-19 (“COVID-19”), is an infectious disease caused by a novel strain of the coronavirus known as severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. In the State (including in the City and County), other parts of the United States and many nations, protective measures (including mandatory and voluntary closing or partial closing of non-essential businesses and public venues, and imposition of social distancing measures, limitation of social gatherings of certain sizes) were imposed. The pandemic caused major disruptions in the economy, at the local, state, national and international levels.

By the end of first quarter of 2021, United States Food and Drug Administration has approved the emergency use of several different COVID-19 vaccines. Vaccine administration is on-going in many places, including the State. As of June 15, 2021, various State-mandated COVID-19 public health restrictions – such as mask requirements and capacity restrictions – have largely been lifted, albeit certain restrictions are still in place for “mega-events” (indoor events with 5,000 or more people or outdoor events with 10,000 or more people) and, also, counties and businesses may choose to impose rules that are more restrictive than the State requirements. In any event, the trends continued to vary in different countries. Several COVID-19 variants of concerns have emerged. It is unknown how long the pandemic will continue to affect the global economy and individuals’ daily lives. As economies re-open, it is unknown if there will be lingering effects from the changes that have been brought by the pandemic.

The COVID-19 pandemic is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impacts are uncertain. However, the impact of the COVID-19 outbreak could adversely impact development within the District, including, but not limited to, one or more of the following ways: (i) potential supply chain slowdowns or shutdowns resulting from the unavailability of workers in locations producing construction materials; (ii) slowdowns or shutdowns by local governmental agencies in providing governmental permits, inspections, title and document recordation, and other services and activities associated with real estate development; (iii) delays in construction where one or more members of the workforce becomes infected with COVID-19; (iv) continued extreme fluctuations in financial markets and contraction in available liquidity; (v) extensive job losses and declines in business activity across important sectors of the economy; (vi) declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession; (vii) the failure of government measures to stabilize the financial sector and introduce fiscal stimulus to counteract the economic impact of the pandemic; (viii) delays in sales or fewer sales due to lower traffic at model home complexes and real estate offices; and (ix) delays in sales, or cancellations, due to mortgage lending issues. The ultimate adverse impact of COVID-19 on the City, the District and the Developers' operations and finances—and ability to complete their development within the District as planned, homebuyers' willingness and ability to pay Special Taxes when due, and the real estate

market (including the market value of the taxable properties within the District) in general is unknown. See “PROPERTY OWNERSHIP AND THE DEVELOPMENT” for more information regarding the potential impact of COVID-19 on the Merchant Builders’ proposed development within the District.

CONTINUING DISCLOSURE

Community Facilities District

Pursuant to a Continuing Disclosure Certificate (the “District Continuing Disclosure Certificate”), the District has agreed to provide, or cause to be provided, to the Electronic Municipal Market Access System of the Municipal Securities Rulemaking Board, which can be found on the Internet at www.emma.msrb.org (“EMMA”), on an annual basis certain financial information and operating data concerning the District. The District has further agreed to provide notice to EMMA of certain listed events. The District’s covenants have been made in order to assist the Underwriter in complying with the Rule. The full text of the form of the District Continuing Disclosure Certificate is set forth in Appendix F.

The District has not previously entered into any undertaking with respect to the Rule. However, the City, as well as its related entities and various community facilities districts within the City (each, a “CFD”), entities with the City Council as the legislative body, have entered into numerous continuing disclosure undertakings.

The City and its related entities issue a variety of bonds, notes and obligations (“Obligations”), including Obligations issued through its proprietary enterprise programs and for its housing program and other conduit borrowers, as well as Obligations secured by special taxes and special assessments. The representations made by the City in this section regarding its previous continuing disclosure undertakings relate only to those Obligations which are managed by the City Administrative Officer and its staff, including Obligations secured by the City's general fund (including the bonds and notes issued through the Corporation), General Obligation Bonds, Wastewater System Revenue Bonds, Tax and Revenue Anticipation Notes, and Solid Waste Revenue Bonds. The City's Department of Airports, Department of Water and Power and Harbor Department (each of which is governed by a Board of Commissioners that is separate from the City Council) enter into separate continuing disclosure undertakings in connection with the bonds and notes that are secured and payable from their respective enterprise revenues.

The City failed to provide notice within 10 days of the incurrence of the Purchase and Assignment Agreement with the Corporation and Banc of America Public Capital Corporation in accordance with certain of the City's continuing disclosure undertakings. On October 24, 2019, the City filed notice of the incurrence of this agreement with the MSRB on the EMMA website.

The City omitted from the annual report filed for Fiscal Year 2018 for its Wastewater System Subordinate Revenue Bonds, Series 2018-A (Green Bonds) and the Wastewater System Subordinate Revenue Bonds, Refunding Series 2018-B an update to the information in the Official Statement for such bonds under the caption “LITIGATION.” This information was included in an update to the annual report for Fiscal Year 2019 that was filed on April 28, 2020 with the MSRB on the EMMA website.

The City omitted from the annual reports filed for Fiscal Years 2015 through 2017 for its Solid Waste Resources Refunding Revenue Bonds, Series 2015-A a table entitled “SOLID WASTE PROGRAM - CHANGES IN OPERATING CASH.” A supplement setting forth this information was subsequently filed with the MSRB on the EMMA website.

The City failed to provide in a timely manner notice of redemption and failed to file a notice of defeasance for the Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds, Series 2009-D (Recovery Zone Economic Development Bonds) in accordance with the City's continuing disclosure

undertakings relating to these bonds. These bonds were paid in full on September 1, 2019 and are no longer outstanding.

Developers

Although none of the Developers is an obligated person under Rule 15c2-12, each of the Developers has agreed, for the benefit of the Owners to enter into a Developer Continuing Disclosure Certificate covenanting to provide certain information regarding the development of its property and notice of certain material events as they occur.

Neither the District nor the City has considered, or reached any conclusion as to, whether or not each Developer is an obligated person under Rule 15c2-12 and takes no responsibility for any such conclusion. Additionally, neither the District nor the City has participated in the preparation, negotiation or implementation of the Developer Continuing Disclosure Certificate or in discussions regarding the form or content thereof. Neither the District nor the City take any responsibility for such form or content or for the adequacy of the Developer Continuing Disclosure Certificate for its intended purpose.

Neither the District nor the City is a party to the Developer Continuing Disclosure Certificate, and neither the District nor the City has any obligation or responsibility to monitor, nor any right or obligation to enforce, compliance by each Developer with its undertaking pursuant to the Developer Continuing Disclosure Certificate, and neither the District nor the City will be so monitoring or enforcing such compliance.

The obligations of each of the Developers under its respective Developer Continuing Disclosure Certificate will terminate upon the earliest to occur of certain events, including at such time that the Developer and its affiliates, collectively own less than 47 residential lots within the District and all planned takedowns (if any) with respect to the Developer's planned development in the District have occurred. The Developers will require buyers of property within the District, other than individual homeowners, to assume such obligation if the buyer will own 47 or more residential lots within the District. The full text of the form of Developer Continuing Disclosure Certificate is set forth in Appendix G.

Master Developer. Neither the Master Developer nor Harridge has previously been obligated to provide continuing disclosure undertakings.

D.R. Horton. D.R. Horton's Southern California/Inland Empire Division is the division which will be responsible for complying with its obligations under its Developer Continuing Disclosure Certificate. D.R. Horton has represented that, based on a review of prior continuing disclosure undertakings, other than as described below, D.R. Horton and its affiliates have not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notices of listed events with respect to community facilities districts or assessment districts in Southern California within the past five years.

D.R. Horton's homebuilding operations in Southern California were previously comprised of several operating divisions with various offices located throughout the Southern California region. Over the past five years DR Horton experienced various division consolidations and office closures. Various employees previously responsible for certain continuing disclosure compliance are no longer with the company and files from past bond issuances are not in a centralized location. However, D.R. Horton's Southern California/Inland Empire Division, which currently operates out of one office in Corona, California, currently has a centralized process to determine its compliance with past continuing disclosure obligations. D.R. Horton's Southern California/Inland Empire Division also is the division which is responsible for complying with certain continuing disclosure undertakings by D.R. Horton CA3, Inc., a Delaware corporation ("DRCA3"), Western Pacific Housing, Inc., a Delaware corporation ("Western Pacific"), and D.R. Horton Los Angeles Holding Company, Inc., a California corporation ("DRHLA"), other subsidiaries of D.R. Horton's parent company D.R. Horton Inc., a Delaware corporation ("D.R. Horton, Inc.").

D.R. Horton conducted a review of compliance with disclosure undertakings by D.R. Horton for filings since August 1, 2016, and a review of the Southern California/Inland Empire Division's compliance with disclosure undertakings by DRCA3, Western Pacific and DRHLA for filings since August 1, 2016. Except as disclosed below, such reviews did not identify any material failures to comply with prior disclosure undertakings by D.R. Horton, DRCA3, Western Pacific, and DRHLA during the period reviewed. However, in connection with a continuing disclosure obligation entered into with respect to the \$19,305,000 California Statewide Communities Development Authority Community Facilities District No. 2017-4 (Horse Creek Ridge) Special Tax Bonds, Series, 2018, DRHLA was late in filing its first annual report due December 15, 2018. The oversight was discovered in May 2019, and DRHLA promptly filed a curative report on May 15, 2019 or approximately five months after the due date. In connection with a continuing disclosure obligation entered into with respect to the \$7,920,000 City of Ontario CFD 34 (Countryside Phase 1 North - Facilities) Special Tax Bonds, Series 2018, Western Pacific was one day late in filing the periodic report due on April 30, 2018. In connection with a continuing disclosure obligation entered with respect to the \$7,370,000 Jurupa USD CFD 12 Special Tax Bonds, 2015 Series A, Western Pacific sent the periodic report due on April 1, 2016 to the dissemination agent on Thursday, March 31, 2016, although the report was filed with EMMA three days after the due date or on Monday, April 4, 2016. Identification of the above-described events does not constitute a representation by D.R. Horton that any such event is material.

KB. KB has represented that, based on a review of prior continuing disclosure undertakings, other than as described below, KB and its affiliates have not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notices of listed events with respect to community facilities districts or assessment districts in Southern California within the past five years.

However, in connection with a continuing disclosure undertaking entered into by KB HOME California LLC, a Delaware limited liability company ("KB HOME California"), an affiliate of KB, with respect to the \$12,280,000 City of Chula Vista Community Facilities District No. 16-1 (Millenia) Improvement Area No. 1 2018 Special Tax Bonds, KB HOME California failed to file semiannual reports due by September 30, 2018 and by March 31, 2019. A notice of termination of its reporting obligation was filed by KB HOME California on or about July 11, 2019. Also, in connection with a continuing disclosure undertaking entered into by KB HOME California with respect to the \$5,385,000 and \$3,050,000 City of Upland Community Facilities District No. 2016-1 (Harvest at Upland) Improvement Area No. 1 2018A and 2018B Special Tax Bonds, KB HOME California failed to file semiannual reports due by March 31, 2019 and September 30, 2019. A notice of termination of its reporting obligation was filed by KB HOME California on or about October 31, 2019. Also, in connection with a continuing disclosure undertaking entered into by KB HOME Coastal Inc., a California corporation ("KB HOME Coastal"), an affiliate of KB, with respect to the \$16,135,000 City of Ontario Community Facilities District No. 24 (Park Place Facilities Phase I) Special Tax Bonds, Series 2016, KB HOME Coastal was late in filing its semiannual report due by April 30, 2017, completing the filing on July 25, 2017. A notice of termination of its reporting obligation was filed on or about October 16, 2017. Finally, in connection with a continuing disclosure undertaking entered into by KB with respect to the \$4,590,000 California Statewide Communities Development Authority Community Facilities District No. 2019-01 (333 North Prairie) Special Tax Bonds, Series 2020, KB filed its first semi-annual report due December 15, 2020 on December 18, 2020, or three days past the due date.

Meritage. Meritage has represented that, based on a review of prior continuing disclosure undertakings, Meritage has not failed to comply in any material respect with any previous undertaking by it to provide periodic continuing disclosure reports or notices of listed events with respect to community facilities districts or assessment districts in Southern California within the past five years.

Taylor Morrison. Other than set forth in the next two sentences, Taylor Morrison represents that, to the actual knowledge of Taylor Morrison, Taylor Morrison has not failed in any material respect to comply with any previous undertaking by it to provide periodic continuing disclosure reports or notices of material events with respect to community facilities districts or assessment districts in California within the past five

years. In connection with a continuing disclosure obligation dated December 3, 2015, executed in connection with the Community Facilities District No. 2006-1 (Marblehead Coastal) of the City of San Clemente, 2015 Special Tax Bonds, Marblehead Development Partners LLC - an affiliate of Taylor Morrison - was late in filing its Semi-Annual Report that was due by May 1, 2017. Marblehead Development Partners LLC filed the Semi-Annual Report on August 27, 2017.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the 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 2021 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 2021 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Series 2021 Bonds is less than the amount to be paid at maturity of such Series 2021 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2021 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 2021 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2021 Bonds is the first price at which a substantial amount of such maturity of the Series 2021 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 2021 Bonds accrues daily over the term to maturity of such Series 2021 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 2021 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2021 Bonds. Beneficial Owners of the Series 2021 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2021 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2021 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2021 Bonds is sold to the public.

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 2021 Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2021 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 2021 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2021 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 2021 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2021 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 2021 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 2021 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 2021 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 2021 Bonds. Prospective purchasers of the Series 2021 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 is expected to express 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 2021 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 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 District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2021 Bonds ends with the issuance of the Series 2021 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series 2021 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the 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 District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2021 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 2021 Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

ABSENCE OF LITIGATION

There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, or any unfavorable decision, ruling or finding, against or affecting the City or the District, which would adversely impact the ability of the City or the District to complete the transactions described in, or contemplated by, the Indenture or this Official Statement, restrain or enjoin the collection of the Special Taxes, or in any way contest or affect the validity of the Series 2021 Bonds, the Indenture, the Special Taxes, or the transactions described herein.

ABSENCE OF RATINGS

The District has not made, and does not contemplate making, application to any rating organization for a rating on the Series 2021 Bonds.

CERTAIN LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, will render an opinion with respect to the validity and enforceability of the Indenture and as to the validity of the Series 2021 Bonds. A copy of the form of such approving opinion is attached hereto as Appendix D. Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Series 2021 Bonds and expresses no opinion relating thereto. Certain legal matters will be passed upon for the District by the City Attorney and by Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California, and for the Master Developer by its counsel, Holland & Knight LLP, Los Angeles, California, and for the Merchant Builders by their respective counsel.

Although it is serving as Bond Counsel to the District in connection with the issuance and sale of the Series 2021 Bonds, Bond Counsel represents the Underwriter in connection with other financings and matters unrelated to the Series 2021 Bonds. Disclosure Counsel also represent the Underwriter in connection with other financings and matters unrelated to the Series 2021 Bonds.

UNDERWRITING

The Series 2021 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Series 2021 Bonds at a price of \$ _____ (\$ _____ principal amount, [plus/less] a [net] original issue [premium/discount] of \$ _____ and less an Underwriter’s discount of \$ _____). The Bond Purchase Agreement relating to the Series 2021 Bonds provides that the Underwriter will purchase all of the Series 2021 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Series 2021 Bond Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions. The Underwriter’s compensation is contingent upon the successful issuance of the Series 2021 Bonds.

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

FINANCIAL INTERESTS

The fees being paid to the Municipal Advisor, Bond Counsel, Disclosure Counsel, Underwriter, and Underwriter’s Counsel are contingent upon the issuance and delivery of the Series 2021 Bonds.

MUNICIPAL ADVISOR

The District has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as municipal advisor (the “Municipal Advisor”) for the sale of the Series 2021 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

Fieldman, Rolapp & Associates, Inc. is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2021 Bonds. Quotations and summaries and explanations of the Series 2021 Bonds and documents contained in this Official Statement do not purport to be complete, and reference is made to such documents for full and complete statements and their provisions.

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

CITY OF LOS ANGELES COMMUNITY FACILITIES
DISTRICT NO. 11 (PONTE VISTA)

By: _____
Assistant City Administrative Officer of the City on
behalf of the District

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

APPENDIX B
APPRAISAL REPORT

APPENDIX C
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APPENDIX D
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APPENDIX E
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APPENDIX F

FORM OF DISTRICT CONTINUING DISCLOSURE CERTIFICATE

APPENDIX G

FORM OF DEVELOPER CONTINUING DISCLOSURE CERTIFICATE

APPENDIX H

INFORMATION CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2021 Bonds, payment of principal, premium, if any, accreted value and interest on the Series 2021 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2021 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each annual maturity of the Series 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC.

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

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as prepayments, tenders, defaults, and proposed amendments to the Series 2021 Bond documents. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds within a maturity are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

An Owner shall give notice to elect to have its Series 2021 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Series 2021 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2021 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2021 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2021 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

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

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE SERIES 2021 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC.

ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2021 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

ATTACHMENT F

ACQUISITION AND FUNDING AGREEMENT

by and among

**CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11
(PONTE VISTA)**

and

CITY OF LOS ANGELES

and

SOCAL SAN PEDRO SPV 1, LLC

Dated as of _____ 1, 2021

**City of Los Angeles
Community Facilities District No. 11
(Ponte Vista)
Special Tax Bonds**

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ACQUISITION AND FUNDING AGREEMENT

THIS ACQUISITION AND FUNDING AGREEMENT (this “Acquisition Agreement”), dated as of _____ 1, 2021, is by and among the CITY OF LOS ANGELES COMMUNITY FACILITIES DISTRICT NO. 11 (PONTE VISTA), a community facilities district organized and existing under the laws of the State of California (the “Community Facilities District”), the CITY OF LOS ANGELES, a charter city organized and existing under the laws of the State of California (the “City”), and SOCAL SAN PEDRO SPV 1, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the “Developer”).

WITNESSETH:

WHEREAS, the City Council of the City (the “City Council”) has, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”), established the Community Facilities District;

WHEREAS, pursuant to the Act, the proceedings of the City Council and an election held within the Community Facilities District, the Community Facilities District is authorized to issue special tax bonds (the “Bonds”) secured by special taxes (the “Special Taxes”) levied within the Community Facilities District to finance certain public facilities (the “Facilities”);

WHEREAS, the Community Facilities District will, upon satisfaction of the conditions and in accordance with the terms set forth in this Acquisition Agreement, purchase certain of the Facilities, the City will take title thereto and the Developer will be paid from the proceeds of the Bonds for the costs of acquisition, construction and improvement of such Facilities at the prices as determined as set forth herein;

WHEREAS, the Bonds are to be issued pursuant to an indenture (the “Indenture”) to be entered into by the Community Facilities District and a commercial bank or trust company (the “Trustee”);

WHEREAS, pursuant to the Indenture, the Community Facilities District will establish or cause the Trustee to establish an acquisition account into which a portion of the proceeds of the Bonds will be deposited, which amounts will be used to finance the acquisition, construction and improvement of the Facilities;

WHEREAS, Section 53313.5 of the Act provides that a community facilities district may only finance the purchase of facilities whose construction has been completed, as determined by the legislative body, before the resolution of formation to establish the community facilities district is adopted pursuant to Section 53325.1 of the Act, except that a community facilities district may finance the purchase of facilities completed after the adoption of the resolution of formation if the facility was constructed as if it had been constructed under the direction and supervision, or under the authority of, the local agency that will own or operate the facility;

WHEREAS, certain of the Facilities were completed before the adoption of the resolution of formation to establish the Community Facilities District and certain of the Facilities were not completed at the time of the adoption thereof; and

WHEREAS, the Facilities are to be acquired by the City under this Acquisition Agreement pursuant to the Act and, specifically, pursuant to the provisions of Section 53313.5 thereof;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Article shall have the meanings herein specified.

“Acceptable Title” means title to land, or an easement therein, delivered free and clear of all liens, taxes, assessments, leases, easements and encumbrances, whether any such item is recorded or unrecorded, except those non-monetary items that are reasonably determined by the City not to interfere with the intended use of such land or easement and therefore are not required to be cleared from title.

“Acceptance Date” means (a) with respect to a Segment, the date on which such Segment is accepted by the City pursuant to Section 2.03(c) hereof, and (b) with respect to a Component, the date on which the last Segment that is part of such Component is accepted by the City pursuant to Section 2.03(c) hereof.

“Acquisition Account” means the fund or account established under the Indenture, howsoever denominated, into which proceeds of the Bonds available to pay the Purchase Price of the Segments are deposited.

“Acquisition Agreement” means this Acquisition and Funding Agreement, dated as of _____ 1, 2021, by and among the Community Facilities District, the City and the Developer, as originally executed or as the same may be amended from time to time in accordance with its terms.

“Acquisition Cost” means, with respect to a Construction Segment, the amount specified as the Acquisition Cost for such Construction Segment in Exhibit A attached hereto.

“Act” means the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 *et seq.* of the California Government Code.

“Actual Cost” means, with respect to a Construction Segment, an amount equal to the sum of (a) the Developer’s actual, reasonable cost of constructing such Construction Segment, including labor, material and equipment costs, (b) the actual, reasonable cost of designing and preparing the Plans for such Construction Segment, including engineering services provided in connection with designing and preparing such Plans, (c) the actual, reasonable cost of environmental evaluations required in the City’s reasonable determination specifically for such Construction Segment, (d) the amount of any fees actually paid to governmental agencies in order to obtain permits, licenses or other necessary governmental approvals and reviews for such Construction Segment, (e) the actual, reasonable cost for professional services directly related to the construction of such Construction Segment, including engineering, inspection, construction staking, materials testing and similar professional services, (f) the actual, reasonable cost for construction management, bid administration and contract administration services, (g) the actual, reasonable cost of performance and maintenance bonds and insurance, including any title insurance required hereby, for such Construction Segment, and (h) the actual, reasonable cost of any real property or interest therein acquired from a party other than the Developer, an Affiliate

thereof, the Person from whom the Developer acquired the Property or an Affiliate thereof, which real property or interest therein is either necessary for the construction of such Construction Segment (e.g., temporary construction easements, haul roads, etc.) or is required to be conveyed with such Construction Segment in order to convey Acceptable Title thereto to the City, all as specified in a Payment Request that has been reviewed and approved by the City Engineer and the Inspector of Public Works; provided, however, that (i) no item of cost relating to a Construction Segment shall be included in more than one category of cost specified in clauses (a) through (h) of this definition, and (ii) except with respect to items of cost for construction management services specified in clause (g) that are provided by the Developer or an Affiliate thereof rather than a third party, each item of cost shall include only amounts actually paid by the Developer to third parties, other than Affiliates of the Developer, and shall not include overhead or other internal expenses of the Developer, and (iii) the aggregate cost of items specified in clauses (e) through (h) shall not exceed __% of the cost of constructing such Construction Segment, as determined pursuant to clause (a) of this definition.

“Affiliate” of another Person means (a) each Person that, directly or indirectly, owns or controls, whether beneficially or as trustee, guardian, or other fiduciary, 50% or more of any class of equity securities of such other Person, and (b) each Person that controls, is controlled by or is under common control with or by such Person or any Affiliate of such Person. For the purpose of this definition, “control” of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

“Aggregate Overage Amount” means, as of any date, the sum of the Overage Amounts for all Construction Segments for which the Acceptance Date occurred on or before such date.

“Aggregate Savings Amount” means, as of any date, the sum of the Savings Amounts for all Construction Segments for which the Acceptance Date occurred on or before such date.

“Bonds” means bonds, notes or other obligations of the Community Facilities District payable from the Special Taxes and issued under the Indenture.

“Business Day” means a day that is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“City” means the City of Los Angeles, a charter city organized and existing under the laws of the State, and its successors.

“City Council” means the Council of the City.

“City Engineer” means the City Engineer of the City and any designee of said City Engineer.

“City Event of Default” means any event specified in Section 5.03 hereof.

“Community Facilities District” means the City of Los Angeles Community Facilities District No. 11 (Ponte Vista), a community facilities district organized and existing under the laws of the State, and its successors.

“Community Facilities District Event of Default” means any event specified in Section 5.05 hereof.

“Complete” means (a) with respect to a Construction Segment, that all of the infrastructure components of such Construction Segment, if any, are fully functional and capable of being used for their intended purpose and that the construction of such Construction Segment, including all ancillary, non-essential items included in such Construction Segment, by or on behalf of the Developer is, in the reasonable judgment of the Inspector of Public Works, in all respects complete, (b) with respect to a Previously Completed Segment, that all of the infrastructure components of such Previously Completed Segment, if any, are fully functional and capable of being used for their intended purpose and that the construction of such Previously Completed Segment, including all ancillary, non-essential items included in such Previously Completed Segment, by or on behalf of the Developer is, in the reasonable judgment of the Inspector of Public Works, in all respects complete, and (c) with respect to a DWP Segment, that all of the infrastructure components of such DWP Segment, if any, are fully functional and capable of being used for their intended purpose and that the construction of such DWP Segment, including all ancillary, non-essential items included in such DWP Segment, by or on behalf of the Developer is, in the reasonable judgment of the [REDACTED] of the City of Los Angeles Department of Water and Power, in all respects complete.

“Components” means the related groups of Segments identified as such and described in Exhibit A attached hereto; each Component is comprised of the Segments listed thereunder in Exhibit A.

“Conditions of Approval” means the conditions of approval of all land use entitlements approved by the City for the Property and the conditions of the subdivision improvement agreement or other agreement between the Developer and the City relating to the Property, which conditions the Developer must satisfy or cause to be satisfied in order to develop the Property.

“Construction Segments” means the discrete portions of the Components identified as such and described in Exhibit A attached hereto under the caption “Construction Segments.”

“Credit Amount” means, as of any date, the remainder of (a) the Aggregate Savings Amount as of such date, minus (b) the aggregate amount paid to the Developer prior to such date pursuant to Section 2.08 hereof; provided, however, that in no event shall such Credit Amount exceed the remainder of (i) the Aggregate Overage Amount as of such date, minus (ii) the aggregate amount paid to the Developer prior to such date pursuant to Section 2.08 hereof.

“Developer” means SoCal San Pedro SPV 1, LLC, a limited liability company organized and existing under the laws of the State of Delaware, and its successors and assigns.

“Developer Event of Default” means any event specified in Section 5.01 hereof.

“Developer Representative” means the person or persons designated as such in a certificate signed by the Developer and delivered to the Community Facilities District and the Trustee, which certificate shall contain an original or specimen signature of each person so designated.

“DWP Segments” means the discrete portions of the Components identified as such and described in Exhibit A attached hereto under the caption “DWP Segments.”

“Facilities” means the public facilities described in Exhibit A attached hereto.

“General Prevailing Wage Rates” means those rates as determined by the Director of the Department of Industrial Relations of the State of California.

“Hazardous Material” means any hazardous or toxic substance, material or waste that is regulated by any local governmental authority, the State or the United States Government, including, without limitation, any material or substance that is (a) designated as a “hazardous substance” pursuant to Section 311 of the Federal Water Pollution Control Act, 33 U.S.C. § 1251 *et seq.* (33 U.S.C. § 1321), (b) defined as a “hazardous waste” pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 *et seq.* (42 U.S.C. § 6903), (c) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 *et seq.*, (d) petroleum, or (e) asbestos.

“Indenture” means the indenture, trust agreement, fiscal agent agreement or similar instrument, howsoever denominated, pursuant to which Bonds of the Community Facilities District are issued, as originally executed or as the same may from time to time be amended or supplemented pursuant to the provisions thereof.

“Inspector of Public Works” means the Inspector of Public Works of the City, who is also the Director of the Bureau of Contract Administration of the City, and any designee of said Inspector of Public Works.

“Living Wage” means a wage of no less than the hourly rates set under the authority of Article 11 of the Los Angeles Administrative Code, as set forth in Section 10.37 thereof.

“Net Proceeds” means the proceeds of Bonds remaining after the payment or setting aside of, or provision for (a) the underwriter’s discount for such Bonds, (b) the costs of issuance of such Bonds, including the costs of formation of the Community Facilities District, (c) any required reserve fund deposit for such Bonds, (d) capitalized interest on such Bonds, and (e) pre-funded administrative expenses of the Community Facilities District.

“Overage Amount” means, with respect to a Construction Segment, the amount, if any, by which the Actual Cost of such Construction Segment exceeds the Acquisition Cost of such Construction Segment.

“Payment Request” means (a) with respect to the Construction Segments, the document to be provided by the Developer to substantiate the Purchase Price of one or more Construction Segments, which shall be substantially in the form of Exhibit B attached hereto, (b) with respect

to the Previously Completed Segments, the document to be provided by the Developer to substantiate the Purchase Price of one or more Previously Completed Segments, which shall be substantially in the form of Exhibit C attached hereto, and (c) with respect to the DWP Segments, the document to be provided by the Developer to substantiate the Purchase Price of one or more DWP Segments, which shall be substantially in the form of Exhibit D attached hereto.

“Person” means an individual, a corporation, a partnership, an association, a limited liability company, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Plans” means the plans and specifications for the Construction Segments prepared or to be prepared at the direction of the Developer pursuant to Section 3.01 hereof.

“Previously Completed Segments” means the discrete portions of the Components identified as such and described in Exhibit A attached hereto under the caption “Previously Completed Segments.”

“Property” means the real property located within the Community Facilities District.

“Purchase Price” means (a) with respect to a Construction Segment, subject to the provisions of Section 2.02 hereof, the lesser of the Actual Cost or the Acquisition Cost of such Construction Segment, (b) with respect to a Previously Completed Segment, the Purchase Price specified therefor in Exhibit A hereto, and (c) with respect to a DWP Segment, the Purchase Price specified therefor in Exhibit A hereto.

“Rate and Method” means the rate and method of apportionment of the Special Taxes approved by the qualified electors of the Community Facilities District.

“Related Property” means, with respect to a Segment, the property on, in or over which such Segment is located, which property, or an easement thereon or other interest therein, is dedicated or otherwise conveyed to the City as provided in Section 2.03 hereof.

“Savings Amount” means, with respect to a Construction Segment, the amount, if any, by which the Acquisition Cost of such Construction Segment exceeds the Actual Cost of such Construction Segment.

“Segments” means, collectively, the Construction Segments, the Previously Completed Segments and the DWP Segments.

“Special Taxes” means the special taxes approved by the qualified electors of the Community Facilities District to be levied therein.

“State” means the State of California.

“Trustee” means the commercial bank or trust company initially designated as trustee under the Indenture, and any successor thereto as Trustee thereunder substituted in its place as provided in the Indenture.

Section 1.02. Rules of Construction. (a) The terms defined herein expressed in the singular shall, unless the context otherwise indicates, include the plural and vice versa.

(b) The use herein of the masculine, feminine or neuter gender is for convenience only and shall be deemed and construed to include correlative words of the masculine, feminine or neuter gender, as appropriate.

(c) References herein to a document shall include all amendments, supplements or other modifications to such document, and any replacements, substitutions or novation of, that document.

(d) Any term defined herein by reference to another document shall continue to have the meaning ascribed thereto whether or not such other document remains in effect.

(e) The use herein of the words “including” and “includes,” and words of similar import, shall be deemed to be followed by the phrase “without limitation.”

(f) Headings of Articles and Sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(g) All references herein to designated “Articles,” “Sections,” “Exhibits,” “subsections,” “paragraphs,” “clauses,” and other subdivisions are to the designated Articles, Sections, Exhibits, subsections, paragraphs, clauses, and other subdivisions of this Indenture.

(h) The words “hereof” (except when preceded by a specific Section or Article reference) “herein,” “hereby,” “hereunder,” “hereinabove,” “hereinafter,” and other equivalent words and phrases used herein refer to this Acquisition Agreement and not solely to the particular portion hereof in which any such word is used.

ARTICLE II

ACQUISITION OF FACILITIES

Section 2.01. Acquisition of Facilities. (a) Subject to the terms and conditions hereof, the Developer hereby agrees to sell to the Community Facilities District, and the Community Facilities District hereby agrees to purchase from the Developer, each Segment for the Purchase Price thereof.

(b) The Purchase Prices of the Segments are to be paid from Net Proceeds of Bonds deposited in the Acquisition Account. Notwithstanding anything to the contrary contained herein, the Community Facilities District shall not be obligated to pay the Purchase Price of any Segment except from the Net Proceeds of Bonds so deposited in the Acquisition Account. Neither the Community Facilities District nor the City makes any warranty, either express or implied, that Bonds will be able to be issued and sold or that the Net Proceeds of the Bonds so deposited in the Acquisition Account and available for the payment of the Purchase Price of the Segments will be sufficient for such purpose.

Section 2.02. Submission of Payment Requests; Reviews. (a) When the Developer has concluded that the construction of a Construction Segment, including all ancillary, non-essential items included in such Construction Segment, is complete, the Developer shall deliver to the Inspector of Public Works and the City Engineer a Payment Request for such Construction Segment, together with all attachments and exhibits to be included therewith.

(b) Upon receipt of a completed Payment Request and accompanying documentation for a Construction Segment (i) the Inspector of Public Works shall conduct a review in order to confirm that such Construction Segment is Complete and was constructed in accordance with the Plans therefor, and (ii) the City Engineer shall conduct a review in order to verify and approve the Actual Cost of such Construction Segment specified in such Payment Request. The Developer shall cooperate with the Inspector of Public Works and the City Engineer in conducting each such review and shall provide the Inspector of Public Works and the City Engineer with such additional information and documentation as is reasonably necessary for the Inspector of Public Works and the City Engineer to conclude each such review. The City shall cause the Inspector of Public Works and the City Engineer to use their best efforts to complete such review within 30 days. If the Inspector of Public Works determines that such Construction Segment is not Complete or that it was not constructed in accordance with the Plans therefor, the Developer shall take such action as is necessary to cause such Construction Segment to be Complete or to be constructed in accordance with the Plans therefor, as applicable, so as to take into account such determination by the Inspector of Public Works. If the City Engineer determines that the Actual Cost specified in such Payment Request as initially submitted exceeds the Developer's actual, reasonable cost of constructing such Construction Segment, the Developer shall resubmit such Payment Request, with the Actual Cost specified therein modified so as to take into account such determination by the City Engineer.

(c) In order to receive payment of the Purchase Price of a Previously Completed Segment, the Developer shall deliver to the Inspector of Public Works and the City Engineer a Payment Request for such Previously Completed Segment.

(d) In order to receive payment of the Purchase Price of a DWP Segment, the Developer shall deliver to the [REDACTED] of the Los Angeles Department of Water and Power a Payment Request for such DWP Segment.

Section 2.03. Acceptable Title; Conveyance and Acceptance. (a) Acceptable Title to all property on, in or over which each Segment will be located shall be conveyed to the City by way of grant deed, quitclaim, or dedication of such property, or easement thereon, if such easement is approved by the City as being a sufficient interest therein to permit the City to properly own, operate and maintain such Segment located therein, thereon or thereover, and to permit the Developer to perform its obligations as set forth in this Acquisition Agreement.

(b) Upon the request of the City, the Developer shall furnish to the City a title report for such property not previously dedicated or otherwise conveyed to the City, for review and approval at least 20 calendar days prior to the transfer of Acceptable Title to a Segment to the City. The City shall approve the title report unless it reveals a matter that, in the reasonable judgment of the City, could materially affect the City's use and enjoyment of any part of the property or easement covered by the title report. In the event the City does not approve the title report, the City shall not be obligated to accept title to such Segment, and the Community Facilities District shall not be obligated to pay any portion of the Purchase Price for such Segment until the Developer has cured such objections to title to the reasonable satisfaction of the City.

(c) Upon the City's determination that Acceptable Title to the property on, in or over which such Segment is located has been or is being conveyed to the City, such Segment shall be accepted by the City. Title to each Segment accepted by the City pursuant hereto shall be transferred by the Developer to the City by appropriate instrument in accordance with the Conditions of Approval; provided, however, that notwithstanding such transfer, as provided in Section 2.05 hereof, the Developer shall be responsible for the maintenance of such Segment until the Acceptance Date of the Component of which such Segment is a part.

Section 2.04. Insurance Requirements. (a) The Developer shall or, pursuant to Section 3.03(e) hereof, shall cause each contractor, subcontractor, vendor, equipment operator and owner operator, in each such case to the extent such Person is engaged to perform work on a Construction Segment, to, at all times prior to the final Acceptance Date of all Segments, maintain, deliver to the City and keep in full force and effect, the following insurance policies:

(i) general liability insurance that includes, but is not limited to, coverage for personal injury, premises and operations liability, losses related to independent contractors, products and completed operations, contractual liability, explosion, collapse, and underground hazards having not less than a combined single limit of \$5,000,000 for one or more persons injured and property damage in each occurrence;

(ii) automobile liability insurance that includes, but is not limited to, owned, non-owned and hired automobiles, in the amount of not less than a combined single limit of \$1,000,000 for one or more persons injured and property damage in each accident;

(iii) course of construction insurance to the extent that it may apply to materials to be used in the construction of a Construction Segment, during the course of construction of such Construction Segment; and

(iv) worker's compensation insurance as required by the California Labor Code for all persons employed directly or indirectly by Developer or any contractor or subcontractor in connection with the construction of any Segment, accompanied by employer's liability insurance in the amount of not less than \$1,000,000 policy limit per employee, which policy shall contain a waiver of subrogation in favor of the City.

(b) Each policy of general liability and automobile liability insurance shall include the City as an additional interest or additional insured. Each general liability policy shall further specify that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverages afforded shall apply as if separate policies had been issued to each insured, except with respect to the policy's limits of liability. Each policy of general liability and automobile liability insurance shall expressly provide that the insurer shall assume the defense of the City, its agencies, officers, employees and agents from suits, actions, damages or claims of every type and description to which it or they may be subjected or put by reason of, or resulting from the negligent acts or omissions of the Developer or its contractors or subcontractors in the construction of the Facilities.

(c) All policies of insurance shall be with companies licensed or approved by the California Commissioner of Insurance and rated B+5 or better in the most recent edition of Best's Insurance Guide and shall be issued and delivered in accordance with State law and regulations.

(d) All liability insurance policies shall bear an endorsement or shall have attached a rider whereby it is provided that, in the event of expiration or proposed cancellation of such policies for any reason whatsoever, the City shall be notified by registered mail, return receipt requested, giving a sufficient time before the date thereof to comply with any applicable law or statute, but in no event less than 30 days before expiration or cancellation is effective.

(e) The following statement shall be included on the insurance certificate:

Additional Insured: The insurer agrees that the City, its City Council, and/or all City Council appointed groups, committees, boards and any other City Council appointed body, and/or elective and appointive officers, servants, agents or employees of the City, when acting as such, are additional insureds hereunder, for the acts of the insured, and such insurance shall be primary to any insurance of the City.

(f) The Developer may use an Umbrella or Excess Liability policy to effect the insurance coverage required pursuant to this Section under blanket insurance policies; provided, however, that (i) such policies shall be written on a per occurrence basis, (ii) such policies shall comply in all other respects with the provisions of this Section, and (iii) the protection afforded the City under any such policy shall be no less than that which would be available under a separate policy relating only to the Segments. Evidence of Excess Liability shall be in a form acceptable to the City. The Developer shall require its Excess Liability carrier to properly schedule and identify the underlying policies as provided for on the Additional Insured Endorsement Form, including,

as appropriate, Commercial General Liability, Comprehensive Automobile Liability, and Employers' Liability.

(g) If Developer fails to maintain or cause to be maintained any insurance required hereby, the City may, but shall not be obligated to, procure such insurance and recover the amount of the premiums therefor from the Developer or retain such amount from any monies due to the Developer under this Acquisition Agreement. The failure of the City to procure any such insurance shall in no way relieve the Developer of any of its obligations under this Acquisition Agreement.

Section 2.05. Maintenance of Facilities; Warranties. The Developer shall maintain each Segment in good and safe condition until the Acceptance Date of the Component of which such Segment is a part. Prior to the Acceptance Date of the Component of which such Segment is a part, the Developer shall be responsible for maintaining such Segment in proper operating condition and shall perform such maintenance on such Segment as the City Engineer reasonably determines to be necessary. As of the Acceptance Date of the Component of which a Segment is a part, the Developer shall assign to the City all of the Developer's rights in any warranties, guarantees, maintenance obligations or other evidence of contingent obligations of third Persons with respect to such Segment. The Developer shall warrant each Segment to be free from construction defects (and shall correct or cause to be corrected any such defects) for a period of one year from the Acceptance Date of the Component of which such Segment is a part, or alternatively, shall provide a bond reasonably acceptable in form and substance to the City for such period and such purpose to insure that such defects that appear within said period will be repaired, replaced or corrected by the Developer, at its own cost and expense, to the reasonable satisfaction of the City. The Developer shall continue to repair, replace or correct any such defects within 30 days after written notice thereof by the City to the Developer, and shall complete such repairs, replacement or correction as soon as practicable.

Section 2.06. Ownership of Segments. Notwithstanding the fact that some or all of the Segments may be constructed in dedicated street rights-of-way or on property that has been or will be dedicated to the City, each Segment shall be and remain the property of the Developer until title thereto is conveyed to and accepted by the City as provided herein and in the Conditions of Approval. Such ownership by the Developer shall likewise not be affected by any agreement that the Developer may have entered into or may enter into with the City, or may be subject to, pursuant to the provisions of the Subdivision Map Act, Section 66410 *et seq.* of the California Government Code, and the provisions of this Section and the Conditions of Approval shall control.

Section 2.07. Execution of Payment Request; Payment of Purchase Price. (a) When the Inspector of Public Works and the City Engineer have received (i) a Payment Request, together with all attachments and exhibits to be included therewith, for a Construction Segment (A) that, pursuant to Section 2.02 hereof, has been determined by the Inspector of Public Works to be Complete and to have been constructed in accordance with the Plans therefor, and (B) the Actual Cost of which has been verified and approved by the City Engineer, (ii) a copy of the documents conveying, or that previously conveyed, to the City Acceptable Title to the Related Property of such Construction Segment, as described in Section 2.03(a) hereof, (iii) the title report, if any, with respect thereto required pursuant to Section 2.03(b) hereof, and (iv) a copy of the Notice of Completion of such Construction Segment that has been or will be filed in accordance with Section 3093 of the California Civil Code, if applicable, the Inspector of Public Works and the City

Engineer shall sign such Payment Request in accordance with Section 2.02(b) hereof and forward the same to the Community Facilities District.

(b) When the Inspector of Public Works and the City Engineer have received (i) a Payment Request for a Previously Completed Segment, (ii) a copy of the documents conveying, or that previously conveyed, to the City Acceptable Title to the Related Property of such Previously Completed Segment, as described in Section 2.03(a) hereof, (iii) the title report, if any, with respect thereto required pursuant to Section 2.03(b) hereof, and (d) a copy of the Notice of Completion of such Previously Completed Segment that has been or will be filed in accordance with Section 3093 of the California Civil Code, if applicable, the Inspector of Public Works and the City Engineer shall sign such Payment Request in accordance with Section 2.02(c) hereof and forward the same to the Community Facilities District.

(c) When the [REDACTED] of the Los Angeles Department of Water and Power has received (i) a Payment Request for a DWP Segment, (ii) a copy of the documents conveying, or that previously conveyed, to the City Acceptable Title to the Related Property of such DWP Segment, as described in Section 2.03(a) hereof, (iii) the title report, if any, with respect thereto required pursuant to Section 2.03(b) hereof, and (d) a copy of the Notice of Completion of such DWP Segment that has been or will be filed in accordance with Section 3093 of the California Civil Code, if applicable, the [REDACTED] of the Los Angeles Department of Water and Power shall sign such Payment Request in accordance with Section 2.02(c) hereof and forward the same to the Community Facilities District.

(d) Within five Business Days of receipt of a reviewed and fully signed Payment Request for a Segment pursuant to subsection (a), (b) or (c) of this Section, the Community Facilities District shall, or shall direct the Trustee to, pay from the Acquisition Account the Purchase Price of such Segment to the Developer or such other payee as is designated by the Developer on such Payment Request.

Section 2.08. Payments of Credit Amounts. If and when the amount of the Credit Amount is greater than zero, and if and to the extent that the amount available in the Acquisition Account is sufficient therefor, the Developer shall be entitled to be paid an amount equal to such Credit Amount. In order to receive all or a portion of such Credit Amount, the Developer shall deliver to the Community Facilities District a written request signed by a Developer Representative stating (a) the amount to be paid, and (b) that such amount does not exceed the amount of the Credit Amount as of the date of delivery of such written request. Such written request shall be accompanied by a calculation demonstrating the amount of the Credit Amount as of the date of delivery of such written request. Upon receipt of such a written request and accompanying calculation, the Community Facilities District shall review such calculation. The Developer shall cooperate with the Community Facilities District in conducting each such review and shall provide the City with such additional information and documentation as is reasonably necessary for the City to conclude each such review. The Community Facilities District shall conduct such review without unreasonable delay and shall notify the Developer in writing of the results of its review. Within five Business Days of confirmation that such calculation is correct, the Community Facilities District shall, or shall direct the Trustee to, pay from the Acquisition Account such amount so requested to the Developer or such other payee as is designated by the Developer on such written request.

ARTICLE III

CONSTRUCTION OF CONSTRUCTION SEGMENTS

Section 3.01. Preparation and Approval of Plans and Specifications. The Developer shall cause Plans to be prepared for the Construction Segments in accordance with the Conditions of Approval. The Developer shall obtain the written approval of the Plans from all appropriate departments of the City (including any such approvals required by the City's B-Permit process) or from any other public agency or public utility from which such approval must be obtained. Copies of all such Plans shall be provided by the Developer to the City Engineer.

Section 3.02. Duty of Developer to Construct. The Developer shall construct or cause to be constructed the Construction Segments in accordance with the Conditions of Approval and the approved Plans, including approval thereof by the City Engineer. The Developer shall perform all of its obligations hereunder and shall conduct all operations with respect to the construction of the Construction Segments in accordance with the Plans to the satisfaction of the Inspector of Public Works and the City Engineer, in a commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall not be relieved of its obligation to construct a Construction Segment, and convey such Construction Segment to the City in accordance with the terms hereof, even if the Purchase Price for such Construction Segment is less than the Actual Cost of such Construction Segment. Notwithstanding the foregoing, nothing set forth in this Acquisition Agreement shall be construed to require the Developer to construct any Construction Segments other than at the time required by, and in accordance with, the Conditions of Approval or to perform any work requiring a contractor's license, nor shall the Developer be deemed to be performing construction services pursuant to this Acquisition Agreement.

Section 3.03. Public Works Requirements. (a) In order to insure that the Construction Segments that are purchased pursuant to this Acquisition Agreement are constructed as if they had been constructed under the direction and supervision, or under the authority of, the City, so that they may be acquired pursuant to California Government Code Section 53313.5, the Developer shall comply with all of the requirements of this Section for each Construction Segment for which the Developer submits a Payment Request.

(b) The contract for the construction of any Construction Segment shall be awarded to the responsible bidder submitting the lowest responsive bid for the construction of such Construction Segment after notice inviting sealed bids is given as required for public works projects pursuant to any applicable provisions of the California Public Contracts Code, the Charter of the City and the rules, regulations and policies of the City.

(c) The Developer shall require, and the specifications and bid and contract documents shall require, all contractors, subcontractors, vendors, equipment operators and owner operators, in each such case to the extent such Persons are engaged to perform work on a Construction Segment, to pay at least General Prevailing Wage Rates to all workers employed in the execution of the contract, to post a copy of the General Prevailing Wage Rates at the job-site in a conspicuous place available to all employees and applicants for employment, and to otherwise comply with

applicable provisions of the California Labor Code, the California Government Code and the California Public Contracts Code relating to public works projects of cities as required by the specifications approved by the City Engineer. The City has provided the Developer with copies of tables setting forth the General Prevailing Wage Rates, and the Developer hereby acknowledges receipt thereof.

In any case where the Living Wage is greater than the General Prevailing Wage Rates, the Developer shall require, and the specifications and bid and contract documents shall require, all contractors, subcontractors, vendors, equipment operators and owner operators, in each such case to the extent such Persons are engaged to perform work on a Construction Segment, to pay the Living Wage to all of its employees as provided in Los Angeles Administrative Code Section 10.37.

The Developer shall require, and the specifications and bid and contract documents shall require, for all contracts involving in excess of \$30,000 or 20 working days, all contractors, subcontractors, vendors, equipment operators and owner operators, in each such case to the extent such Persons are engaged to perform work on a Construction Segment, to comply with the provisions of Section 1777.5 of the California Labor Code with respect to all apprenticeable occupations upon the project.

(d) In performing its obligations under this Acquisition Agreement, the Developer shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State and the City. In performing its obligations under this Acquisition Agreement, the Developer shall not discriminate in its employment practices against any employee, or applicant for employment, because of such person's race, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, marital status or medical condition. The Developer shall comply with the provisions of the Los Angeles Administrative Code Sections 10.8 through 10.13, to the extent applicable hereto. The Affirmative Action Program of this Acquisition Agreement shall be the mandatory contract provisions set forth in Los Angeles Administrative Code Section 10.8.4, and said provisions are incorporated herein by this reference. In performing its obligations under this Acquisition Agreement, the Developer shall comply with all applicable rules, regulations, and policies of the City's Board of Public Works, Bureau of Contract Administration, Office of Contract Compliance, relating to nondiscrimination and affirmative action. The Developer shall require, in any contract it for the construction of any Construction Segment, that the contractor be subject to the provisions of this paragraph.

(e) The Developer shall require each contractor, subcontractor, vendor, equipment operator and owner operator, in each such case to the extent such Person is engaged to perform work on a Construction Segment, to provide proof of insurance coverage satisfying the requirements of Section 2.04 hereof throughout the term of the construction of such Construction Segment; provided, however, that, rather than requiring such contractors, subcontractors, vendors, equipment operators and owner operators to provide such insurance, the Developer may elect to provide the same for the benefit of such contractors, subcontractors, vendors, equipment operators and owner operators.

(f) The Developer shall comply, and shall cause each contractor, subcontractor, vendor, equipment operator and owner operator, in each such case to the extent such Person is

engaged to perform work on a Construction Segment, to comply, with such other requirements relating to the construction of the Construction Segments as the City may impose by written notification delivered to the Developer, to the extent legally required as a result of changes in applicable federal, State or City laws.

(g) The Developer shall require, and the specifications and bid and contract documents shall require, each contractor, subcontractor, vendor, equipment operator and owner operator, in each such case to the extent such Person is engaged to perform work on a Construction Segment, to submit certified weekly payroll records to the Developer for inspection by the City's Board of Public Works, Bureau of Contract Administration, Office of Contract Compliance, and to furnish weekly certified payroll records to the City's Board of Public Works, Bureau of Contract Administration, Office of Contract Compliance, through the City's On-Line Certified Payroll System (OCPS).

(h) The City's Board of Public Works, Bureau of Contract Administration, Office of Contract Compliance is responsible for the monitoring and enforcement of the prevailing wage, certified payroll and apprenticeship requirements of this contract. The Developer, all contractors, subcontractors, vendors, equipment operators and owner operators, shall cooperate with the Office of Contract Compliance in any audit or investigation in regard to those matters.

(i) The Developer shall comply, and shall require each contractor, subcontractor, vendor, equipment operator and owner operator to comply with, the following requirements: City Contractor Evaluation (LAAC Section 10.39), Contractor Responsibility Program (LAAC Section 10.4), Slavery Disclosure Ordinance (LAAC Section 10.41), City Contractors' Use of Criminal History for Consideration of Employment Applications (LAAC 10.48), Disclosure of Border Wall Contracting (LAAC Section 10.5), and Equal Benefits Ordinance (LAAC Section 10.8.2.1).

(j) The Developer shall comply, and shall cause each contractor, subcontractor, vendor, equipment operator and owner operator, in each such case to the extent such Person is engaged to perform work on a Construction Segment pursuant to a contract entered into after the date of this Acquisition Agreement, to comply, with the City's Child Support Assignment Orders Ordinance, Section 10.10 of the Los Angeles Administrative Code.

The Developer shall provide proof to the City, at such intervals and in such form as the City may reasonably require, that the foregoing requirements have been satisfied as to all of the Construction Segments.

Section 3.04. Bonding Requirements. Prior to the commencement of construction of a Construction Segment, the Developer shall secure, or shall cause each contractor, subcontractor, vendor, equipment operator and owner operator, in each such case to the extent such Person is engaged to perform work on such Construction Segment to secure, appropriate bonds for the construction and completion of construction of such Construction Segment, a faithful performance bond and a bond for the security of laborers and materialmen, each in an amount that is equal to 100% of the contract price for such Construction Segment. If any such bonds for a Construction Segment are provided by such a contractor, subcontractor, vendor, equipment operator or owner operator, the City shall be named as an additional insured on such bonds. Each issuer of any such

bond shall be duly authorized to issue such bond in the State. Each such bond shall comply with the provisions of California Government Code Sections 66499.1 and 66499.2.

Section 3.05. Inspection; Completion of Construction. (a) The Inspector of Public Works shall have primary responsibility for providing inspection of the work of construction of the Construction Segments to ensure that the work of construction is accomplished in accordance with the Plans. The City's personnel shall have access to the site of the work of construction at all reasonable times for the purpose of accomplishing such inspection. Upon the completion of the construction of a Construction Segment to the satisfaction of the Inspector of Public Works, the Developer shall notify the Community Facilities District, the City and the City Engineer in writing that the construction of such Construction Segment has been completed in accordance with the Plans.

(b) No later than ten days after receiving notification pursuant to Section 2.02 hereof that a Construction Segment was constructed in accordance with the Plans therefor, the Developer shall forthwith file with the Los Angeles County Recorder a Notice of Completion, in form acceptable to the City Engineer, pursuant to the provisions of Section 3093 of the California Civil Code, if applicable. The Developer shall furnish to the City and the Community Facilities District a duplicate copy of each such Notice of Completion showing thereon the date of filing with said County Recorder.

Section 3.06. Developer as Independent Contractor. The Community Facilities District, the City and the Developer hereby acknowledge and agree that the Developer, in performing its obligations under this Acquisition Agreement, is acting as an independent contractor and not an agent of the Community Facilities District or the City. Neither the Community Facilities District nor the City shall have any responsibility for payment to any contractor, subcontractor or supplier contractors, subcontractors, vendors, equipment operators or owner operators of the Developer.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND COVENANTS; INDEMNIFICATION

Section 4.01. Representations and Warranties of the Developer. The Developer makes the following representations and warranties for the benefit of the Community Facilities District and the City:

(a) *Organization.* The Developer represents and warrants that the Developer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, is authorized to conduct business and is in good standing under the laws of the State, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

(b) *Authority.* The Developer represents and warrants that the Developer has the power and authority to enter into this Acquisition Agreement and has taken all action necessary to cause this Acquisition Agreement to be executed and delivered, and this Acquisition Agreement has been duly and validly executed and delivered on behalf of the Developer.

(c) *Binding Obligation.* The Developer represents and warrants that this Acquisition Agreement is a valid and binding obligation of the Developer and is enforceable against the Developer in accordance with its terms, subject to bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles.

(d) *Environmental Matters Relating to Segments.* The Developer represents and warrants that neither the Developer nor any subcontractor, agent or employee thereof has used, generated, manufactured, procured, stored, released, discharged or disposed of (whether accidentally or intentionally) any Hazardous Material on, under or in any Segment or the Related Property of such Segment, or transported (whether accidentally or intentionally) any Hazardous Material to or from such Segment or such Related Property, in violation of any federal, state or local law, ordinance, regulation, rule or decision regulating Hazardous Material.

The Developer represents and warrants that, as of the Acceptance Date of each Segment, there will not be present on, under or in such Segment or the Related Property of such Segment, or any portion thereof, any Hazardous Materials, except for (i) any types or amounts that do not require remediation or mitigation under federal, state or local laws, ordinances, regulations, rules or decisions, (ii) those that have been remediated or mitigated in full compliance with applicable federal, state or local laws, ordinances, regulations, rules or decisions, or (iii) those with respect to which ongoing remediation or mitigation is being performed in full compliance with applicable federal, state or local laws, ordinances, regulations, rules or decisions.

(e) *Environmental Matters Relating to Property.* The Developer represents and warrants that neither the Developer, nor any subcontractor, agent or employee thereof, has

used, generated, manufactured, procured, stored, released, discharged or disposed of (whether accidentally or intentionally) at any time on or prior to the date hereof any Hazardous Material on, under or in the Property, or any structure, fixtures, equipment, or other objects thereon, or transported (whether accidentally or intentionally) any Hazardous Material to or from the Property, or any structure, fixtures, equipment, or other objects thereon, in violation of any federal, state or local law, ordinance, regulation, rule or decision regulating Hazardous Material.

The Developer represents and warrants that there is not present on, under or in the Property or any structure, fixtures, equipment, or other objects thereon, or any portion thereof, any Hazardous Materials, except for (i) any types or amounts that do not require remediation or mitigation under federal, state or local laws, ordinances, regulations, rules or decisions, (ii) those that have been remediated or mitigated in full compliance with applicable federal, state or local laws, ordinances, regulations, rules or decisions, and (iii) those with respect to which ongoing remediation or mitigation is being performed in full compliance with applicable federal, state or local laws, ordinances, regulations, rules or decisions.

The Developer represents and warrants that the Developer has not received notice of, and, to the best of the Developer's knowledge, there is not, any proceeding or formal inquiry by any governmental authority, body or agency with respect to the presence of Hazardous Materials on, under or in the Property, or any structure, fixtures, equipment, or other objects thereon, or the migration thereof from or to other property.

Section 4.02. Covenants of the Developer. The Developer makes the following covenants for the benefit of the Community Facilities District and the City:

(a) *Completion of Construction Segments.* The Developer covenants that it will use its reasonable and diligent efforts to do all things that may be lawfully required of it in order to cause the Construction Segments to be completed in accordance with this Acquisition Agreement and the Conditions of Approval.

(b) *Compliance with Laws.* The Developer covenants that, while the Facilities are owned by the Developer or required pursuant to this Acquisition Agreement to be maintained by the Developer, it will not commit, suffer or permit any of its subcontractors, agents or employees to commit any act to be done in, upon or to the Facilities in violation in any material respect of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the Property or the Facilities.

(c) *Payment Requests.* The Developer covenants that (i) it will not request payment from the Community Facilities District under this Acquisition Agreement for the acquisition of any improvements that are not part of a Segment, and (ii) it will diligently follow all procedures set forth in this Acquisition Agreement with respect to Payment Requests.

(d) *Financial Records.* Until the Acceptance Date of the last Segment accepted by the City pursuant hereto, the Developer covenants to maintain proper books of record and account for the Facilities and all costs related thereto. The Developer covenants that such accounting books will be maintained in accordance with generally accepted accounting principles and will be available for inspection by the Community Facilities District and the City, and their respective agents, within a reasonable time after the Community Facilities District or the City submits a written request to the Developer requesting that such books be made available for inspection.

(e) *Environmental Matters Relating to Segments.* The Developer covenants that neither the Developer, nor any subcontractor, agent or employee thereof, will use, generate, manufacture, procure, store, release, discharge or dispose of (whether accidentally or intentionally) at any time on or prior to the Acceptance Date of each Segment any Hazardous Material on, under or in such Segment or the Related Property of such Segment, or transport (whether accidentally or intentionally) any Hazardous Material to or from such Segment or such Related Property, in violation of any federal, state or local law, ordinance, regulation, rule or decision regulating Hazardous Material in effect at the time of such use, generation, manufacturing, procurement, storage, release, discharge, disposal or transportation.

(f) *Permits.* The Developer covenants that it will obtain all governmental or other permits required to proceed with the construction of the Facilities, and that it will pay all fees relating thereto that are required to be paid, in accordance with the Conditions of Approval.

Section 4.03. Representations and Warranties of the Community Facilities District and the City. The Community Facilities District and the City make the following representations and warranties for the benefit of the Developer:

(a) *Authority.* The Community Facilities District represents and warrants that the Community Facilities District has the power and authority to enter into this Acquisition Agreement and has taken all action necessary to cause this Acquisition Agreement to be executed and delivered, and this Acquisition Agreement has been duly and validly executed and delivered on behalf of the Community Facilities District. The City represents and warrants that the City has the power and authority to enter into this Acquisition Agreement and has taken all action necessary to cause this Acquisition Agreement to be executed and delivered, and this Acquisition Agreement has been duly and validly executed and delivered on behalf of the City.

(b) *Binding Obligation.* The Community Facilities District represents and warrants that this Acquisition Agreement is a valid and binding obligation of the Community Facilities District and is enforceable against the Community Facilities District in accordance with its terms, subject to bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles. The City represents and warrants that this Acquisition Agreement is a valid and binding obligation of the City and is enforceable against the City in accordance with its

terms, subject to bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights in general and by general equity principles.

Section 4.04. Covenants of the Community Facilities District and the City. The Community Facilities District and the City make the following covenants for the benefit of the Developer:

(a) *Completion of Construction Segments.* The City covenants that it will use its reasonable and diligent efforts to take all actions that may be lawfully required of it in issuing permits, processing and approving Plans and inspecting the Construction Segments in accordance with this Acquisition Agreement.

(b) *Payment Requests.* Each of the Community Facilities District and the City covenants that it will diligently follow all procedures set forth in this Acquisition Agreement with respect to Payment Requests.

(c) *Financial Records.* Until the Acceptance Date of the last Segment accepted by the City pursuant hereto, the Community Facilities District covenants to maintain proper books of record and account for the Special Taxes and the Bonds. The Community Facilities District covenants that such accounting books will be maintained in accordance with generally accepted accounting principles applicable to governmental entities and will be available for inspection by the Developer within a reasonable time after the Developer submits a written request to the Community Facilities District requesting that such books be made available for inspection.

Section 4.05. Indemnification. The Developer agrees to protect, indemnify, defend and hold the Community Facilities District and the City, and their respective officers, employees and agents (the "Indemnified Parties"), and each of them, harmless from and against any and all claims, losses, expenses, suits, actions, decrees, judgments, awards, attorney's fees, and court costs that any Indemnified Party may suffer or that may be sought against or recovered or obtained from any Indemnified Party as a result of or by reason of or arising out of or in consequence of (a) the issuance of the Bonds or the acquisition, construction, installation or financing of the Facilities, (b) the untruth or inaccuracy of any representation or warranty made by the Developer in this Acquisition Agreement or in any certifications delivered by the Developer pursuant hereto or in connection with the issuance of the Bonds, (c) the release, threatened release, storage, treatment, transportation or disposal of any Hazardous Materials on, under, in, from or to any portion of the Property while such portion of the Property is owned by the Developer, and (d) any act or omission of the Developer or any of its subcontractors, or their respective officers, employees or agents, in connection with the Facilities, including noncompliance with any covenants made by the Developer in this Acquisition Agreement. If the Developer fails to do so, the Indemnified Party shall have the right, but not the obligation, to defend the same and charge all of the direct or incidental costs of such defense, including any fees or costs, to and recover the same from the Developer.

Upon receipt by an Indemnified Party of notice of any claim, loss, expense, suit, action, decree, judgment or award for which the Developer is obligated to protect, indemnify, defend and hold such Indemnified Party harmless pursuant to this Section, such Indemnified Party shall

promptly notify the Developer in writing of such claim, loss, expense, suit, action, decree, judgment or award. Neither the Developer nor an Indemnified Party shall, without the other's written consent, settle, compromise or consent to the entry of judgment with respect to any claim, suit or action for which the Developer is obligated to protect, indemnify, defend and hold such Indemnified Party harmless pursuant to this Section.

No indemnification is required to be paid by the Developer for any claim, loss or expense due solely to (a) the willful misconduct or negligence of an Indemnified Party, (b) the failure of the City to properly maintain or repair a Segment following the Acceptance Date of the Component of which such Segment is a part, (c) the use or operation of a Segment after the Acceptance Date of the Component of which such Segment is a part, unless such claim, loss or expense results from the defective or improper design, acquisition, construction or installation of such Segment, (d) the failure of the City to comply with or enforce any warranty rights or other requirements or conditions to any third-party claims with respect to a Segment following the Acceptance Date of the Component of which such Segment is a part, (e) the failure of the City to comply with the reasonable recommendations, with respect to a Segment or a part thereof, of a manufacturer of such Segment or part thereof, a supplier of such Segment or part thereof, a contractor that performed work on such Segment or part thereof, a subcontractor that performed work on such Segment or part thereof or an engineer responsible for the engineering of such Segment or part thereof following the Acceptance Date of the Component of which such Segment is a part, or (f) a City Event of Default or Community Facilities Event of Default.

The provisions of this Section shall survive the termination of this Acquisition Agreement.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES; FORCE MAJEURE

Section 5.01. Developer Events of Default. The following shall be Developer Events of Default:

(a) the Developer shall voluntarily file for reorganization or other relief under any Federal or state bankruptcy or insolvency law;

(b) the Developer shall have any involuntary bankruptcy or insolvency action filed against it, or shall suffer a trustee in bankruptcy or insolvency or receiver to take possession of the assets of the Developer, or shall suffer an attachment or levy of execution to be made against its property unless, in any of such cases, such action, possession, attachment or levy shall not have been terminated or released within 60 days after the commencement thereof;

(c) except to the extent that the Developer's obligation to construct the Facilities is excused pursuant to Section 5.07 hereof, the Developer shall abandon construction of the Facilities that, as of the time of such abandonment, the Developer is required to construct or cause to be constructed in accordance with the Conditions of Approval (failure for a period of three consecutive months or failure for two periods of two consecutive months to undertake substantial work related to the construction of the Facilities shall constitute a non-exclusive example of such abandonment);

(d) the Developer shall breach any covenant or default in the performance of any obligation under this Acquisition Agreement and such breach or default shall have continued for a period of 60 days after written notice thereof, specifying such breach or default and requiring the same to be remedied, shall have been given to the Developer by the Community Facilities District or the City; provided, however, that, if in the reasonable opinion of the Community Facilities District and the City such breach or default can be corrected, but not within such 60 day period, such breach or default shall not constitute a Developer Event of Default if corrective action is instituted by the Developer within such 60 day period and the Developer thereafter diligently and in good faith cures such breach or default in such extended period of time;

(e) any representation or warranty of the Developer set forth herein or in any certifications delivered by the Developer hereunder shall prove to have been false or misleading in any material respect when made or deemed made;

(f) the Developer shall transfer any of its rights or obligations under this Acquisition Agreement, without the prior written consent of the Community Facilities District and the City;

(g) the Developer shall have made any material misrepresentation or material omission in any written materials furnished in connection with any preliminary official statement, official statement or bond purchase agreement that has not been corrected and is used in connection with the sale of the Bonds;

(h) the Developer, any Affiliate thereof or any permitted assign or successor-in-interest under this Acquisition Agreement shall at any time bring any action, suit, proceeding, inquiry or investigation at law or in equity, before any court, regulatory agency, public board or body that in any way seeks to challenge or overturn the Community Facilities District, the levy of the Special Tax in accordance with the Rate and Method or the validity of the Bonds or the proceedings leading up to their issuance; provided, however, that the Developer, any Affiliate thereof or any permitted assign or successor-in-interest under this Acquisition Agreement that owns any of the Property may bring an action or suit contending that the Special Tax has not been levied in accordance with the methodology contained in the Rate and Method;

(i) the Developer shall materially fail to complete the Facilities as contemplated by this Acquisition Agreement and the Conditions of Approval and such failure shall have continued for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Developer by the Community Facilities District or the City; provided, however, that, if in the reasonable opinion of the Community Facilities District and the City such failure can be corrected, but not within such 60 day period, such failure shall not constitute a Developer Event of Default if corrective action is instituted by the Developer within such 60 day period and the Developer thereafter diligently and in good faith cures such breach or default in such extended period of time; or

(j) the Developer, any Affiliate thereof or any permitted assign or successor-in-interest under this Acquisition Agreement that owns any of the Property on which Special Taxes have been levied shall fail to pay such Special Taxes as and when due and such failure shall have continued for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Developer by the Community Facilities District or the City.

Section 5.02. Remedies for Developer Events of Default. (a) If a Developer Event of Default described in subsection (a), (b) or (h) of Section 5.01 hereof occurs, this Acquisition Agreement shall automatically terminate.

(b) If a Developer Event of Default described in subsection (c), (d), (e), (f), (g) (i) or (j) of Section 5.01 hereof occurs and is continuing, the Community Facilities District and the City may terminate this Acquisition Agreement by delivering a written notice of such termination to the Developer.

(c) If a Developer Event of Default occurs and is continuing, the City may pursue any other remedy at law or equity available with respect thereto.

(d) If this Acquisition Agreement is terminated pursuant to this Section, the City may, but shall not be obligated to, complete the acquisition, construction and installation of any Segments not theretofore acquired from the Developer pursuant hereto, and the Community Facilities District may use all or any portion of the monies in the Acquisition Account to pay for such acquisition, construction and installation. In the event of such termination, the Developer shall have no claim or right to any further payment of the Purchase Price of any Segment.

Section 5.03. City Events of Default. The following shall be City Events of Default:

(a) the City shall voluntarily file for reorganization or other relief under any Federal or state bankruptcy or insolvency law;

(b) the City shall have any involuntary bankruptcy or insolvency action filed against it, or shall suffer a trustee in bankruptcy or insolvency or receiver to take possession of the assets of the City, or shall suffer an attachment or levy of execution to be made against its property, in any of such cases, such action, possession, attachment or levy shall not have been terminated or released within 60 days after the commencement thereof;

(c) the City shall breach any covenant or default in the performance of any obligation under this Acquisition Agreement and such breach or default shall have continued for a period of 60 days after written notice thereof, specifying such breach or default and requiring the same to be remedied, shall have been given to the City by the Developer; provided, however, that, if in the reasonable opinion of the Developer such breach or default can be corrected, but not within such 60 day period, such breach or default shall not constitute a City Event of Default if corrective action is instituted by the City within such 60 day period and the City thereafter diligently and in good faith cures such breach or default in such extended period of time;

(d) any representation or warranty of the City set forth herein shall prove to have been false or misleading in any material respect when made; and

(e) the City shall transfer any of its respective rights or obligations under this Acquisition Agreement, without the prior written consent of the Developer;

Section 5.04. Remedies for City Events of Default. (a) If a City Event of Default occurs and is continuing, the Developer may terminate this Acquisition Agreement by delivering a written notice of such termination to the City.

(b) If a City Event of Default occurs and is continuing, the Developer may pursue any other remedy at law or equity available with respect thereto; provided, however, that the City shall not be liable in damages to the Developer. In light of the foregoing, the Developer covenants not to sue the City for or claim any damages from the City for any alleged breach of, or dispute that arises out of, this Acquisition Agreement.

(c) The Developer acknowledges that the City would not have entered into this Acquisition Agreement if it were to be liable in damages under or with respect to this Acquisition Agreement. The City shall have no pecuniary liability under this Acquisition Agreement for any act or omission of the City, except as set forth in this Section.

Section 5.05. Community Facilities District Events of Default. The following shall be Community Facilities District Events of Default:

(a) the Community Facilities District shall voluntarily file for reorganization or other relief under any Federal or state bankruptcy or insolvency law;

(b) the Community Facilities District shall have any involuntary bankruptcy or insolvency action filed against it, or shall suffer a trustee in bankruptcy or insolvency or receiver to take possession of the assets of the Community Facilities District, or shall suffer an attachment or levy of execution to be made against its property, in any of such cases, such action, possession, attachment or levy shall not have been terminated or released within 60 days after the commencement thereof;

(c) the Community Facilities District shall breach any covenant or default in the performance of any obligation under this Acquisition Agreement and such breach or default shall have continued for a period of 60 days after written notice thereof, specifying such breach or default and requiring the same to be remedied, shall have been given to the Community Facilities District by the Developer; provided, however, that, if in the reasonable opinion of the Developer such breach or default can be corrected, but not within such 60 day period, such breach or default shall not constitute a Community Facilities District Event of Default if corrective action is instituted by the Community Facilities District within such 60 day period and the Community Facilities District thereafter diligently and in good faith cures such breach or default in such extended period of time;

(d) any representation or warranty of the Community Facilities District set forth herein shall prove to have been false or misleading in any material respect when made; and

(e) the Community Facilities District shall transfer any of its respective rights or obligations under this Acquisition Agreement, without the prior written consent of the Developer;

Section 5.06. Remedies for Community Facilities District Events of Default. (a) If a Community Facilities District Event of Default occurs and is continuing, the Developer may terminate this Acquisition Agreement by delivering a written notice of such termination to the Community Facilities District.

(b) If a Community Facilities District Event of Default occurs and is continuing, the Developer may pursue any other remedy at law or equity available with respect thereto; provided, however, that the Community Facilities District shall not be liable in damages to the Developer. In light of the foregoing, the Developer covenants not to sue the Community Facilities District for or claim any damages from the Community Facilities District for any alleged breach of, or dispute that arises out of, this Acquisition Agreement.

(c) The Developer acknowledges that the Community Facilities District would not have entered into this Acquisition Agreement if it were to be liable in damages under or with respect to this Acquisition Agreement. Any and all obligations of the Community Facilities District hereunder shall be payable only from amounts on deposit in the Acquisition Agreement. The Community Facilities District shall have no pecuniary liability under this Acquisition Agreement for any act or omission of the Community Facilities District, except as set forth in this Section.

Section 5.07. Force Majeure. (a) Except as may be specifically provided in this Acquisition Agreement, the performance by the Community Facilities District, the City or the Developer of its respective obligations hereunder shall be excused during, and the period of time

for performance of its respective obligations hereunder shall be extended for a period of time equal to, any period of delay caused by reason of (i) acts of God or civil commotion, (ii) riots, strikes, picketing or other labor disputes, (iii) shortages of materials or supplies, (iv) damage to work in progress by reason of fire, floods, earthquakes or other casualty, (v) enactment of laws that prevent or preclude compliance by the Community Facilities District, the City or the Developer, as applicable, with a material provision of this Acquisition Agreement, (vi) administrative proceedings challenging the Community Facilities District, the Bonds, this Acquisition Agreement or a Payment Request brought by Persons other than the Community Facilities District, the City or the Developer, or any Affiliate thereof, (vii) litigation (including the pendency thereof), brought by Persons other than the Community Facilities District, the City or the Developer, or any Affiliate thereof, including, without limitation, litigation challenging the Community Facilities District, the development of the Property, the Bonds, this Acquisition Agreement or a Payment Request, (viii) pendency of initiatives or referenda affecting the Community Facilities District, the development of the Property, the Bonds, this Acquisition Agreement or a Payment Request, (ix) epidemic, pandemic, governmental quarantine or shelter-in-place orders, including the inability of Developer or its subcontractors to keep sufficient workers on site due to the effects of any such epidemic, pandemic, governmental quarantine or shelter-in-place orders, or (x) any other cause beyond the reasonable control of the Community Facilities District, the City or the Developer, respectively; provided, however that, as to any party (A) the financial inability of such party itself to perform under this Acquisition Agreement, and (B) the negligence or willful misconduct of such party shall not constitute a permitted delay for purposes of this Section and, provided, further, that any action, omission or failure to approve a Payment Request, or the imposition of additional requirements or restrictions in connection therewith by the Community Facilities District or the City, caused by the Developer's actual failure to comply with applicable laws or regulations or the provisions of this Acquisition Agreement (other than an actual failure to comply that results from the enactment of laws that prevent or preclude compliance by a party with a material provision of this Acquisition Agreement, administrative proceedings challenging the Community Facilities District, the Bonds, this Acquisition Agreement, a Payment Request, litigation brought by persons other than the Community Facilities District, the City or the Developer, or any Affiliate thereof, including without limitation, litigation challenging the Community Facilities District, the development of the Property, the Bonds, this Acquisition Agreement, a Payment Request, or initiative or referenda affecting the Community Facilities District, the development of the Property, the Bonds, this Acquisition Agreement or a Payment Request), shall not constitute a permitted delay for the Developer for purposes of this Section.

(b) If the Community Facilities District, the City or the Developer shall claim that performance of its respective obligations hereunder is excused by a permitted delay pursuant to this Section, such party shall give the other parties hereto written notice of the commencement of such permitted delay within 30 days after first gaining knowledge of such permitted delay.

(c) If the Community Facilities District, the City or the Developer shall claim that performance of its respective obligations hereunder is excused by a permitted delay pursuant to this Section, such party's performance shall only be excused during, and the period of time for performance of its obligations hereunder shall only be extended for a period of time equal to, the period of time for which the cause of such permitted delay is in effect and is actually causing a delay in performance by such party of its obligations hereunder.

(d) The Community Facilities District, the City and the Developer shall act diligently and in good faith to avoid foreseeable delays in performance and to remove the cause of any permitted delay under this Section or develop a reasonable alternative means of performance of its respective obligations hereunder.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Notices. Any written notice, statement, demand, consent, approval, authorization, offer, designation, request or other communication to be given hereunder shall be given to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Community
Facilities District:

City of Los Angeles Community
Facilities District No. 11 (Ponte Vista)
c/o City of Los Angeles
City Administrative Officer
200 North Main Street, 15th Floor

Los Angeles, California 90012
Attention: Debt Management Group

If to the City:

City of Los Angeles
City Administrative Officer
200 North Main Street, 15th Floor
Los Angeles, California 90012
Attention: Debt Management Group

If to the Developer:

SoCal San Pedro SPV 1, LLC
6363 Wilshire Boulevard, Suite 600
Los Angeles, California 90048
Attention: Bill Myers

Each such notice hereunder shall be deemed delivered to the party to whom it is addressed (a) if given by courier or delivery service or otherwise personally served or delivered, upon delivery, (b) if given by electronic communication, whether by electronic mail, telegram or telecopier, upon the sender's receipt of an appropriate answerback or other written acknowledgment, (c) if given by registered or certified mail, return receipt requested, deposited with the United States mail postage prepaid, 72 hours after such notice is deposited with the United States mail, or (d) if given by any other means, upon delivery at the address specified in this Section.

Section 6.02. Other Agreements. Nothing contained herein shall be construed as affecting the Community Facilities District's, the City's or the Developer's respective duty to perform its respective obligations under other agreements, land use regulations or subdivision requirements relating to the development of the Property, which obligations are and shall remain independent of the Developer's rights and obligations, the Community Facilities District's rights and obligations and the City's rights and obligations, under this Acquisition Agreement; provided, however, that the Developer shall use its reasonable and diligent efforts to perform each and every covenant to be performed by it under any lien or encumbrance, instrument, declaration, covenant,

condition, restriction, license, order or other agreement, the nonperformance of which could reasonably be expected to materially and adversely affect the acquisition, construction and installation of the Segments.

Section 6.01. No Third Party Beneficiaries. No Person shall be deemed to be a third party beneficiary hereof, and nothing in this Acquisition Agreement (either express or implied) is intended to confer upon any Person, other than the Community Facilities District, the City and the Developer (and their respective permitted assigns and successors-in-interest), any rights, remedies, obligations or liabilities under or by reason of this Acquisition Agreement.

Section 6.02. Binding on Successors and Assigns. Neither this Acquisition Agreement nor the duties and obligations of the Developer hereunder may be assigned to any Person without the written consent of the Community Facilities District and the City, which consent shall not be unreasonably withheld, conditioned or delayed. Neither this Acquisition Agreement nor the duties and obligations of the Community Facilities District or the City hereunder may be assigned to any Person without the written consent of the Developer, which consent shall not be unreasonably withheld, conditioned or delayed. The agreements and covenants included herein shall be binding on and inure to the benefit of any permitted assigns and successors-in-interest of the parties hereto.

Section 6.03. Amendments. This Acquisition Agreement may be amended by an instrument in writing executed and delivered by the Community Facilities District, the City and the Developer.

Section 6.04. Waivers. No waiver of, or consent with respect to, any provision of this Acquisition Agreement by a party hereto shall in any event be effective unless the same shall be in writing and signed by such party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Section 6.05. Attorneys' Fees. If any action is instituted to interpret or enforce any of the provisions of this Acquisition Agreement, the party prevailing in such action shall be entitled to recover from the other party thereto reasonable attorney's fees and costs of such suit (including both prejudgment and postjudgment fees and costs) as determined by the court as part of the judgment.

Section 6.06. Governing Law. This Acquisition Agreement shall be governed and construed in accordance with the laws of the State.

Section 6.07. Counterparts. This Acquisition Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Acquisition Agreement as of the day and year first hereinabove written.

**CITY OF LOS ANGELES COMMUNITY
FACILITIES DISTRICT NO. 11 (PONTE
VISTA)**

By: _____

CITY OF LOS ANGELES

By: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER, CITY ATTORNEY

By: _____
Deputy City Attorney

SOCAL SAN PEDRO SPV 1, LLC

By: _____

EXHIBIT A
FACILITIES

Construction Segments

NONE

Previously Completed Segments

Component	Segment	Description	Purchase Price
PC-C-1	PC-S-1	Storm drain improvements including, but not limited to, Line A mobilization, removal of inlet/outlet structures, reinforced concrete box, transition structures, 30", 48" and 96" reinforced concrete pipe, junction structure, manholes, concrete encasement of water pipe, and water control; onsite storm drain pipe material costs; storm rap system "C", infiltration gallery "B", and water quality facility "D"; and construction management, planning, consulting, design, engineering, and grading, all as more fully depicted on Attachment 1 to this Exhibit A	\$5,610,557

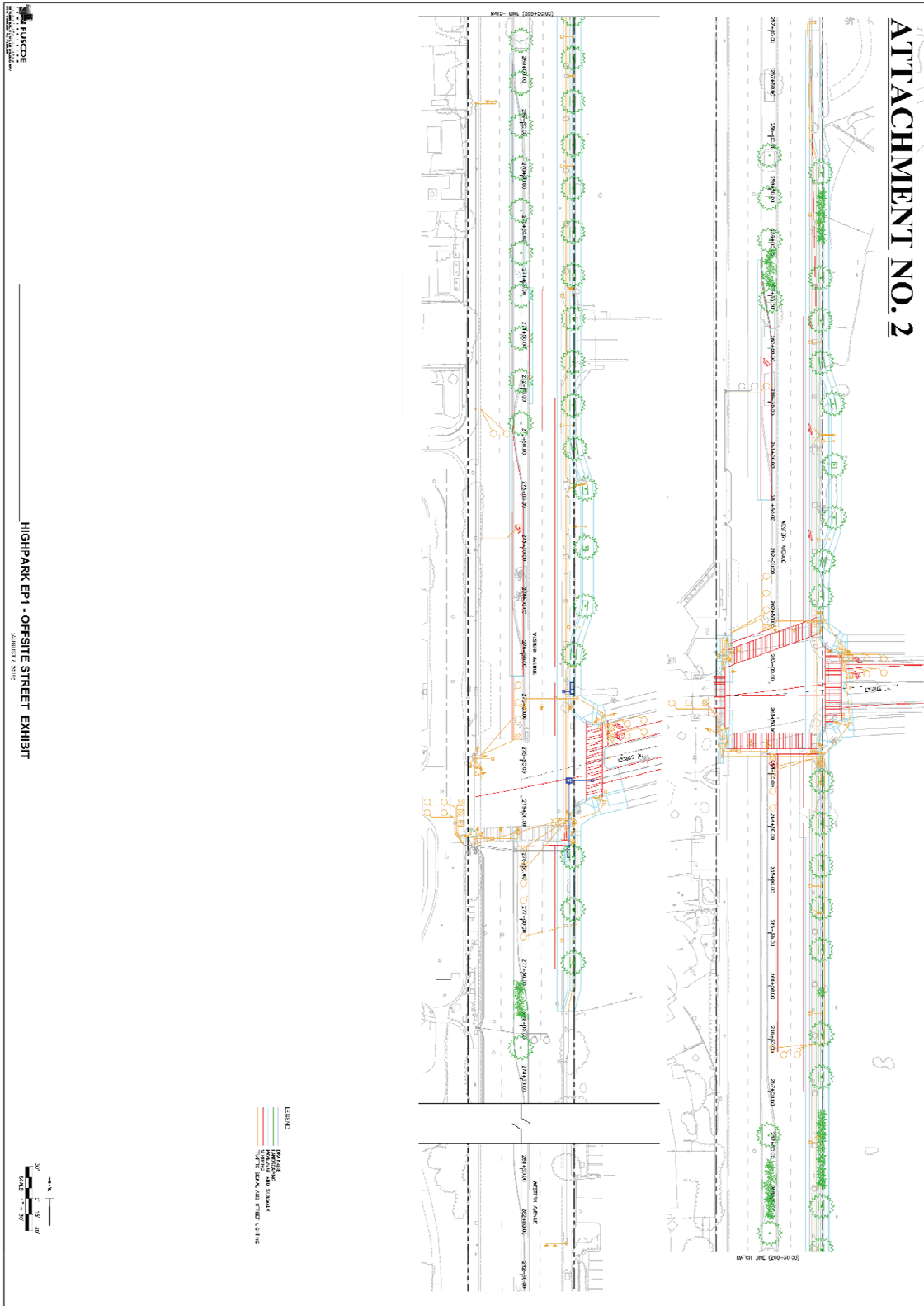
Component	Segment	Description	Purchase Price
PC-C-2	PC-S-2	Sanitary sewer improvements including, but not limited to, 8” polyvinyl chloride (“PVC”) pipe sewer line, 48” sewer manhole, PVC house connection, sewer lateral backflow preventor; and construction management, planning, consulting, design, engineering, and grading, all as more fully depicted on Attachment 1 to this Exhibit A	\$874,292

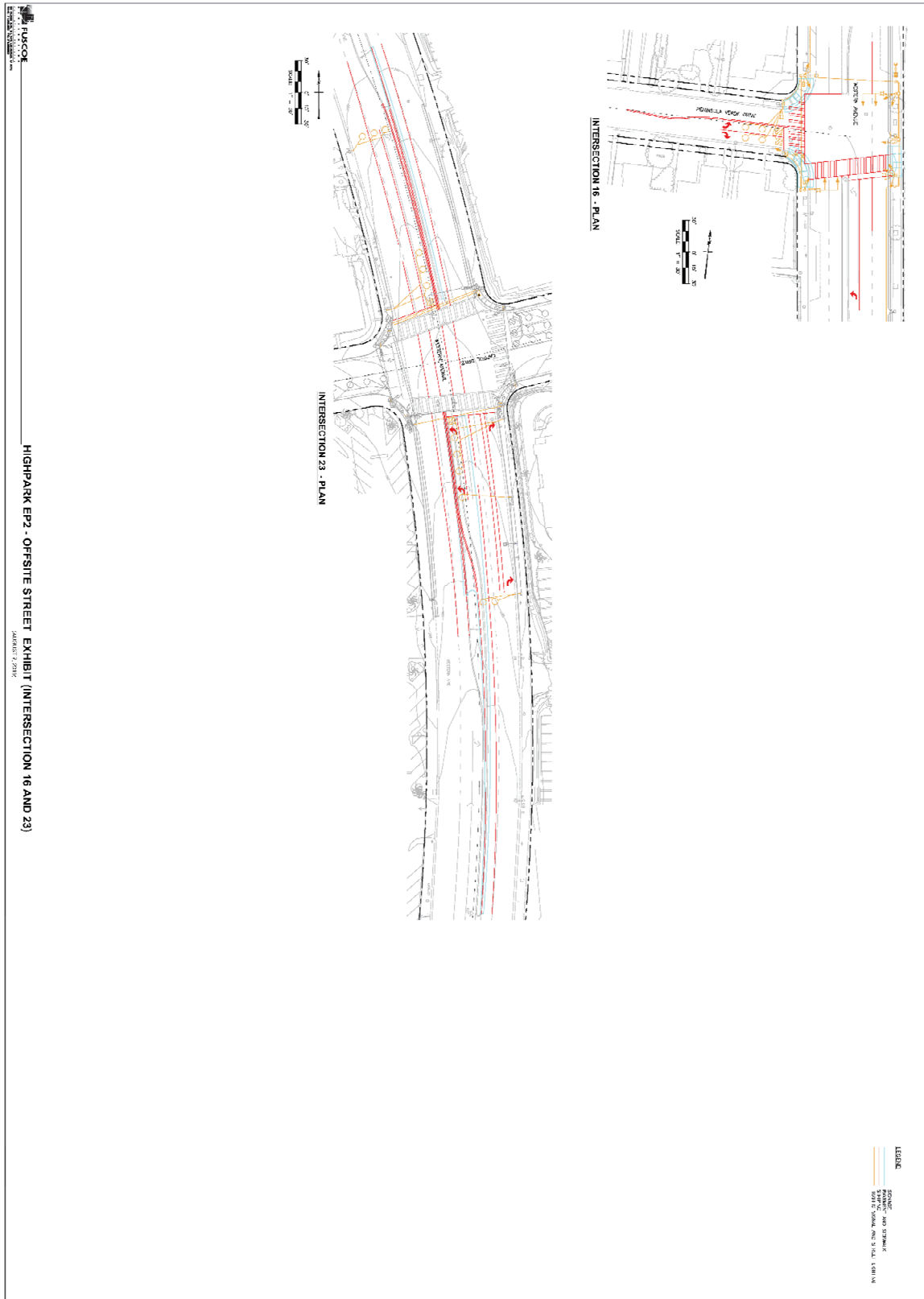
Component	Segment	Description	Purchase Price
PC-C-3	PC-S-3	Street improvements including, but not limited to, Western Avenue street and landscape improvements; off-site traffic signal and intersection improvements; environmental site assessments; environmental remediation; construction management, planning, consulting, design, engineering and grading, all as more fully depicted on Attachment 2 to this Exhibit A	\$7,991,216

DWP Segments

Component	Segment	Description	Purchase Price
DWP-C-1	DWP-S-1	Joint trench and dry utility improvements including, but not limited to, backbone improvements and construction management per residential underground conduit requirements for Tract 71886-01 in the vicinity of Western Avenue and Avenida Aprenda IS-5975, all as more fully depicted on Attachment 3 to this Exhibit A	\$2,592,745

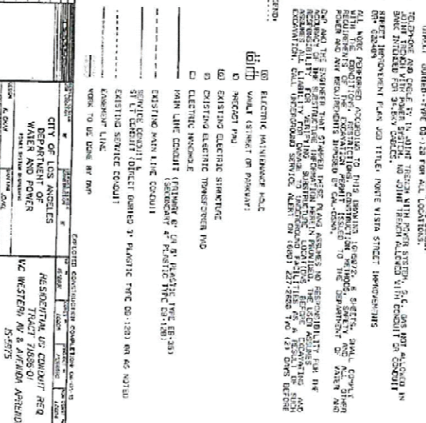


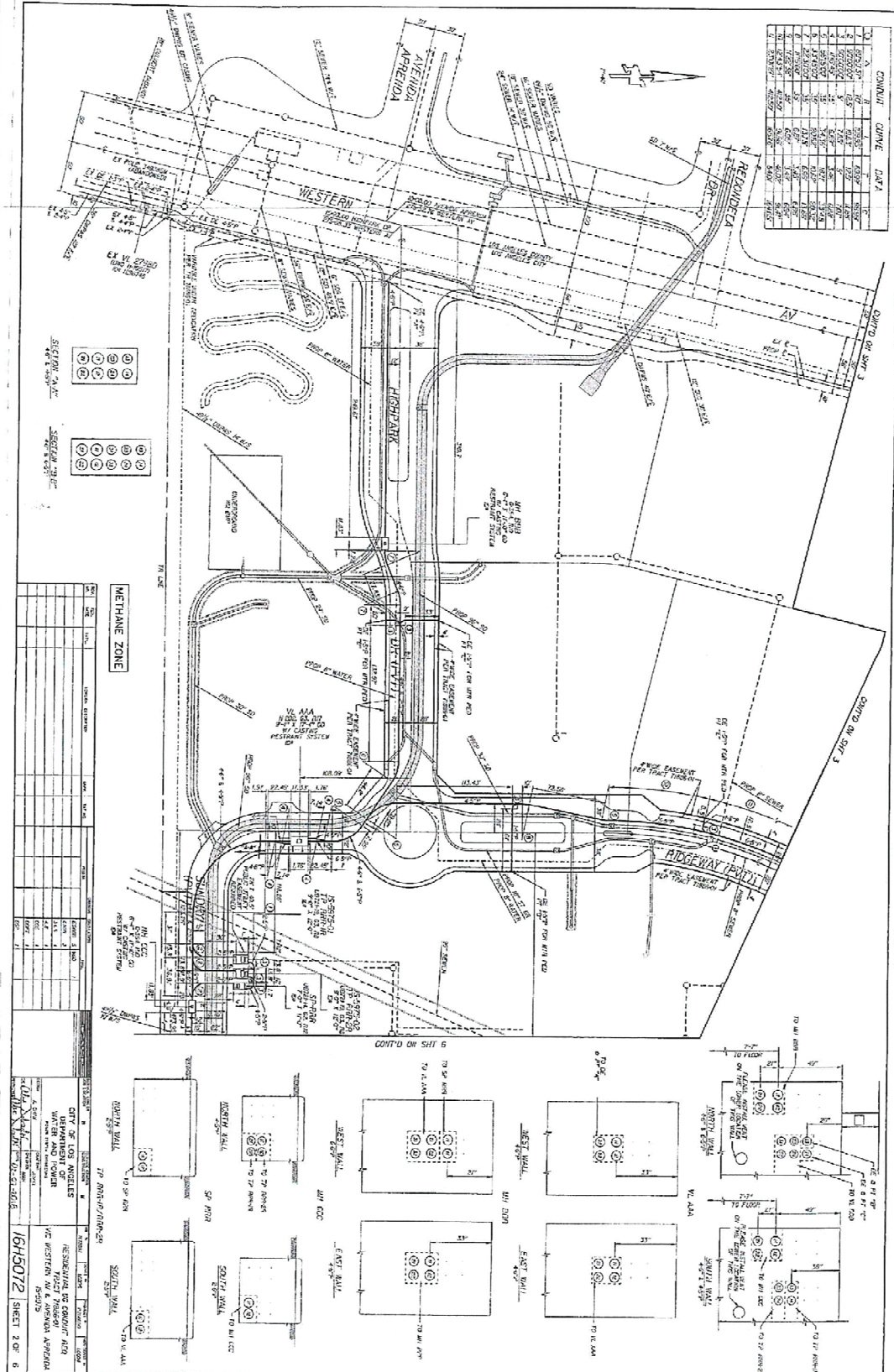


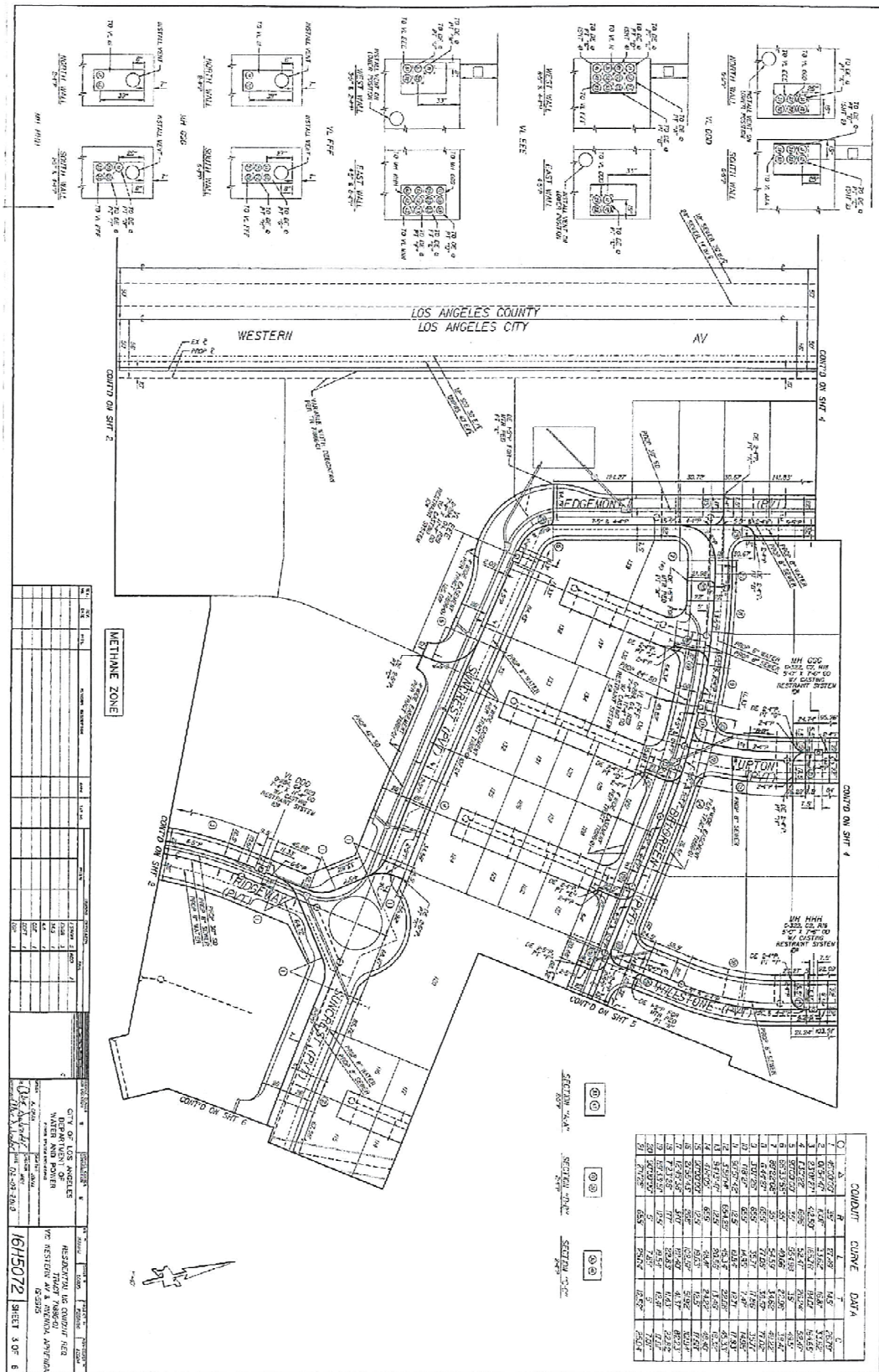


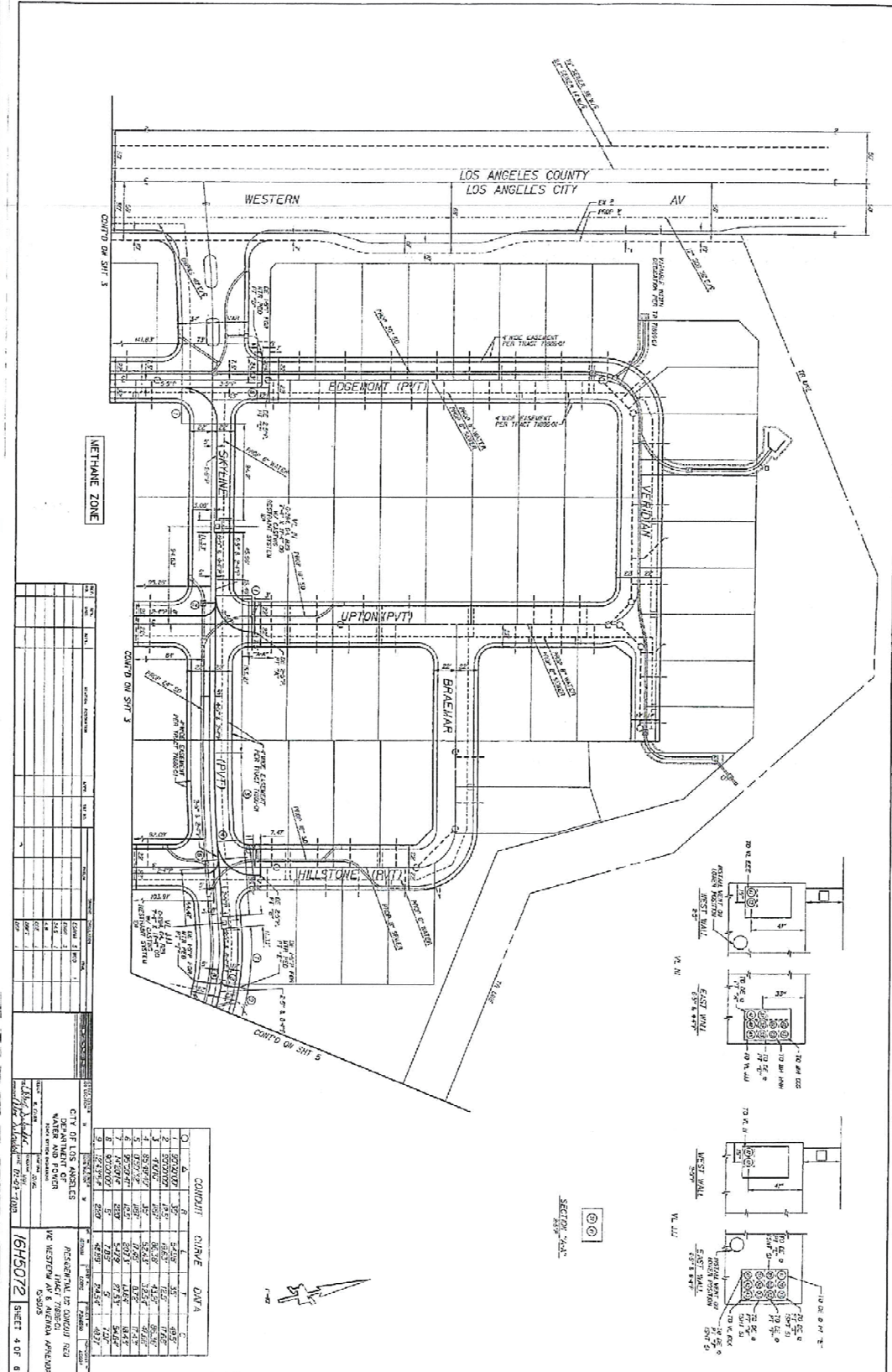












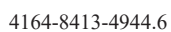


EXHIBIT B

FORM OF PAYMENT REQUEST FOR CONSTRUCTION SEGMENTS

City of Los Angeles Community Facilities District No. 11 (Ponte Vista)

The City of Los Angeles Community Facilities District No. 11 (Ponte Vista), the City of Los Angeles (the City”) and SoCal San Pedro SPV 1, LLC (the “Developer”) are parties to the Acquisition and Funding Agreement, dated as of _____ 1, 2021 (the “Acquisition Agreement”). Capitalized undefined terms use herein shall have the meanings ascribed thereto in the Acquisition Agreement.

Pursuant to the Acquisition Agreement, the Developer hereby requests confirmation that each Construction Segment described in Attachment A attached hereto is Complete and hereby further requests approval of the Purchase Price of each such Construction Segment. In connection with this Payment Request, the Developer hereby represents and warrants to the City as follows:

(a) The Person executing this Payment Request on behalf of the Developer is a Developer Representative, qualified to execute this Payment Request on behalf of the Developer and knowledgeable as to the matters set forth herein.

(b) The Developer has submitted or submits herewith to the City Engineer as-built drawings or similar plans and specifications for the Construction Segments for which payment is requested, and such drawings or plans and specifications, as applicable, are true, correct and complete.

(c) Each of the Construction Segments described in Attachment A has been constructed in accordance with the Plans therefor, and in accordance with all applicable City standards and the requirements of the Acquisition Agreement and the as-built drawings or similar Plans and specifications referenced in paragraph (b) above.

(d) The true and correct Actual Cost of each Construction Segment for which payment is requested is set forth in Attachment A.

(e) The Developer has submitted or submits herewith to the City Engineer invoices, receipts, worksheets and other evidence of costs that are in sufficient detail to allow the City Engineer to verify the Actual Cost of each Construction Segment for which payment is requested.

(f) There has not been filed with or served upon the Developer notice of any lien, right to lien or attachment upon, or claim affecting the right to receive the payment requested herein that has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by operation of law. Copies of lien releases for all work for which payment is requested hereunder are attached hereto.

(g) No Developer Event of Default has occurred and is continuing.

(h) The representations and warranties of the Developer set forth in Section 4.01 of the Acquisition Agreement are true and correct on and as of the date hereof with the same force and effect as if made on and as of the date hereof (except that no certification is made with respect to the representations and warranties contained in subsection (d) of said Section 4.01).

(i) As of the date hereof, there is not present on, under or in any Construction Segment for which payment is requested hereby or the Related Property of any such Construction Segment, or any portion thereof, any Hazardous Materials, except for (i) any types or amounts that do not require remediation or mitigation under federal, state or local laws, ordinances, regulations, rules or decisions, (ii) those that have been remediated or mitigated in full compliance with applicable federal, state or local laws, ordinances, regulations, rules or decisions, (iii) those with respect to which ongoing remediation or mitigation is being performed in full compliance with applicable federal, state or local laws, ordinances, regulations, rules or decisions, or (iv) any types or amounts that do not present a human health risk or hazard to the public.

The Developer hereby declares under penalty of perjury that the above representations and warranties are true and correct.

The Developer hereby requests that the Purchase Price be paid to the Person or Persons, in the amounts, set forth in Attachment B hereto.

Date: _____

SOCAL SAN PEDRO SPV 1, LLC

By: _____

Name: _____

Title: _____

APPROVAL BY INSPECTOR OF PUBLIC WORKS AND CITY ENGINEER

The Inspector of Public Works and the City Engineer have received (a) a Payment Request, together with all attachments and exhibits to be included therewith, for each Construction Segment described in Attachment A (i) that, pursuant to Section 2.02 of the Acquisition Agreement, has been determined by the Inspector of Public Works to be Complete and to have been constructed in accordance with the Plans therefor, and (ii) the Actual Cost of which has been verified and approved by the City Engineer, (b) a copy of the documents conveying, or that previously conveyed, to the City Acceptable Title to the Related Property of each such Construction Segment, as described in 2.03(a) of the Acquisition Agreement, (c) the title report, if any, with respect thereto required pursuant to Section 2.03(b) of the Acquisition Agreement, and (d) a copy of the Notice of Completion of each such Construction Segment that has been or will be filed in accordance with Section 3093 of the California Civil Code, if applicable. The Purchase Price for each Construction Segment described in Attachment A is eligible for payment to the Developer pursuant to the Acquisition Agreement.

Date: _____

**INSPECTOR OF PUBLIC WORKS OF
THE CITY OF LOS ANGELES**

By: _____

Date: _____

**CITY ENGINEER OF THE CITY OF
LOS ANGELES**

By: _____

ATTACHMENT A

CONSTRUCTION SEGMENTS TO BE PURCHASED

Construction Segment	Acquisition Cost	Actual Cost	Purchase Price*
---------------------------------	-------------------------	--------------------	------------------------

Total Purchase Price to be Paid:

*Lesser of Acquisition Cost or Actual Cost

ATTACHMENT B

CONSTRUCTION SEGMENT

PURCHASE PRICE PAYMENT INSTRUCTIONS

EXHIBIT C

FORM OF PAYMENT REQUEST FOR PREVIOUSLY COMPLETED SEGMENTS

City of Los Angeles Community Facilities District No. 11 (Ponte Vista)

The City of Los Angeles Community Facilities District No. 11 (Ponte Vista), the City of Los Angeles (the "City") and SoCal San Pedro SPV 1, LLC (the "Developer") are parties to the Acquisition and Funding Agreement, dated as of _____ 1, 2021 (the "Acquisition Agreement"). Capitalized undefined terms use herein shall have the meanings ascribed thereto in the Acquisition Agreement.

Pursuant to the Acquisition Agreement, the Developer hereby requests that the Purchase Price of each Previously Completed Segment described in Attachment A attached hereto be paid to the Person or Persons, in the amounts, set forth in Attachment B hereto. In connection with this Payment Request, the Developer hereby represents and warrants to the City as follows:

(a) The Person executing this Payment Request on behalf of the Developer is a Developer Representative, qualified to execute this Payment Request on behalf of the Developer and knowledgeable as to the matters set forth herein.

(b) There has not been filed with or served upon the Developer notice of any lien, right to lien or attachment upon, or claim affecting the right to receive the payment requested herein that has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by operation of law. Copies of lien releases for all work for which payment is requested hereunder are attached hereto.

(c) No Developer Event of Default has occurred and is continuing.

(d) The representations and warranties of the Developer set forth in Section 4.01 of the Acquisition Agreement are true and correct on and as of the date hereof with the same force and effect as if made on and as of the date hereof (except that no certification is made with respect to the representations and warranties contained in subsection (d) of said Section 4.01).

(e) As of the date hereof, there is not present on, under or in any Previously Completed Segment for which payment is requested hereby or the Related Property of any such Previously Completed Segment, or any portion thereof, any Hazardous Materials, except for (i) any types or amounts that do not require remediation or mitigation under federal, state or local laws, ordinances, regulations, rules or decisions, (ii) those that have been remediated or mitigated in full compliance with applicable federal, state or local laws, ordinances, regulations, rules or decisions, (iii) those with respect to which ongoing remediation or mitigation is being performed in full compliance with applicable federal,

state or local laws, ordinances, regulations, rules or decisions, or (iv) any types or amounts that do not present a human health risk or hazard to the public.

The Developer hereby declares under penalty of perjury that the above representations and warranties are true and correct.

Date: _____

SOCAL SAN PEDRO SPV 1, LLC

By: _____

Name: _____

Title: _____

APPROVAL BY INSPECTOR OF PUBLIC WORKS AND CITY ENGINEER

The Inspector of Public Works and the City Engineer have received (a) a Payment Request for each Previously Completed Segment described in Attachment A, (b) a copy of the documents conveying, or that previously conveyed, to the City Acceptable Title to the Related Property of each such Previously Completed Segment, as described in 2.03(a) of the Acquisition Agreement, (c) the title report, if any, with respect thereto required pursuant to Section 2.03(b) of the Acquisition Agreement, and (d) a copy of the Notice of Completion of each such Previously Completed Segment that has been or will be filed in accordance with Section 3093 of the California Civil Code, if applicable. Each Previously Completed Segment described in Attachment A is Complete. The Purchase Price for each Previously Completed Segment described in Attachment A is eligible for payment to the Developer pursuant to the Acquisition Agreement.

Date: _____

**INSPECTOR OF PUBLIC WORKS OF
THE CITY OF LOS ANGELES**

By: _____

Date: _____

**CITY ENGINEER OF THE CITY OF
LOS ANGELES**

By: _____

ATTACHMENT A

PREVIOUSLY COMPLETED SEGMENTS TO BE PURCHASED

<u>Previously Completed Segment</u>	<u>Purchase Price</u>
-------------------------------------	-----------------------

ATTACHMENT B

**PREVIOUSLY COMPLETED SEGMENT
PURCHASE PRICE PAYMENT INSTRUCTIONS**

EXHIBIT D

FORM OF PAYMENT REQUEST FOR DWP SEGMENTS

City of Los Angeles Community Facilities District No. 11 (Ponte Vista)

The City of Los Angeles Community Facilities District No. 11 (Ponte Vista), the City of Los Angeles (the City”) and SoCal San Pedro SPV 1, LLC (the “Developer”) are parties to the Acquisition and Funding Agreement, dated as of _____ 1, 2021 (the “Acquisition Agreement”). Capitalized undefined terms use herein shall have the meanings ascribed thereto in the Acquisition Agreement.

Pursuant to the Acquisition Agreement, the Developer hereby requests that the Purchase Price of each DWP Segment described in Attachment A attached hereto be paid to the Person or Persons, in the amounts, set forth in Attachment B hereto. In connection with this Payment Request, the Developer hereby represents and warrants to the City as follows:

(f) The Person executing this Payment Request on behalf of the Developer is a Developer Representative, qualified to execute this Payment Request on behalf of the Developer and knowledgeable as to the matters set forth herein.

(g) There has not been filed with or served upon the Developer notice of any lien, right to lien or attachment upon, or claim affecting the right to receive the payment requested herein that has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by operation of law. Copies of lien releases for all work for which payment is requested hereunder are attached hereto.

(h) No Developer Event of Default has occurred and is continuing.

(i) The representations and warranties of the Developer set forth in Section 4.01 of the Acquisition Agreement are true and correct on and as of the date hereof with the same force and effect as if made on and as of the date hereof (except that no certification is made with respect to the representations and warranties contained in subsection (d) of said Section 4.01).

(j) As of the date hereof, there is not present on, under or in any DWP Segment for which payment is requested hereby or the Related Property of any such DWP Segment, or any portion thereof, any Hazardous Materials, except for (i) any types or amounts that do not require remediation or mitigation under federal, state or local laws, ordinances, regulations, rules or decisions, (ii) those that have been remediated or mitigated in full compliance with applicable federal, state or local laws, ordinances, regulations, rules or decisions, (iii) those with respect to which ongoing remediation or mitigation is being performed in full compliance with applicable federal, state or local laws, ordinances,

regulations, rules or decisions, or (iv) any types or amounts that do not present a human health risk or hazard to the public.

The Developer hereby declares under penalty of perjury that the above representations and warranties are true and correct.

Date: _____

SOCAL SAN PEDRO SPV 1, LLC

By: _____

Name: _____

Title: _____

**APPROVAL BY [REDACTED] OF THE CITY OF LOS ANGELES
DEPARTMENT OF WATER AND POWER**

The [REDACTED] of the City of Los Angeles Department of Water and Power has received (a) a Payment Request for each DWP Segment described in Attachment A, (b) a copy of the documents conveying, or that previously conveyed, to the City Acceptable Title to the Related Property of each such DWP Segment, as described in 2.03(a) of the Acquisition Agreement, (c) the title report, if any, with respect thereto required pursuant to Section 2.03(b) of the Acquisition Agreement, and (d) a copy of the Notice of Completion of each such DWP Segment that has been or will be filed in accordance with Section 3093 of the California Civil Code, if applicable. Each DWP Segment described in Attachment A was Complete prior to December 1, 2020. The Purchase Price for each DWP Segment described in Attachment A is eligible for payment to the Developer pursuant to the Acquisition Agreement.

Date: _____

**[REDACTED] OF THE CITY
OF LOS ANGELES DEPARTMENT OF
WATER AND POWER**

By: _____

ATTACHMENT A

DWP SEGMENTS TO BE PURCHASED

DWP Segment	Purchase Price
--------------------	-----------------------

ATTACHMENT B

DWP SEGMENT

PURCHASE PRICE PAYMENT INSTRUCTIONS

ATTACHMENT G

Integra Realty Resources

Sacramento

Appraisal of Real Property

Ponte Vista

Residential Subdivision

Western Avenue & Horizon Way

San Pedro, Los Angeles County, California 90732

Prepared For:

City of Los Angeles

Effective Date of the Appraisal:

July 12, 2021

Report Format:

Appraisal Report – Standard Format

IRR - Sacramento

File Number: 193-2021-0278





Ponte Vista
Western Avenue & Horizon Way
San Pedro, California



August 30, 2021

Ha To
Chief of Debt Management
City of Los Angeles
200 N. Main St., Room 1500
Los Angeles, CA 90012

SUBJECT: Market Value Appraisal
 Ponte Vista
 Western Avenue & Horizon Way
 San Pedro, Los Angeles County, California 90732
 IRR - Sacramento File No. 193-2021-0278

Dear Ms. To:

Integra Realty Resources – Sacramento is pleased to submit the accompanying Appraisal Report of the referenced property. The purpose of the Appraisal Report is to develop an opinion of the market value, by ownership, subject to a hypothetical condition of the fee simple interest in the property. The client for the assignment is the City of Los Angeles, and the intended use is for bond underwriting purposes in connection with special tax bonds to be issued by Community Facilities District No. 11 (Ponte Vista).

The appraised properties comprise the taxable portion of Community Facilities District No. 11 (Ponte Vista), located in the community of San Pedro within the City of Los Angeles, California. The subject properties include a portion of a residential subdivision planned for 476 units, with the larger development planned for a total of 688 units. A portion of the larger development is planned for a 212-unit multifamily project which is not included within the District. As of the date of value, multiple homebuilders are under contract to acquire 422 of the subject lots, with 207 having already transferred. Home construction has been completed on 16 of these lots with two homes having closed escrow to individual homeowners and 14 completed homes, including five models, held by homebuilders. For completed homes within the subject, a "not-less- than" estimate of market value for the smallest floor plan being marketed within each project (subarea) was appraised and assigned to each respective Assessor's parcel. The balance of the appraised property

includes 460 lots owned by four homebuilders (191 Lots) and the master developer (269 Lots), with homes under construction in three of the development's subareas. No contributory value is given to partially completed homes (homes under construction); rather, they are appraised as an improved lot for purposes of this analysis.

We have been requested to provide a market value of the appraised properties by ownership, as well as the cumulative, or aggregate, value of the appraised properties, as of July 12, 2021. The subject represents the properties within the boundary of CFD No. 11 (Ponte Vista) encumbered by the CFD No. 11 (Ponte Vista) Series 2021 Special Tax Bonds ("Bonds"), and the estimate of market value accounts for the impact of the lien of the Special Taxes securing the Bonds.

This Appraisal Report is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations. The Appraisal Report is also prepared in accordance with the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004).

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

As a result of our analysis, it is our opinion the market values, by ownership, as well as the cumulative, or aggregate, value, in accordance with the extraordinary assumptions and hypothetical conditions set forth herein, as of July 12, 2021, is not less than:

Value Conclusion		
Ownership Category	No. of Lots/Units	Total Value (Component)
Individual Homeowners	2	\$2,760,000 (Not-less-than)
D. R. Horton	46	\$41,635,541 (Not-less-than)
KB Home	78	\$48,450,769 (Not-less-than)
Meritage Homes	35	\$14,525,000
Taylor Morrison	46	\$19,090,000
Master Developer	269	\$127,618,000
Total Aggregate, or Cumulative, Value of CFD No. 11	476	\$254,079,310 (Not-less-than)

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. It is a hypothetical condition of the appraisal that certain proceeds from the Bonds have been utilized to reimburse for a portion of construction costs for eligible improvements and fees. The estimates of value account for the impact of the Lien of the Special Taxes securing the Bonds.
-

As of the date of value, the status of economic conditions is still changing, creating uncertainty in the markets. Our analysis of these and related issues is presented in the attached report. The value expressed herein represents our opinion based on the best available data as of the date of value. While values are always subject to change over time, we caution the reader that in the current economic climate, market volatility creates the potential for a more significant change in value over a relatively short period of time.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

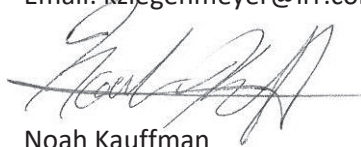
INTEGRA REALTY RESOURCES - SACRAMENTO



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Summary of Salient Facts and Conclusions

Property Name	Ponte Vista
Address	Western Avenue & Horizon Way San Pedro, Los Angeles County, California 90732
Property Type	Land - Residential Subdivision
Owner of Record	Multiple
Tax ID	7442-034-001 through -066, 7442-035-001 through -053, 7442-036-002 through -021, 7442-038-001 through -053, 7442-039-001 through -019, 7442-040-001 through -009, & 7442-041-001 through -003
Land Area	61.50 acres (Ponte Vista Development in total)
Zoning Designation	PVSP, Ponte Vista at San Pedro (Specific Plan)
Highest and Best Use	Single-family residential development
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	July 12, 2021
Date of the Report	August 30, 2021
Property Interest Appraised	Fee Simple

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Los Angeles and its associated finance team may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Value Conclusion

Ownership Category	No. of Lots/Units	Total Value (Component)
Individual Homeowners	2	\$2,760,000 (Not-less-than)
D. R. Horton	46	\$41,635,541 (Not-less-than)
KB Home	78	\$48,450,769 (Not-less-than)
Meritage Homes	35	\$14,525,000
Taylor Morrison	46	\$19,090,000
Master Developer	269	\$127,618,000
Total Aggregate, or Cumulative, Value of CFD No. 11	476	\$254,079,310 (Not-less-than)

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. It is a hypothetical condition of the appraisal that certain proceeds from the Bonds have been utilized to reimburse for a portion of construction costs for eligible improvements and fees. The estimates of value account for the impact of the Lien of the Special Taxes securing the Bonds.

General Information

Identification of Subject

The appraised properties comprise the taxable portion of Community Facilities District No. 11 (Ponte Vista), located in the community of San Pedro within the City of Los Angeles, California. The subject properties include a portion of a residential subdivision planned for 476 units, with the larger development planned for a total of 688 units. A portion of the larger development is planned for a 212-unit multifamily project which is not included within the District. As of the date of value, multiple homebuilders are under contract to acquire 422 of the subject lots, with 207 having already transferred. Home construction has been completed on 16 of these lots with two homes having closed escrow to individual homeowners and 14 completed homes, including five models, held by homebuilders. For completed homes within the subject, a "not-less- than" estimate of market value for the smallest floor plan being marketed within each project (subarea) was appraised and assigned to each respective Assessor's parcel. The balance of the appraised property includes 460 lots owned by four homebuilders (191 Lots) and the master developer (269 Lots), with homes under construction in three of the development's subareas. No contributory value is given to partially completed homes (homes under construction); rather, they are appraised as an improved lot for purposes of this analysis.

Property Identification

Property Name	Ponte Vista
Address	Western Avenue & Horizon Way San Pedro, California 90732
Tax ID	7442-034-001 through -066, 7442-035-001 through -053, 7442-036-002 through -021, 7442-038-001 through -053, 7442-039-001 through -019, 7442-040-001 through -009, & 7442-041-001 through -003
Owner of Record	Multiple

The following table details the Ponte Vista development by subarea.

Ponte Vista at San Pedro Subareas

Subarea	Lots/Units	Builder	Product
1	66	DR Horton	Detached - SFD (2 Story)
2	60	KB Home	Detached - SFD (2/3 Story)
3	79	KB Home	Detached - SFD (3 Story)
4A	54	TBD	Townhome (3 Story)
4B	86	Meritage	Townhome (3 Story)
5	131	Taylor Morrison	Semi-Detached Townhome (3 Story)
6	212	Not included within the boundaries of CFD No. 11	
7	NA	Recreation, open space and limited community supportive uses	
Total	688	(476 within the boundaries of CFD No. 11)	



Sale History

This Appraisal Report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP). The properties comprising the subject of this Appraisal Report have been the subject of previous, recent, and pending transactions as completed single-family homes being marketed for sale by KB Home, D.R. Horton, Meritage and Taylor Morrison within CFD No. 11. The scope of work under which this Appraisal Report is conducted involves the estimation of a not-less-than market value for completed (and sold) single-family homes based on the smallest floor plan constructed (by builder and/or product line). Whereas the home sales comprising the appraised properties reflect transactions of multiple floor plans, including options, upgrades, and incentives unique to each property. Based on the scope of work for this assignment, a detailed sales history was not performed on a parcel-by-parcel basis. From information provided and the analysis included in this report, it is our understanding prior and pending home sales within the past 12 months were negotiated and transferred at prices consistent with market conditions as of the date of sale.

Of the 476 lots/units planned for the District, 422 of them are under contract to transfer in bulk, over multiple takedowns, to homebuilders. The table on the following page details these transactions, which are considered to be indicators of market value for portions of the subject property and will be further analyzed within the *Sales Comparison Approach* section of this report.

Subject Sale Activity

Subarea	Buyer/Builder	Contract Date	Total	Lots/Units	Remaining Lots/Units	Sale Price	Average Sale Price per Lot/Unit
			Lots/Units	Transferred	to Transfer		
1	D. R. Horton	1/8/2020	66	48	18	\$47,230,735	\$715,617
2	KB Home	7/8/2020	60	18	42	\$32,899,980	\$548,333
3	KB Home	12/23/2019	79	60	19	\$40,742,079	\$515,723
4B	Meritage homes	7/13/2020	86	35	51	\$36,645,976	\$426,116
5	Taylor Morrison	8/13/2020	131	46	85	\$63,552,410	\$485,133

To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date. Subarea 4A, held by the master developer, is planned for 54 townhome units and is currently being marketed for sale to homebuilders at a net price of \$489,717 per lot/unit, which is close to but slightly above our conclusion of value for these lots.

Purpose of the Appraisal

The purpose of the Appraisal Report is to develop an opinion of the market value, by ownership, subject to a hypothetical condition of the fee simple interest, by Assessor's parcel, and the cumulative, or aggregate, value of the appraised properties comprising CFD No. 11 (Ponte Vista) as of the effective date of the appraisal, July 12, 2021, subject to the hypothetical condition that certain proceeds from the Bonds have been utilized to reimburse the developer for a portion of construction costs for eligible improvements and fees. The date of the report is August 30, 2021. This Appraisal Report is valid only as of the stated effective date.

Definition of Market Value

Market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of Property Rights Appraised

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

(Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. Chicago: Appraisal Institute, 2015)

Intended Use and User

The intended use of this Appraisal Report is for bond underwriting purposes. The client is the City of Los Angeles. The intended users are the City of Los Angeles and its associated finance team. This Appraisal Report is not intended for any other use or user. No party or parties other than City of Los Angeles and its associated finance team may use or rely on the information, opinions, and conclusions contained in this Appraisal Report; however, this Appraisal Report may be included in the offering document provided in connection with the issuance and sale of the Bonds.

Applicable Requirements

This Appraisal Report is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004).

Report Format

This Appraisal Report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the Appraisal Report, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described as follows.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

The valuation began by employing the sales comparison approach to estimate the not-less-than market value for the completed single-family homes, based on the smallest floor plan being marketed within the projects (subareas). In valuing the subject's residential lots planned for detached homes and attached (townhome) units we have utilized both a land residual analysis, a discounted cash flow analysis that considers home prices and costs, leading to an estimate of residual land value, and a sales comparison approach. In the sales comparison approach, adjustments were applied to the prices of comparable bulk lot transactions, and a market value was concluded. The two approaches are then reconciled into an opinion of market value per improved lot. It should be noted that benchmarks are utilized for subject lot categories and adjustments to the benchmark lot values are considered, as applicable.

The market value estimates for the various taxable land use components described above were then assigned to the various assessor's parcels comprising the appraised properties in order to derive the cumulative, or aggregate, value of the CFD. Our analysis excluded a typical cost approach since the subject property represents land. However, costs associated with home construction were taken into consideration as part of the land residual analysis and determination of financial feasibility. Given the limited, if any, income producing potential of the land, an income approach was not utilized.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Kevin Ziegenmeyer, MAI conducted an on-site inspection of the property on July 3, 2021 and Eric Segal, MAI inspected the property on July 9, 2021. Noah Kauffman did not inspect the property.

Economic Analysis

Area Analysis – Los Angeles County

Introduction

Los Angeles County is one of California's original 27 counties. Located on the southern coast of California, the county covers 4,084 square miles and includes San Clemente and Santa Catalina islands. It is comprised of 88 cities and over 100 unincorporated communities. Neighboring counties include Orange, Kern, San Bernardino, and Ventura. Los Angeles is the most populous county in the U.S. with approximately ten million residents. With more than one quarter of total California residents, Los Angeles County is one of the most ethnically diverse counties in the state and country.

The county borders 70 miles of coast on the Pacific Ocean and encompasses mountain ranges, valleys, forests, islands, lakes, rivers and desert. The primary mountain ranges are the Santa Monica Mountains and the San Gabriel Mountains. Most of the population of Los Angeles County is located in the south and southwest, with major population centers in the Los Angeles Basin, San Fernando Valley and San Gabriel Valley. Other population centers are found in the Santa Clarita Valley, Pomona Valley, Crescenta Valley and Antelope Valley.

Population

The county has a population of 10.04 million, with an average decline of 0.02% per year over the past five years. There are 88 incorporated cities within Los Angeles County. The city of Los Angeles is the most populous with 3.9 million as of January 2021. Other large cities include Long Beach, Santa Clarita and Glendale, with populations of approximately 467,000, 222,000 and 204,000, respectively. The following table illustrates recent population trends for Los Angeles County, the City of Los Angeles and the State of California.

Population Trends							
	2016	2017	2018	2019	2020	2021	%/Yr
City of Los Angeles	3,958,803	3,984,916	3,996,298	3,986,031	3,975,234	3,923,341	-0.2%
Los Angeles County	10,150,386	10,181,162	10,192,593	10,163,139	10,135,614	10,044,458	-0.2%
State of California	39,103,587	39,352,398	39,519,535	39,605,361	39,648,938	39,466,855	0.2%

Source: California Department of Finance

Transportation

The various regions of Los Angeles County are connected through numerous freeways that span hundreds of miles. The main north-south highways are Interstates 5, 405 and 605, and U.S. Highway 101. Going east-west, the major routes are Interstate 10, State Route 60, Interstate 105, and Routes 110 and 210.

Los Angeles has an extensive public transportation network, including subways, light-rail trains, buses and shuttles providing service throughout the region. The largest public transit agency is the Los Angeles County Metropolitan Transportation Authority (Metro). Metro buses operate throughout the

county. The City of Los Angeles Transportation (LADOT) also operates a bus system. The Metro rail system connects Downtown Los Angeles with Hollywood and the San Fernando Valley to the northwest, Pasadena to the northeast, El Monte and East L.A. to the east, and Culver City to the southwest.

There are six commercial airports in Los Angeles County, the largest of which are Los Angeles International Airport (LAX) and Bob Hope Airport in Burbank. The Los Angeles International Airport is the fifth busiest airport in the world and the third busiest in the United States. Many small airports and airfields are located throughout the region, providing service for non-commercial flights.

Employment & Economy

The California Employment Development Department has reported the following employment data for Los Angeles County over the past few years.

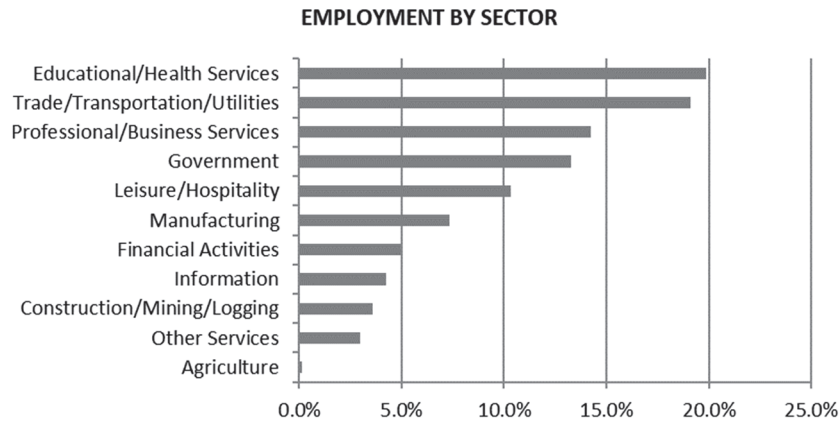
Employment Trends						
	2015	2016	2017	2018	2019	2020
Labor Force	4,973,800	5,018,900	5,088,900	5,094,300	5,122,800	4,921,500
Employment	4,641,100	4,751,200	4,843,700	4,857,300	4,888,600	4,291,700
Job Growth	68,900	110,100	92,500	13,600	31,300	(596,900)
Unemployment Rate	6.7%	5.3%	4.8%	4.7%	4.6%	12.8%
Source: California Employment Development Department						

Most areas within the state and nation, including Los Angeles County, saw declining unemployment rates in 2004 through 2006, increases from 2007 to 2010, and declines between 2011 and 2019. However, this downward trend shifted as a result of the COVID-19 crisis. In an effort to prevent the spread and impact of the virus, statewide public health Stay-At-Home Orders were issued in mid-March 2020, which directed residents to stay at home except to perform essential activities necessary for the health and safety of individuals and their families. These unprecedented measures left just "essential" businesses open. The closure of non-essential businesses had a significant impact on employment, with some sectors of the workforce impacted more significantly than others.

The average annual unemployment rate in Los Angeles County was 4.6% in 2019 and remained in the 4.7% to 5.6% range during the first quarter of 2020, spiking to 18.2% in April 2020. The average annual unemployment rate in 2020 was 12.8%. As of June 2021, the rate has dropped to 10.5%, which is below the year ago of 17.9%. This compares to rates of 8.0% for California and 6.1% for the nation in June 2021.

Prior to the pandemic, annual job growth had been positive every year since 2011. However, as previously indicated, employment conditions declined sharply following mandatory non-essential business closures and, although conditions have improved with phased reopening of the economy, employment is still below pre-pandemic levels. As of June 2021, it was reported 209,600 jobs were gained in Los Angeles County year-over-year. The greatest job gain was in the Leisure/Hospitality sector with 79,300 jobs gained, representing 38% of all job growth. The Trade/Transportation/Utilities sector saw an increase of 50,300 jobs and the Educational/Health Services sector gained 36,800 jobs.

Los Angeles County has a diverse economy, with no one sector accounting for a majority of the employment in the region. The following chart illustrates the percentage of total employment for each sector within the county as of June 2021.



Source: California Employment Development Department

The area's largest employment sectors are Education and Health Services and Trade, Transportation and Utilities (which includes retail and wholesale trade). Together, these two sectors account for 39% of the total employment in the county.

The following table lists the largest employers in the county.

Largest Employers			
	Employer	Industry	Employees
1	County of Los Angeles	Government	95,210
2	Los Angeles Unified School District	Education	75,670
3	City of Los Angeles	Government	72,600
4	University of California, Los Angeles	Education	51,010
5	Kaiser Permanente	Healthcare	41,340
6	Federal Government (Non-Defense Dept.)	Government	30,600
7	State of California (Non-Education)	Government	27,990
8	University of Southern California	Education	22,160
9	Target Corp.	Retail	20,000
10	Northrop Grumman Corp.	Technology	18,000

Source: Los Angeles Almanac, 2020

The largest employers in the county represent the government, education and healthcare sectors, consistent with the area's industry employment trends.

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. The U.S. Census Bureau estimates a median household income of \$68,044 for Los Angeles County in 2019 dollars (most recent data available), which was lower than the state of California's median income of \$75,235.

Recreation & Community Facilities

The region is home to innumerable cultural attractions and recreational opportunities. Most notable among these are the beaches along the Pacific Ocean, Griffith Park, the Los Angeles County Museum of Art, the Los Angeles Zoo, the Natural History Museum of Los Angeles County, the La Brea Tar Pits, the Arboretum of Los Angeles, two horse racetracks, two car racetracks, the RMS Queen Mary in Long Beach, the Long Beach Grand Prix, the Santa Monica Pier, Universal Studios Hollywood, and two Six Flags amusement parks.

In addition to the various beaches along the coast, recreational opportunities are found in the mountain, canyon and desert areas of the county. Popular attractions include Vasquez Rocks Natural Area Park, Mount Wilson Observatory in the San Gabriel Mountains, Castaic Lake Recreation Area, Saddleback Butte State Park, and the California Poppy Reserve.

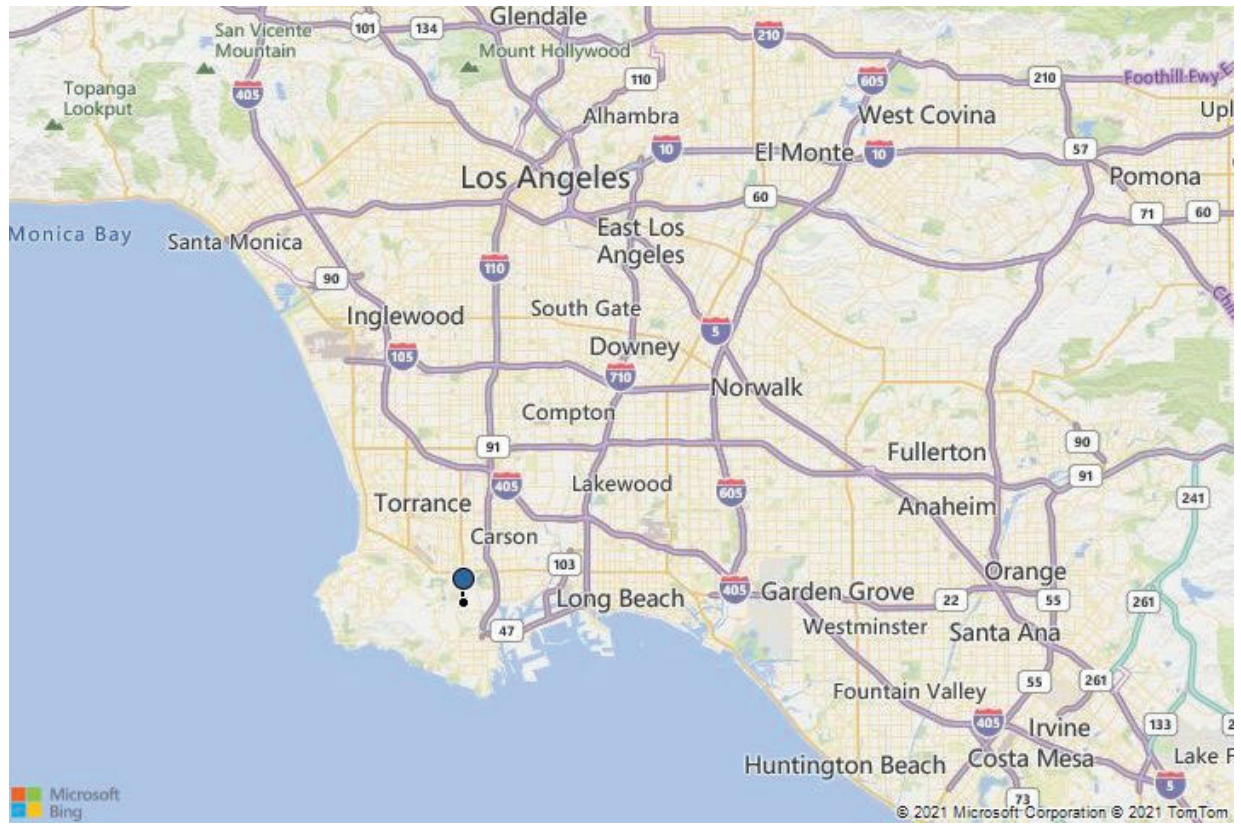
Los Angeles is home to several professional sports teams including baseball, basketball, football and hockey. The county is also home to dozens of colleges and universities; among the largest and most notable are the University of California at Los Angeles (UCLA), the University of Southern California (USC), CalTech, and five campuses of California State University.

Conclusion

Los Angeles County is the most populous county in the state and nation, with over 10 million residents. The county is experiencing relatively slow population growth, primarily because the county is mostly built-out. The region offers diverse employment opportunities, numerous colleges and universities, extensive transportation routes, shopping centers, public services and recreational activities.

In recent years, market and economic conditions have been strong, with unemployment rates falling to historical lows. However, employment conditions declined sharply after the onset of the pandemic. Market and economic conditions have since improved, with continued improvement anticipated as the economy recovers. On June 15, 2021, the governor terminated the previous executive orders and actions that had been put in place as part of the pandemic response, with only limited restrictions remaining to facilitate ongoing recovery.

Area Map



Surrounding Area Analysis

Introduction

This section of the report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as “a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.”

Neighborhood Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The subject is located in San Pedro, which represents a neighborhood within the city of Los Angeles, California. San Pedro is bordered by Rancho Palos Verdes to the west, Lomita, Harbor City, and Wilmington to north, the port of Los Angeles to the east and the Pacific Ocean to the south.

Access and Linkages

Primary highway access to the area is via Interstate 110 (Harbor Freeway), located approximately 2.0 miles east of the subject. This Interstate Highway connects San Pedro and the Port of Los Angeles with Downtown Los Angeles and Pasadena. Additionally, Pacific Coast Highway (PCH), or State Route 1, is located 1.5 miles north of the subject. The major north-south state highway runs along most of the Pacific coastline and spans over 650 miles. Its southern terminus is at Interstate 5 in Orange County and its northern terminus is at US 101 in Mendocino County. Interstate 405 is located approximately 6 miles north of the subject. Interstate 405 is a major north-south interstate in southern California which extends from the San Fernando Valley north of the Los Angeles area to Irvine in Orange County.

The nearest airport for commercial air travel is Long Beach Airport located approximately 14 miles northeast of the subject. Los Angeles International Airport is located approximately 17 miles northwest of the subject.

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in following table. We have provided information for a one-mile radius, three-mile radius and five-mile radius, as well as San Pedro, the city of Los Angeles, and Los Angeles County overall.

Surrounding Area Demographics

2021 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	San Pedro	Los Angeles	Los Angeles County
Population 2010	14,657	166,279	377,038	79,958	3,792,621	9,818,605
Population 2021	15,011	169,385	384,849	82,093	3,924,435	10,078,440
Population 2026	15,234	171,520	389,906	83,286	3,990,359	10,223,418
Compound % Change 2010-2021	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%
Compound % Change 2021-2026	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Households 2010	5,790	57,578	129,088	30,395	1,318,147	3,241,204
Households 2021	5,867	58,508	131,369	31,036	1,366,949	3,329,946
Households 2026	5,937	59,219	133,035	31,453	1,390,847	3,379,662
Compound % Change 2010-2021	0.1%	0.1%	0.2%	0.2%	0.3%	0.2%
Compound % Change 2021-2026	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%
Median Household Income 2021	\$118,574	\$75,933	\$85,288	\$69,838	\$67,283	\$74,097
Average Household Size	2.5	2.9	2.9	2.6	2.8	3.0
College Graduate %	47%	30%	37%	28%	34%	32%
Median Age	46	39	40	40	38	38
Owner Occupied %	77%	52%	56%	43%	38%	47%
Renter Occupied %	23%	48%	44%	57%	62%	53%
Median Owner Occupied Housing Value	\$773,336	\$727,176	\$763,053	\$707,969	\$754,687	\$687,143
Median Year Structure Built	1973	1964	1964	1960	1962	1964
Average Travel Time to Work in Minutes	34	32	33	33	35	35

Source: Claritas

As shown in the previous table, the current population within a three-mile radius of the subject is 169,385, with an average household size of 2.9 persons. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Los Angeles County overall, the population within a 3-mile radius of the subject is expected to grow at a similar rate.

Within a three-mile radius, median household income is \$75,933, which is slightly higher than the household income for San Pedro and generally similar to Los Angeles County overall. Residents within a three-mile radius have a generally similar level of educational attainment as those of Los Angeles County, while median owner-occupied home values are slightly higher.

Land Uses

The subject neighborhood is primarily developed with residential development, with supporting commercial uses and community services nearby. Land uses adjacent to the subject property consist of residential development, a high school, and vacant land on the east side of Western Avenue as well as residential development and Green Hills Memorial Park on the west side of Western Avenue. Supporting commercial uses are located proximal to the subject along Western Avenue with additional commercial development located along North Gaffey Street to the east.

There are several community uses in the neighborhood, such as schools, religious facilities, parks, and recreational and cultural facilities. The subject property is part of the Los Angeles Unified School District which offers a Magnet School program and private schools are also available in San Pedro.

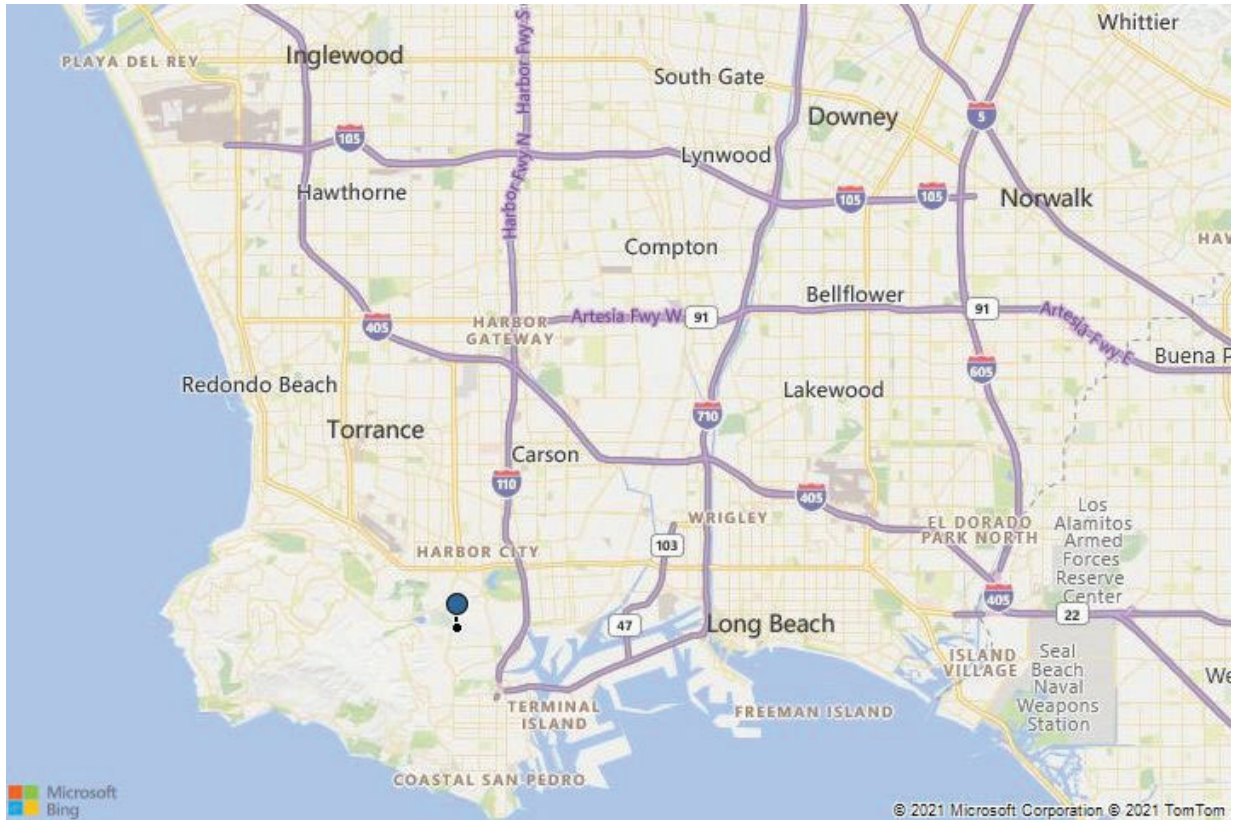
The satellite image on the following page displays land uses proximal to the subject property.



Outlook and Conclusions

The subject is surrounded by a significant amount of residential development and demographic surveys indicate moderate growth over the next five years. The subject benefits from good access to and from the neighborhood's main transportation routes and easy access to major highways. The subject area has experienced steady growth over the past five years, a trend that is expected to continue.

Surrounding Area Map

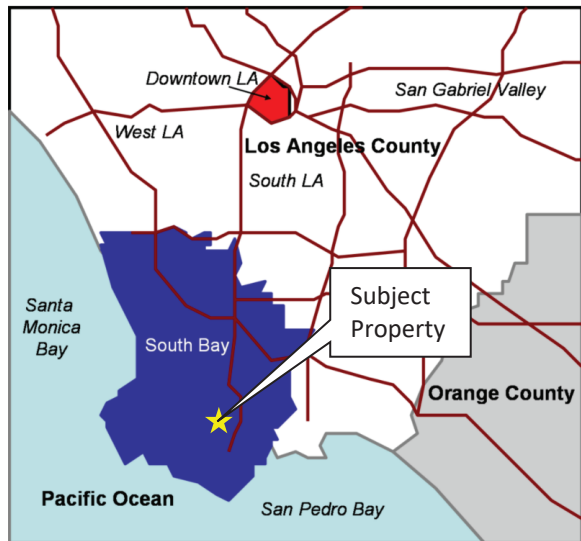


Residential Market Analysis

Given prevailing land use patterns and the subject's zoning, a likely use of the property is for residential development. In the following paragraphs, we examine supply and demand indicators for residential development in the subject's area.

Submarket Overview

The subject is located within the South Bay area of Los Angeles County. The South Bay includes fifteen cities along with portions of the City of Los Angeles and unincorporated portions of the county. The following map shows the subject's location within the South Bay.



The Port of Los Angeles, along the eastern boundary of San Pedro, is reportedly the busiest port within the country and has been one of the primary drivers of the Southern California economy. A substantial portion of the local population has historically been employed by the port or related local industries. The subject property comprises all but one of the planned projects within the Ponte Vista development in San Pedro (city of Los Angeles). The development is located in the northwestern portion of San Pedro which offers relatively good transportation linkages within the South Bay area. The neighborhood is characterized as a suburban area that appeals to commuters due to a limited supply of available housing in desirable areas more proximal to downtown Los Angeles. Based on existing surrounding homes, the subject characteristics best support a project designed for a combination of entry-level and/or first-time move-up home buyers.

With a limited supply of new homes in the South Bay in general, homes at the subject will compete with new homes and newer resale homes within competing areas such as Torrance, Inglewood, Hawthorne, Lawndale, Lomita, Long Beach, and Signal Hill. The desirable community of Rancho Palos Verdes is located just west of the subject's development, west of Western Avenue, and homes offered within the subject will also compete with resales within the eastern portion of Rancho Palos Verdes.

Single-Family Building Permits

Single-family building permits for the city of Los Angeles, as well as Los Angeles County (in total) are shown in the following table.

Building Permits		
Year	Los Angeles	Los Angeles County
2011	525	2,275
2012	870	2,675
2013	1144	3,839
2014	1668	4,586
2015	1834	4,638
2016	1796	5,022
2017	2,360	5,683
2018	2636	5,957
2019	2647	5,884
2020	1854	6,752
2021 (May)	997	3,100

Source: SOCDs Building Permits Database

Home Sales History

The following table displays county-wide home sales activity for single-family detached homes over the prior two years.

Home Sales History						
Time Period	Average price	% Change Average Price	Average Home Size (SF)	Average Price/Avg SF	% Change Price/SF	Quarter Sold
3Q 2019	\$710,323	--	1,656	\$428.94	--	8,528
4Q 2019	\$711,242	0.1%	1,648	\$431.58	0.6%	7,752
1Q 2020	\$719,457	1.2%	1,640	\$438.69	1.6%	6,036
2Q 2020	\$728,583	1.3%	1,638	\$444.80	1.4%	5,328
3Q 2020	\$824,596	13.2%	1,725	\$478.03	7.5%	8,311
4Q 2020	\$831,362	0.8%	1,707	\$487.03	1.9%	8,679
1Q 2021	\$870,102	4.7%	1,687	\$515.77	5.9%	7,199
2Q 2021	\$949,785	9.2%	1,716	\$553.49	7.3%	9,110

Average home pricing in the county increased dramatically in the third quarter of 2020 and has continued to increase in recent quarters.

Active New Home Projects

There are seven active new home projects in the described area (including projects within the subject's development). These projects are considered to be most competitive with the subject property given their locations. These projects are summarized in the table on the following page.

Active Projects

Project	Builder	Type	Average Price	Avg. Home Size (SF)	Average Price/SF
The Estates at Ponte Vista	D R Horton	Detached	\$1,450,657	3,283	\$442
Skyview at Ponte Vista	KB Home	Detached	\$1,150,657	2,055	\$560
Summerland Signal Hill	RC Homes Inc	Detached	\$815,410	1,630	\$500
Cabrilla at Ponte Vista	Meritage Homes	Attached	\$902,500	1,827	\$494
Icon at Grace Park	Pulte Homes	Attached	\$1,118,916	2,123	\$527
Axis at Grace Park	Pulte Homes	Attached	\$995,490	2,140	\$465
Parallel at Grace Park	Pulte Homes	Attached	\$984,990	1,564	\$630
		Maximum	\$1,450,657	3,283	\$630
		Minimum	\$815,410	1,564	\$442
		Average (Detached)	\$1,138,908	2,323	\$501
		Average (Attached)	\$1,000,474	1,914	\$529

Source: Builder websites

Resale Pricing

The following table shows historical resale data, as reported by The MLS, for more recently built single family detached homes (2010 and newer) within San Pedro and the competing areas described. As shown, of the 16 homes sold, the average resale home price in the area is \$1,008,503, \$542 per square foot, with sale prices on average 102.7% above list price.

Resales - Detached

Address	City	Sale Date	Living Area		Sale Price			Days on		
			(SF)	Sale Price	Last List Price	/SF	Sale/List	Year Built	Market	Lot Size
520 E Ellis Ave	Inglewood	7/6/2021	1,330	\$1,151,000	\$1,000,000	\$865	115.1%	2016	12	9,272
110 W Arbor St	Long Beach	6/23/2021	1,642	\$700,000	\$700,000	\$426	100.0%	2017	49	3,514
20945 S Normandie Ave	Torrance	6/18/2021	2,231	\$1,115,990	\$1,130,990	\$500	98.7%	2018	193	4,560
922 S Weymouth Ave	San Pedro	6/11/2021	2,563	\$1,240,000	\$1,199,000	\$484	103.4%	2015	7	6,534
5939 E The Toledo	Long Beach	5/28/2021	1,503	\$1,560,000	\$1,479,000	\$1,038	105.5%	2016	6	3,325
20925 S Normandie Ave	Torrance	5/27/2021	2,119	\$1,087,990	\$1,087,990	\$513	100.0%	2018	17	4,548
472 E 53Rd St	Long Beach	5/24/2021	1,100	\$590,000	\$569,000	\$536	103.7%	2014	31	4,515
2120 Pasadena Ave	Long Beach	5/8/2021	1,188	\$650,000	\$659,900	\$547	98.5%	2017	19	2,004
235 W 47Th St	Long Beach	4/16/2021	2,083	\$808,080	\$808,080	\$388	100.0%	2018	54	3,927
20915 S Normandie Ave	Torrance	3/22/2021	2,271	\$1,120,990	\$1,120,990	\$494	100.0%	2018	14	4,548
20933 S Normandie Ave	Torrance	3/22/2021	2,683	\$1,313,990	\$1,313,990	\$490	100.0%	2018	149	4,536
2205 E Harding St	Long Beach	3/16/2021	1,408	\$602,000	\$564,500	\$428	106.6%	2015	7	3,495
1201 Termino Ave	Long Beach	3/11/2021	2,014	\$835,000	\$860,000	\$415	97.1%	2019	22	2,407
3312 Terrace Ridge Ln	Long Beach	3/10/2021	2,301	\$911,000	\$850,000	\$396	107.2%	2011	8	2,900
22527 Shadycroft Ave	Torrance	2/5/2021	2,303	\$1,700,000	\$1,599,000	\$738	106.3%	2015	6	6,501
1951 San Francisco Ave	Long Beach	1/23/2021	1,785	\$750,000	\$738,500	\$420	101.6%	2015	11	7,000
Total Sales		16	1,908 (avg.)	\$1,008,503 (avg.)	\$980,059 (avg.)	\$542 (avg.)	102.7% (avg.)	2016 (avg.)	38 (avg.)	4,599 (avg.)

As mentioned, homes offered within the subject also compete with resales within the eastern portion of Rancho Palos Verdes. These homes are typically older (1950 to 2000) but are located within a more desirable area. The table on the following page shows historical resale data for homes located in the eastern portion of Rancho Palos Verdes. As shown in the table, the average resale home price in this area is \$1,185,741, \$666 per square foot, with sale prices on average 104.6% above list price.

Resales - Detached										
Address	City	Sale Date	Living Area (SF)	Sale Price	Last List Price	Sale Price /SF	Sale/List	Year Built	Days on Market	Lot Size
2039 Jaybrook Dr	Rancho Palos Verdes	7/11/2021	1,050	\$745,000	\$760,000	\$710	98.0%	1950	63	5,716
2120 Ronsard Rd	Rancho Palos Verdes	7/1/2021	2,726	\$1,250,000	\$1,309,000	\$459	95.5%	1957	52	6,989
2030 W Macarthur St	Rancho Palos Verdes	6/28/2021	1,420	\$1,092,000	\$1,064,000	\$769	102.6%	1955	9	6,912
2158 W Rockinghorse Rd	Rancho Palos Verdes	6/24/2021	2,354	\$1,550,000	\$1,470,000	\$658	105.4%	1963	10	6,427
1868 Peninsula Verde Dr	Rancho Palos Verdes	6/16/2021	2,045	\$1,200,000	\$1,149,000	\$587	104.4%	1970	11	6,410
29108 S Highmore Ave	Rancho Palos Verdes	5/27/2021	1,347	\$910,000	\$836,000	\$676	108.9%	1950	10	5,995
1915 Santa Rena Dr	Rancho Palos Verdes	5/21/2021	1,819	\$1,200,000	\$1,050,000	\$660	114.3%	1958	5	6,739
26910 Lunada Circle Dr	Rancho Palos Verdes	5/14/2021	2,448	\$1,465,000	\$1,348,000	\$598	108.7%	1970	10	6,695
1928 Velez Dr	Rancho Palos Verdes	5/9/2021	1,746	\$1,340,000	\$1,230,000	\$767	108.9%	1958	4	8,000
6504 Via Siena	Rancho Palos Verdes	5/8/2021	2,944	\$1,750,000	\$1,750,000	\$594	100.0%	1966	7	9,410
2037 W Elberon St	Rancho Palos Verdes	4/15/2021	1,404	\$912,000	\$912,000	\$650	100.0%	1955	0	6,752
2125 W Toscanini Dr	Rancho Palos Verdes	4/12/2021	3,426	\$1,510,000	\$1,375,000	\$441	109.8%	1989	7	7,709
2065 Redondela Dr	Rancho Palos Verdes	4/2/2021	2,535	\$1,330,000	\$1,295,000	\$525	102.7%	1962	9	8,529
29010 Maplepark Dr	Rancho Palos Verdes	3/26/2021	2,657	\$1,635,000	\$1,595,000	\$615	102.5%	1963	8	8,803
1920 Jaybrook Dr	Rancho Palos Verdes	3/25/2021	1,200	\$1,075,000	\$959,000	\$896	112.1%	1950	5	5,936
27926 Pontevedra Dr	Rancho Palos Verdes	3/16/2021	1,746	\$1,206,000	\$1,100,000	\$691	109.6%	1959	7	7,109
2011 Jaybrook Dr	Rancho Palos Verdes	2/25/2021	1,893	\$1,262,500	\$1,199,000	\$667	105.3%	1999	10	6,685
1884 Trudie Dr	Rancho Palos Verdes	2/19/2021	1,238	\$800,000	\$800,000	\$646	100.0%	1950	36	5,621
6509 Via Siena	Rancho Palos Verdes	2/9/2021	1,132	\$1,040,000	\$999,000	\$919	104.1%	1939	6	7,140
1847 Trudie Dr	Rancho Palos Verdes	2/2/2021	1,884	\$825,500	\$969,900	\$438	85.1%	1950	135	8,115
2044 Trudie Dr	Rancho Palos Verdes	1/31/2021	780	\$802,563	\$679,900	\$1,029	118.0%	1950	2	5,738
Total Sales		21	1,895	\$1,185,741	\$1,135,705	\$666	104.6%	1960	19	7,020
			(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)

A portion of the subject is planned for townhome units and the following table shows historical resale data for more recently built attached homes (2010 and newer) within San Pedro and the competing areas described. The average price in the area for these homes is \$857,325, \$603 per square foot, with sale prices on average 102.8% above list price.

Resales - Attached										
Address	City	Sale Date	Living Area (SF)	Sale Price	Last List Price	Sale Price /SF	Sale/List	Year Built	Days on Market	
433 Pine Ave #309	Long Beach	7/2/2021	1,126	\$570,000	\$585,000	\$506	97.4%	2016	80	
13220 Central Ave #106	Hawthorne	7/1/2021	1,850	\$1,150,000	\$995,000	\$622	115.6%	2012	9	
12825 City Dr #105	Hawthorne	6/30/2021	1,367	\$870,000	\$875,000	\$636	99.4%	2010	17	
13025 Park Place #203	Hawthorne	6/29/2021	957	\$650,000	\$625,000	\$679	104.0%	2013	3	
5540 Strand #201	Hawthorne	6/22/2021	957	\$672,554	\$650,000	\$703	103.5%	2010	13	
433 Pine Ave #405	Long Beach	6/18/2021	1,000	\$675,000	\$699,000	\$675	96.6%	2017	46	
25114 Narbonne Ave #A	Lomita	6/17/2021	1,500	\$690,000	\$724,900	\$460	95.2%	2018	35	
12822 Manhattan Ct #103	Hawthorne	6/7/2021	1,978	\$1,040,000	\$995,000	\$526	104.5%	2010	10	
5527 Strand #106	Hawthorne	6/3/2021	2,123	\$1,200,000	\$1,150,000	\$565	104.3%	2012	2	
12822 Manhattan Ct #105	Hawthorne	5/26/2021	1,310	\$900,000	\$875,000	\$687	102.9%	2010	9	
1014 Sartori Ave	Torrance	5/21/2021	1,340	\$810,000	\$749,000	\$604	108.1%	2015	5	
5449 Strand #104	Hawthorne	5/13/2021	1,554	\$895,000	\$895,000	\$576	100.0%	2013	0	
5550 Strand #107	Hawthorne	5/10/2021	1,672	\$1,050,000	\$995,000	\$628	105.5%	2014	6	
13024 Union Ave #203	Hawthorne	5/7/2021	1,429	\$830,000	\$810,000	\$581	102.5%	2010	11	
Total Sales		14	1,440	\$857,325	\$830,207	\$603	102.8%	2013	18	
			(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	(avg.)	

Ability to Pay

In this section, we will examine the ability to pay among prospective buyers for a representative price point within the subject's development of \$1,100,000, based on the indicators from the active and

planned projects, for a typical 2,000 square foot home. First, we will estimate the required annual household income based on typical mortgage parameters in the subject's market area. Specifically, we will employ a loan-to-value ratio of 80% (down payment of 20%), mortgage interest rate of 3.25%, 360 monthly payments, and a 40% ratio for the housing costs as a percent of monthly income (inclusive of principal, interest, all taxes and insurance). Property tax payments are accounted for in the analysis as well as homeowner's insurance. The following table shows the estimate of the annual household income that would be required to afford a home priced at the representative price point.

Income Required	
Home Price	\$1,100,000
Loan % of Price (Loan to Value)	80%
Loan Amount	\$880,000
Interest Rate	3.25%
Mortgage Payment	\$3,830
Ad Valorem Taxes	\$1,100
Direct Charges	\$35
CFD No. 11	\$289
Property Insurance	\$229
Total Monthly Obligation	\$5,483
Mortgage Payment % of Income	40%
Monthly Income	\$13,708
Annual Income	\$164,500

In the following table we show the income brackets within a five-mile radius of the subject property along with estimates of percentage of households able to afford homes priced at the representative price point within each income bracket. Although, as discussed, a representative area of typical buyers for the subject property would likely characterize a broader geographic area.

Household Ability					
Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< \$15,000	9,871	7.5%	0.0%	0	0.0%
\$15,000 - \$24,999	8,866	6.7%	0.0%	0	0.0%
\$25,000 - \$34,999	8,195	6.2%	0.0%	0	0.0%
\$35,000 - \$49,999	13,247	10.1%	0.0%	0	0.0%
\$50,000 - \$74,999	18,774	14.3%	0.0%	0	0.0%
\$75,000 - \$99,999	15,507	11.8%	0.0%	0	0.0%
\$100,000 - \$149,999	23,399	17.8%	0.0%	0	0.0%
\$150,000 - \$199,999	12,694	9.7%	71.0%	9,013	6.9%
\$200,000 +	<u>20,813</u>	<u>15.8%</u>	100.0%	<u>20,813</u>	<u>15.8%</u>
	131,369	100.0%		29,826	22.7%

Conclusions

Demand for homes in the subject's market area has increased, as indicated by the overall trend of building permit activity, home sales prices and activity in recent quarters in the subject's market area.

Property Analysis

Land Description and Analysis

Land Description	
Land Area	61.50 acres (Ponte Vista Development in total)
Source of Land Area	Public Records
Primary Street Frontage	Horizon Way
Shape	Irregular
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	06037C-1943G
Date	April 21, 2021
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	City of Los Angeles
Zoning Designation	PVSP
Description	Ponte Vista at San Pedro (Specific Plan)
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Detached and attached residential development
Minimum Lot Width (Feet)	20 to 50
Minimum Setbacks (Feet)	2 to 8
Maximum Building Height (Feet)	30 to 48
Maximum Density	8 to 21 units per acre
Parking Requirement	One or two spaces, depending on unit configuration, plus 0.25 spaces per unit for visitors
Utilities	
Service	Provider
Water	City of Los Angeles Dept. of Water and Power
Sewer	LA Sanitation
Electricity	City of Los Angeles Dept. of Water and Power
Natural Gas	Southern California Gas Company
Local Phone	Various

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

The following table details the Ponte Vista development by subarea.

Ponte Vista at San Pedro Subareas			
Subarea	Lots/Units	Builder	Product
1	66	DR Horton	Detached - SFD (2 Story)
2	60	KB Home	Detached - SFD (2/3 Story)
3	79	KB Home	Detached - SFD (3 Story)
4A	54	TBD	Townhome (3 Story)
4B	86	Meritage	Townhome (3 Story)
5	131	Taylor Morrison	Semi-Detached Townhome (3 Story)
6	212	Not included within the boundaries of CFD No. 11	
7	NA	Recreation, open space and limited community supportive uses	
Total	688	(476 within the boundaries of CFD No. 11)	

Lot Categories

The subject's subareas are designed with three lot categories including a standard detached lot, smaller detached cluster lots (alley loaded), and subareas planned for attached units (townhomes). The following table summarizes the lot categories at the subject.

Lot Descriptions		
Lot Category	Subarea	Typical (Average) Lot Size (SF)
Detached	Subarea 1	6,579
Detached Clusters	Subarea 2 & 3	4,158 & 3,947
Attached	Subarea 4A, 4B, & 5	NA

Onsite and Offsite Improvements

At the time of inspection, backbone infrastructure appeared to be in place and in-tract work appeared to be under way in some portions. The subdivision lots are partially improved with completed homes on 16 lots and home construction under way on more than 60 lots across multiple subareas.

The Master Developer has completed the majority of site improvements for the project with minimal remaining site improvements remaining to be completed by builders while constructing homes. Costs budgeted for builders range from \$13,207 to \$46,113 per lot though some builders have already completed a substantial portion of these improvements. These costs do not include building permit fees which reportedly range from \$12,899 to \$18,258 per home across the subareas.

Entitlements

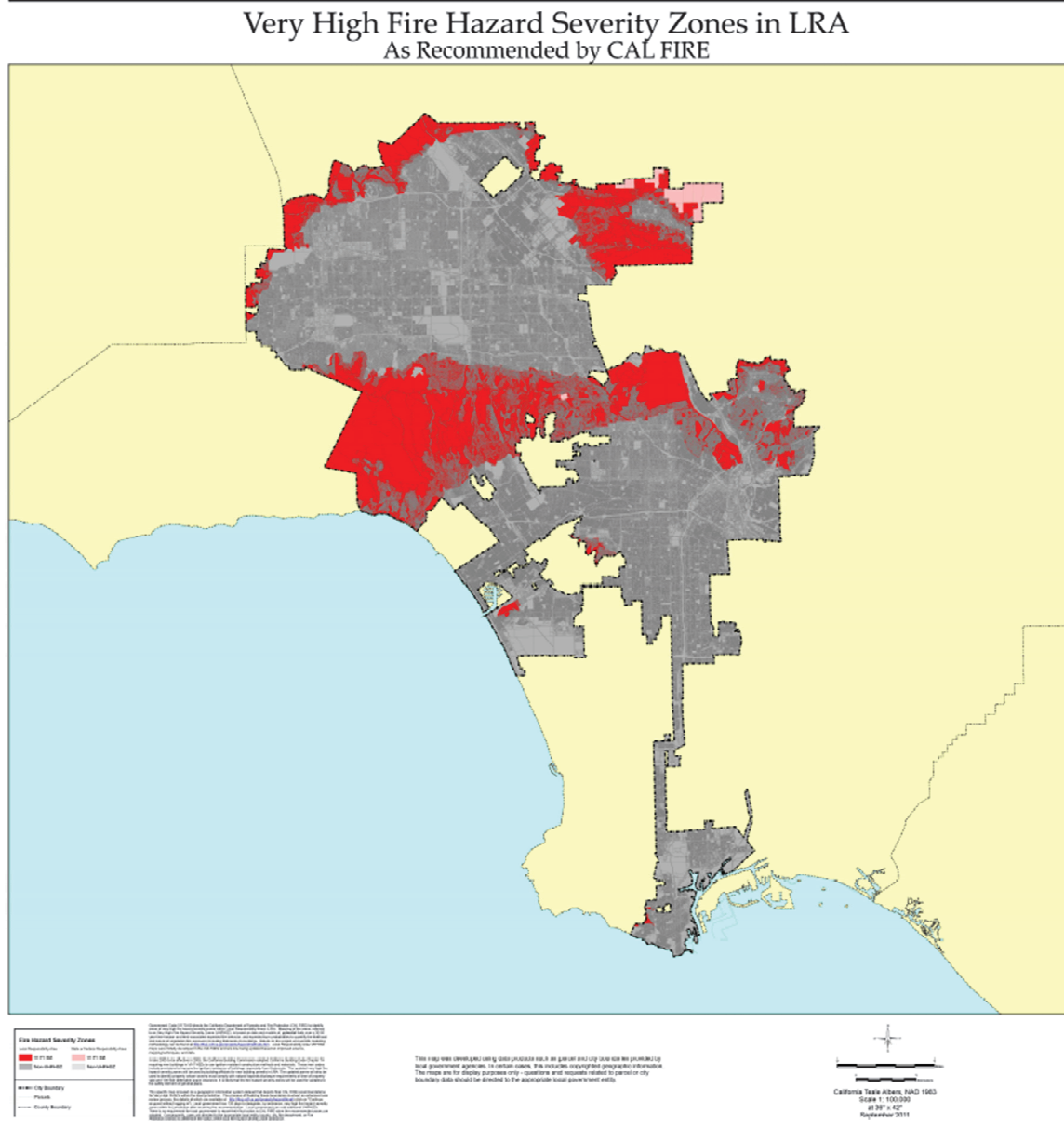
The appraised property is fully entitled with recorded final mapped lots/parcels.

Easements, Encroachments and Restrictions

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Fire Hazard Risk

The following map identifies areas of the city of Los Angeles that have been classified as Fire Hazard Severity Zones. As shown in the following map, the subject's location within the city of Los Angeles has not been classified as an area of concern.



Seismic Hazards

According to the Seismic Safety Commission, the subject property's site is located within Zone 4, which is considered to be the highest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of

more moderate seismic activity. In addition, the subject property is located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology. In general, a number of faults are located in southern California and throughout California; thus, the area is subject to severe ground shaking during earthquakes. Competitive sites face similar seismic risk.

According to the California Department of Conservation, the subject property is not within a landslide zone but is crossed by a liquefaction zone.

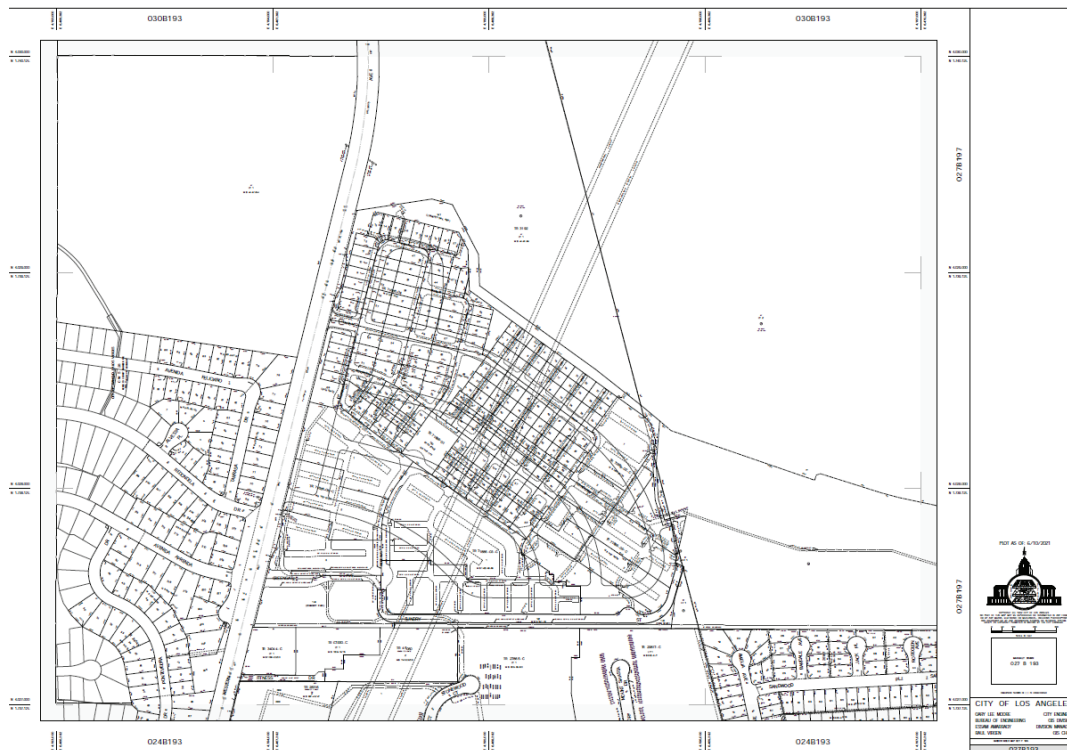
Environmental Issues

At the time of inspection, the appraiser did not observe the existence of hazardous material, which may or may not be present, on the subject property. The appraiser has no knowledge of the existence of such materials on the property. However, the appraiser is not qualified to detect such substances. The presence of potentially hazardous materials could affect the value of the property. The value estimate is predicated on the assumption there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

Assessor's Parcel Map



Boundary Map

SHEET 1 OF 1

**PROPOSED BOUNDARIES OF
CITY OF LOS ANGELES
COMMUNITY FACILITIES DISTRICT NO. 11
(PONTE VISTA)
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA**

(1) Filed in the office of the City Clerk of the City of Los Angeles this ____ day of ____, 2020.

Holly L. Wolcott
City Clerk, City of Los Angeles

(2) I hereby certify that the within map showing the proposed boundaries of City of Los Angeles Community Facilities District No. 11 (Ponte Vista), County of Los Angeles, State of California, was approved by the Council of the City of Los Angeles at a regular meeting thereof, held on this ____ day of November, 2020, by its Resolution No. ____.

Holly L. Wolcott
City Clerk, City of Los Angeles

(3) Filed this ____ day of ____, 2020, at the hour of ____ o'clock __m, in Book ____ of Maps of Assessment and Community Facilities Districts at Page ____ and as Instrument No. ____ in the office of the County Recorder in the County of Los Angeles, State of California.

Dean C. Logan
Registrar-Recorder/County Clerk,
County of Los Angeles

By _____
Deputy

Fee _____

Exempt recording requested,
per CA Government Code §27383

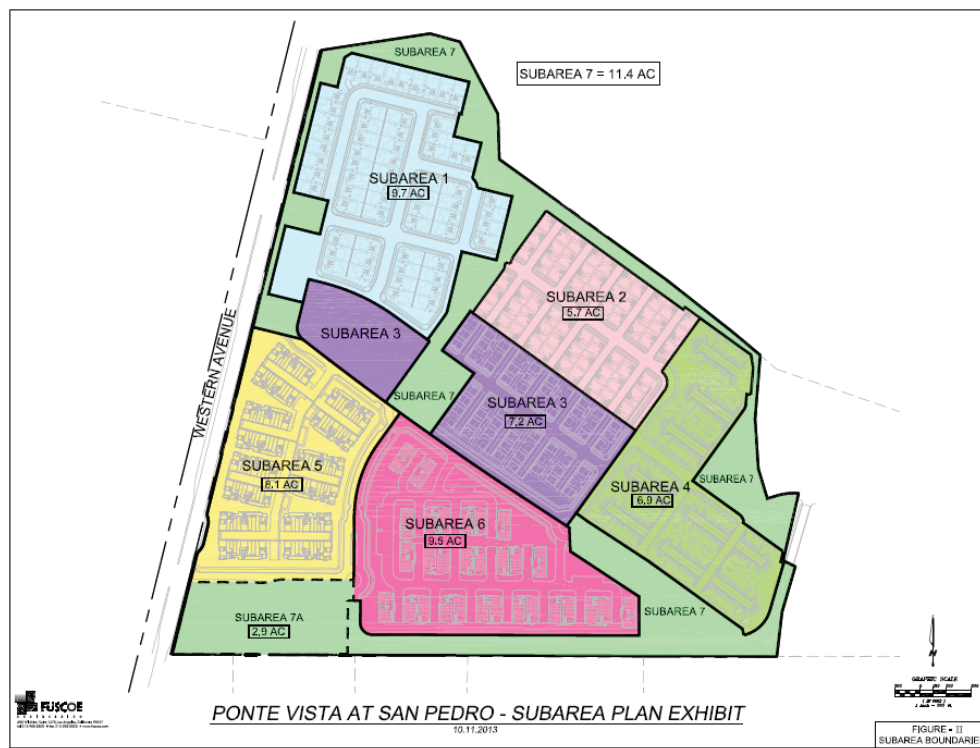
LEGEND
Proposed Boundaries of City of Los Angeles
Community Facilities District No. 11 (Ponte Vista),
Los Angeles County, California
Assessor Parcel Lines

Reference is hereby made to the Assessor maps of the County of Los Angeles, and Tract Map No. 71886-03, recorded on October 20, 2020 in Book 1422 of Maps at Pages 86 through 95 in the official records of the County of Los Angeles, for a description of the lines and dimensions of the parcels referenced herein.

Assessor Parcels within City of Los Angeles
C.F.D. No. 11 (Ponte Vista):
7442-034-001 through 7442-034-066
7442-035-001 through 7442-035-053
7442-036-001 through 7442-036-021
7442-037-001 through 7442-037-005
7442-037-007
7442-037-011 through 7442-037-014
7442-037-017
7442-037-018 (portion not within Tract 71886-03)
7442-038-001 through 7442-038-048
7442-039-001 through 7442-039-021

Not A Part
Tract No. 71886-03

Prepared by DTA



Aerial Image



Source: Google Earth







Real Estate Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

Ad Valorem Taxes

The existing ad valorem taxes are of nominal consequence in this appraisal, primarily due to the fact these taxes will be adjusted substantially as the remaining property improvements are completed and in consideration of the definition of market value employed in this appraisal, which assumes a sale of the appraised properties. According to the Los Angeles County Treasurer-Tax Collector's Office, the appraised properties have a cumulative annual tax rate of 1.200129% based on assessed value.

Special Assessments

All of the appraised properties are encumbered by the Special Tax Lien of CFD No. 11 (Ponte Vista). The special tax amounts applicable to the CFD are shown in the following table.

Community Facilities District No. 11 (Ponte Vista) Special Tax, Fiscal Year 2021-22

Land Use		Residential Floor	
Class	Description	Area	Assigned Special Tax
1	Condominium Property	≥ 2,000 SF	\$3,291.75 per unit
2	Condominium Property	1,800 – 1,999 SF	\$3,154.20 per unit
3	Condominium Property	1,600 – 1,799 SF	\$2,870.70 per unit
4	Condominium Property	1,400 – 1,599 SF	\$2,503.20 per unit
5	Condominium Property	1,200 – 1,399 SF	\$2,269.05 per unit
6	Condominium Property	< 1,200 SF	\$1,940.40 per unit
7	Other Residential Property	≥ 3,400 SF	\$5,148.15 per unit
8	Other Residential Property	3,100 – 3,399 SF	\$4,942.35 per unit
9	Other Residential Property	2,800 – 3,099 SF	\$4,617.90 per unit
10	Other Residential Property	2,600 – 2,799 SF	\$4,295.55 per unit
11	Other Residential Property	2,300 – 2,599 SF	\$3,972.15 per unit
12	Other Residential Property	2,000 – 2,299 SF	\$3,466.05 per unit
13	Other Residential Property	< 2,000 SF	\$3,276.00 per unit
14	Non-Residential Property	NA	\$93,908 per Acre

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Physically possible.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

Highest and Best Use As If Vacant

Legally Permissible

The legal factors influencing the highest and best use of the appraised properties are primarily government regulations, such as zoning and building codes. The appraised properties are zoned and approved for detached and attached residential development with densities of 8 to 21 units per acre. Overall, the legally permissible uses are to develop the appraised properties in accordance with the existing entitlements and land use designation (single-family / detached and attached residential use), which have undergone extensive planning and review. A re-zone to any other land use is highly unlikely.

Physically Possible

The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, offsite improvements, easements and soil and subsoil conditions. The legally permissible test has resulted in uses consistent with the existing entitlements (i.e., residential development); at this point the physical characteristics are examined to see if they are suited for the legally permissible uses.

The physical characteristics of the appraised properties support development. The subject property has average access and project roadways connect the various lots within the development. Public utilities are also in place to support development. Surrounding land uses are compatible and/or similar to the legally permissible use. Existing development in the subject property provides support that soils are adequate for development. In summary, single-family residential uses are considered physically possible.

Financially Feasible

Financial feasibility depends on supply and demand influences. Based on our analysis of the market, there is currently demand for single-family homes in the subject's area. As shown later in this report by the land residual analysis where home construction costs are deducted from an estimated current home price, the subject's finished lot values are positive, which demonstrates that construction of single-family homes is financially feasible. In addition, there are active projects in the wider area that demonstrate demand for new homes.

Maximally Productive

Legal, physical and market conditions have been analyzed to evaluate the highest and best use of the subject property as vacant. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the property. Based on the factors previously discussed, the maximally productive use of the subject (as vacant) is for near term detached and attached residential development. Specifically, construction of production single-family residential homes and townhomes. The probable buyer of the subject property as vacant would be a merchant builder familiar with the local market.

As Improved

As with the highest and best use as though vacant, the four tests of highest and best use must also be applied to the subject property considering the proposed improvements. Consideration must be given to the continued as-is use of the subject, as well as alternative uses for the property. The potential alternative uses consist of demolition, expansion, conversion or renovation.

As of the date of inspection the subject consists of a partially completed single-family residential development with newly constructed single-family homes and homes under construction. Currently, it is considered reasonable to complete development of homes, as dictated by demand. The improvements provide contributory value and conversion is not currently possible given the existing and planned land uses. Renovation is not warranted, as the improvements are new. The highest and best use of the subject property, as improved, is for continuation of construction of homes, as dictated by demand.

Most Probable Buyer

Taking into account the functional utility of the site and area development trends, the probable buyer of the partially improved lots is a merchant home builder. The probable buyer of the completed homes are individual homeowners.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

The **extraction** technique is a method of estimating land value in which the depreciated cost of the improvements on an improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land.¹

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

¹ The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 83.

Market Valuation – Smallest Floor Plan

We will estimate the market value of the smallest floor plan offered within the active projects of CFD No. 11, to apply to those lots with completed single-family homes. The objective of the analysis is to estimate the base price, net of incentives, upgrades and lot premiums. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs. The base price pertains to the typical lot size within the subject property. The sales comparison approach to value is employed in order to establish the not-less-than market value for the floor plan.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 15th Edition (Chicago: Appraisal Institute, 2020), The principle of substitution holds that *“property values tend to be set by the cost of acquiring an equally desirable substitute property.”* The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining recent sales data for comparison with the appraised properties. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

A summary of the active projects with completed homes within the boundaries of CFD No. 11 is provided below, with the floor plans to be valued in bold.

Projects With Completed Homes - Ponte Vista						
Product	Living Area (SF)	Stories	Bedrooms	Bathrooms	Average Lot Size (SF)	Builder's Base Price
Estates	2,986	2	4	3.0	6,579	\$1,389,990
(DR Horton)	3,337	2	4	4.0	6,579	\$1,430,990
	3,527	2	5	4.5	6,579	\$1,530,990
Skyview	1,874	3	3	2.5	3,947	\$1,079,990
(KB Home)	2,057	3	3	2.5	3,947	\$1,169,990
	2,233	3	3	2.5	3,947	\$1,201,990

Recent comparable sales, considered the best indicators of market value for the subject's smallest floor plans, are summarized in the following table.

Sales Summary											
No.	Location	Sale Date	Closed Date	Sale Price	Living Area (SF)	Room Count		Lot Size (SF)	Year Built	Garage	Stories
1	27647 Suncrest Rd.	Jul-21	Pending	\$1,389,880	2,986	4	3.0	5,107	2020	2-Car	Two
2	27627 Suncrest Rd.	Jun-21	Pending	\$1,350,000	2,986	4	3.0	4,994	2020	2-Car	Two
3	922 S Weymouth Ave.	Apr-21	Jun-21	\$1,240,000	2,563	4	2.5	6,534	2015	2-Car	Two
4	21907 S Normandie Ave.	Feb-21	May-21	\$1,120,123	2,698	4	3.0	4,358	2020	2-Car	Two
5	27724 Stonehurst Ln.	Jun-21	Pending	\$1,122,836	1,874	3	2.5	6,028	2021	2-Car	Three
6	27717 Stonehurst Ln.	Jun-21	Pending	\$1,142,200	1,874	3	2.5	9,222	2021	2-Car	Three
7	20417 Earl St.	Feb-21	May-21	\$1,039,900	1,738	3	2.5	1,738	2020	2-Car	Two
8	643 Daniel Freeman Cir.	Apr-21	May-21	\$1,030,290	2,027	3	3.0	2,027	2020	2-Car	Three

Sales 1 and 2 are pending transactions of the Estates 2,986 square foot floor plan being valued. Sales 3 and 4 represent additional applicable indicators for this floor plan. Sales 5 and 6 are pending transactions of the Skyview 1,874 square foot floor plan being valued and Sales 7 and 8 are additional applicable indicators for this floor plan.

Analysis of Sales

In order to estimate the not-less-than market value for the smallest floor plans currently being marketed within CFD No. 11, the comparable transactions were analyzed with regard to categories that affect market value, with consideration for the following factors.

Adjustment Factor	Accounts For	Comments
Upgrades and Incentives	The objective of the analysis is to estimate the base price per floor plan, net of incentives. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs.	Incentives and upgrades included in the sales have been considered and adjusted for in this analysis, as the base price at the time of sale serves as the basis for comparison.
Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc.	All of the comparables represent fee simple estate transactions. Therefore, consideration for this factor is not necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No consideration was required for this factor.

Conditions of Sale	Extraordinary motivation of buyer or seller.	All of the comparable transactions represent arm's-length, market transactions.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	As shown previously within the <i>Residential Market</i> section of this appraisal, new home pricing has been increasing in the subject's market area during the past few quarters. The comparable sales entered into contract during prior months and an adjustment for market conditions is applied to Sales 2, 3, 4, 7, and 8.
Location and Community Appeal	Market or submarket area influences on sale price; surrounding land use influences. Location is a very important factor to consider when making comparisons. The comparables need not be in the same neighborhood but should be in neighborhoods that offer the same advantage and have, in general, the same overall desirability to the most probable buyer or user.	The comparables are located within generally similar areas within the South Bay; however, Comparable 4 is part of a new home project developed on a street median and is adjusted upward for inferior community appeal.
Lot Size	The lot size adjustment pertains to the differences between the subject property's typical lot size and comparables with either larger or smaller lots. It does not include any lot premium adjustments, which are adjusted for separately. The amount of the adjustment used in the comparison of the base lot sizes comes from a survey of premiums paid for larger lots.	Sales having a significantly larger lot are adjusted downward while sales with a significantly smaller lot are adjusted upward.

Lot Premiums	Properties sometimes achieve premiums for corner or cul-de-sac positioning, or proximity to open space or views. Adjustments for lot position premiums would be in addition to lot size adjustments.	The comparable sales have traditional lot configurations and no consideration is warranted.
Design and Appeal/Quality of Construction	<p>Design and appeal of a floor plan is consumer specific. One exterior may appeal to one buyer, while another appeals to a different buyer. These types of features for new homes with similar functional utility are not typically noted in the base sales prices.</p> <p>Construction quality can differ from slightly to substantially between projects and is noted in the exterior and interior materials and design features of a standard unit.</p>	<p>The comparables have similar design and appeal as the subject floor plan.</p> <p>In terms of quality of construction, the subject property represents average construction quality; the comparable sales feature similar construction quality and do not require consideration.</p>
Age/Condition	Effective age; physical condition.	Most of the sales represent new construction and do not require adjustment for this characteristic; however, Sale 3 is five years old and is adjusted upward for its older effective age.
Functional Utility	Ability to adequately provide for its intended purpose.	<p>The appraised properties and comparables represent traditional detached single-family residential construction on similar lot size categories as the subject.</p> <p>Adjustments for this factor do not apply.</p>

Room Count	For similar size units the differences between room count is a buyer preference. One buyer might prefer two bedrooms and a den versus a three-bedroom unit. Extra rooms typically result in additional building area and are accounted for in the size adjustment. Therefore, no adjustments are made for number of total rooms or bedrooms.	Because bathrooms are a functional item for each floor plan and add substantial cost due to the number of plumbing fixtures, an adjustment is applicable for the difference in the number of fixtures between the subject and the comparable sales. Sale 3 is adjusted upward for a lower bathroom count (1/2 bathroom) while Sale 8 is adjusted downward for a higher bathroom count (1/2 bathroom).
Number of Stories	For similar size units, the differences between the number of stories is a buyer preference. One buyer might prefer a single-story versus a two-story unit.	Homes with fewer stories generally appeal to a wider buyer pool as fewer buyer segments are willing to occupy a three-story home. Sale 7 is adjusted downward in consideration of its fewer stories.
Parking/Garage	Number of garage spaces	The subject's floor plans and each of the sales offer two-car garages and no adjustment is necessary.
Landscaping	Included landscaping	Sale 3 is adjusted downward for landscaping. The remaining sales include front yard landscaping and no additional adjustments apply.

Conclusion of Floor Plan Value

Comparable home sales 1 through 4 indicate a base price range of \$1,293,152 to \$1,395,768 for the Estates 2,986 square foot floor plan and a conclusion close to the pending sales of this plan of \$1,380,000 is concluded for this floor plan. Sales 5 through 8 indicate a base price range of \$1,033,864 to \$1,079,427 for the Skyview 1,874 square foot floor plan and a conclusion close to the pending sales of this plan of \$1,060,000 is concluded for this floor plan. The floor plan conclusions are displayed in the following table.

Smallest Floor Plan Conclusion						
Product	Living Area (SF)	Stories	Bedrooms	Bathrooms	Typical Lot Size (SF)	Concluded Home Value
Estates	2,986	2	4	3.0	6,579	\$1,380,000
Skyview	1,874	3	3	2.5	3,947	\$1,060,000

Land Residual Analysis

In this section, the market value of the subject's underlying land will be estimated using the land residual approach to value. The land residual analysis is utilized in estimating land value when subdivision and development are the highest and best use of the land being appraised. All direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product; the resultant net sales proceeds are then discounted to present value at an anticipated rate over the development and absorption period to indicate the value of the land.

The four components of the discounted cash flow analysis are revenue, absorption, expenses and discount rate. Each of these components are described below.

Revenue – the gross income is based on the sales of completed homes.

Absorption Analysis – the time frame required for sell off. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).

Expenses – the expenses associated with the construction and sell-off of homes to individual homebuyers are calculated in this section – including direct and indirect construction costs, administration, marketing and commission costs, as well as taxes and special taxes.

Discount Rate – an appropriate discount rate is derived employing a variety of data.

Discussions of these four concepts follows below, with the discounted cash flow analysis offered at the end of this section.

Revenue

The projected sales price for average subject unit will vary, as the ultimate sales price is affected by unit size, location within the project, site influences, construction costs, anticipated premiums achievable at the point of retail sale, as well as external influences such as adjacent land uses.

The subject's subareas are designed with three lot categories including a standard detached lot, smaller detached cluster lots (alley loaded), and subareas planned for attached units (townhomes). Due to the fact that there are multiple subareas with cluster lots and townhomes we will utilize one subarea as a benchmark for each of these categories and apply adjustments at the lot value conclusion as needed.

Based on our market investigation and homes marketed within the subject, we estimate a typical home on a standard detached lot (Subarea 1) would comprise 3,200 square feet and have a sale price of \$1,450,000. A typical home within Subarea 2 on a detached cluster lot is anticipated to include 2,400 square feet with a price of \$1,200,000 and will be used as a benchmark for the cluster lot category. Similarly, a typical townhome within Subarea 4B is anticipated to include 1,950 square feet at a price of \$950,000 and will be used as a benchmark for the townhome lot category. These indicators are consistent with other new product in the subject's market area, as demonstrated in the previous *Residential Market Analysis* section.

In the upcoming analyses, we consider that each subarea would feature three model homes. As will be discussed in the expense section that follows, upgrade amenity costs are estimated at \$75,000 per model, or \$225,000 total. Typically, builders capture approximately 50% of the cost through the sale of the model and the furniture. Although furnishings are a real cost of the model improvements, they are personal property, not real estate. Thus, furnishings are not included in the opinion of value for the model home premiums. Given this consideration, the recapture cost for model homes are typically reduced to 25% to 40% of model improvement costs. We have selected a recapture of 35% for the subject's model homes. Using this percentage, a recapture of \$26,250 per model (35% x \$75,000) is concluded and will be considered in the estimate of aggregate retail value. No lot premiums are anticipated for the subject property. Summaries of the revenue conclusions are provided below.

Revenue Summary - Detached Standard Lot

Floor Plan	No. of Units	Unit Size	Sale \$/SF	Value Per Unit	Extension
Typical Floor Plan	66	3,200	\$453	\$1,450,000	\$95,700,000
Model Recapture					<u>\$78,750</u>
Total	66	3,200 (avg.)		\$1,451,193 (avg.)	\$95,778,750 (without appreciation)

Revenue Summary - Detached Cluster Lot

Floor Plan	No. of Units	Unit Size	Sale \$/SF	Value Per Unit	Extension
Typical Floor Plan	60	2,400	\$500	\$1,200,000	\$72,000,000
Model Recapture					<u>\$78,750</u>
Total	60	2,400 (avg.)		\$1,201,313 (avg.)	\$72,078,750 (without appreciation)

Revenue Summary - Townhome

Floor Plan	No. of Units	Unit Size	Sale \$/SF	Value Per Unit	Extension
Typical Floor Plan	86	1,950	\$487	\$950,000	\$81,700,000
Model Recapture					<u>\$78,750</u>
Total	86	1,950 (avg.)		\$950,916 (avg.)	\$81,778,750 (without appreciation)

Closing Projections

The typical time required for the construction of units is projected at approximately four to six months from start to closing. It is assumed that closings will occur over two period, or six months, from the date of sale. The premise is that the builder constructs efficiently as homes are sold.

Changes in Market Conditions (Price Increases or Decreases)

Based on market surveys, responses are mixed whether market participants trend revenues and expenses. Generally, market participants prefer not to price trend, but sometimes they will trend when trying to justify a sale price when there is strong competition for land. Or, participants have indicated they may trend if the sell-off period is anticipated to be protracted.

The subject's market area has enjoyed market appreciation in home prices in recent months due to the lack of inventory. However, future appreciation over the disposition period is considered speculative; for this reason, this analysis does not trend prices.

Absorption

Typically, multiple product lines would be marketed in a subdivision to create characteristics appealing to as many potential purchasers as possible. Offering home products within a subdivision to different market segments is done with the aim of increasing absorption and reducing the overall development holding period for a project. Based on typical marketing and absorption rates, we estimate an absorption rate of approximately 3.0 units per month, or 9.0 sales per quarter, for the detached homes and 4.0 units per month, or 12.0 sales per quarter for the townhomes. We have been provided with a Market Pricing and Absorption Analysis by RCLCO which is generally consistent with our absorption conclusions.

Expense Projections

As part of an ongoing effort to assemble market information, the following table reflects survey responses and developer budget information for numerous residential subdivisions throughout California.

Subdivision Budgets													
Developer Classification	Budget Date	No. of Units	Avg. Home Size (SF)	Typical Lot Size	G & A % of Revenue	Mkt & Sales % of Revenue	Direct Costs/SF	Indirect % of Direct Costs	Site Costs/Lot	Cost per Model	Profit % of Revenue	Projected Sales/Mo.	
Local	2021	12	1,909	3,450	N/Av	1.4%	189.48	16.7%	\$96,162	N/Av	20.0%	4	
Regional	2021	72	2,551	3,800	N/Av	7.4%	\$88.00	N/Av	\$112,128	N/Av	9.5%	N/Av	
Local	2020	30	1,643	5,344	0.4%	1.7%	\$143.00	5%	N/Av	N/Av	N/Av	3-4	
Local	2020	17	1,611	9,424	N/Av	N/Av	\$142.88	N/Av	\$192,701	\$170,000	N/Av	N/Av	
Regional	2020	10	3,127	7,500	N/Av	N/Av	\$96.00	9%	N/Av	N/Av	N/Av	4	
Local	2020	22	1,692	2,200	N/Av	N/Av	\$170.00	20%	\$101,441	N/Av	N/Av	N/Av	
Regional	2020	233	2,300	7,500	3.0%	4.2%	\$91.00	11%	\$100,000	N/Av	10.0%	N/Av	
Regional	2020	81	1,974	5,775	N/Av	2.5%	\$80.00	20%	\$83,788	N/Av	N/Av	N/Av	
Local	2020	51	2,106	6,955	3.3%	4.0%	\$91.50	11%	\$122,885	\$38,500	20.0%	4	
National	2020	14	2,165	3,500	N/Av	3.2%	\$95.00	12%	N/Av	N/Av	N/Av	4	
National	2020	48	2,102	5,250	2.4%	6.1%	\$124.00	16%	\$102,134	\$126,000	16.1%	4	
Regional	2020	20	2,670	1,824	N/Av	N/Av	\$160.00	18%	\$187,280	N/Av	N/Av	3	
Regional	2020	112	2,060	6,300	4.6%	4.1%	\$80.23	10%	\$86,830	\$108,380	13.20%	3	
Local	2020	27	1,834	9,148	N/Av	N/Av	\$80.00	16%	N/Av	N/Av	N/Av	N/Av	
National	2020	70	1,948	7,817	N/Av	N/Av	\$87.02	12%	N/Av	N/Av	N/Av	N/Av	
Regional	2020	30	2,672	5,000	9.8%	6.3%	\$88.79	10%	\$91,600	N/Av	12.2%	3-4	
National	2020	144	1,800	2,000	N/Av	N/Av	\$134.00	N/Av	\$25,569	N/Av	N/Av	N/Av	
Regional	2020	145	1,834	5,500	N/Av	N/Av	\$60.00	N/Av	N/Av	N/Av	8.0%	4-5	
National	2020	148	2,253	7,000	N/Av	N/Av	\$57.21	N/Av	\$39,000	N/Av	N/Av	N/Av	
Regional	2020	46	2,289	6,600	N/Av	N/Av	\$66.49	N/Av	N/Av	N/Av	N/Av	N/Av	
Local	2019	61	1,972	2,500	N/Av	N/Av	\$86.15	N/Av	N/Av	N/Av	N/Av	3.2	
National	2019	121	2,000	5,775	1.5%	2.6%	\$74.00	14%	\$73,047	N/Av	18.8%	N/Av	
Regional	2019	159	1,478	1,800	N/Av	4.6%	\$94.78	9%	\$53,581	\$149,964	12.6%	4	
Regional	2019	71	1,989	3,250	N/Av	N/Av	\$92.65	18%	\$60,754	N/Av	N/Av	N/Av	
Local	2019	52	2,604	7,000	N/Av	3.3%	\$93.92	22%	\$40,178	N/Av	12.6%	N/Av	
Local	2019	24	3,021	8,500	5.8%	4.0%	\$94.20	9%	\$99,800	\$102,340	17.6%	2	
Regional	2019	84	2,349	5,500	4.0%	2.6%	\$90.21	14%	N/Av	\$106,667	12.6%	5	
Local	2019	48	2,545	7,006	2.1%	5.7%	\$88.47	21%	\$63,645	\$133,333	6.8%	N/Av	
Regional	2019	41	2,845	8,385	5.4%	5.5%	\$86.61	7%	N/Av	\$200,000	N/Av	3	
Regional	2019	76	2,684	6,500	N/Av	5.0%	\$85.33	7%	N/Av	\$200,000	N/Av	3	

Information from the survey will contribute to the estimate of development expenses classified as follows.

General and Administrative

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.5% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 3.0% for general and administrative expenses.

Marketing and Sale

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.5%. A figure of 6.0%, or 3.0% for marketing and 3.0% for sales, is estimated in the marketing and sales expense category.

Property Taxes (Ad Valorem and Special Taxes)

The subject is located within an area with an effective tax rate of 1.200129%. This amount is applied to the estimated market values and divided by the total number of units to yield an estimate of ad valorem taxes/unit/year for each period. The tax amounts are applied to unclosed inventory over the sell-off period. Property taxes are increased by 2% per year. Additionally, the subject will be encumbered by Special Taxes associated with CFD No. 11 (Ponte Vista), which are taken into consideration in this analysis. The assigned Special Tax rates are provided below.

Community Facilities District No. 11 (Ponte Vista) Special Tax, Fiscal Year 2021-22

Land Use Class	Description	Residential Floor Area	Assigned Special Tax
1	Condominium Property	≥ 2,000 SF	\$3,291.75 per unit
2	Condominium Property	1,800 – 1,999 SF	\$3,154.20 per unit
3	Condominium Property	1,600 – 1,799 SF	\$2,870.70 per unit
4	Condominium Property	1,400 – 1,599 SF	\$2,503.20 per unit
5	Condominium Property	1,200 – 1,399 SF	\$2,269.05 per unit
6	Condominium Property	< 1,200 SF	\$1,940.40 per unit
7	Other Residential Property	≥ 3,400 SF	\$5,148.15 per unit
8	Other Residential Property	3,100 – 3,399 SF	\$4,942.35 per unit
9	Other Residential Property	2,800 – 3,099 SF	\$4,617.90 per unit
10	Other Residential Property	2,600 – 2,799 SF	\$4,295.55 per unit
11	Other Residential Property	2,300 – 2,599 SF	\$3,972.15 per unit
12	Other Residential Property	2,000 – 2,299 SF	\$3,466.05 per unit
13	Other Residential Property	< 2,000 SF	\$3,276.00 per unit
14	Non-Residential Property	NA	\$93,908 per Acre

HOA

Homeowner's associations are common among new projects in the area. HOA fees are reportedly \$299 per month during development which is utilized in our analysis.

Permits and Fees

Typical fees due at building permit for construction of a new home are reflected in the upcoming land residual analysis. Anticipated permits and fees were provided for the various projects within the development and range from \$12,899 to \$18,258 per home across the subareas.

Direct and Indirect Construction Costs

Construction costs are generally classified into direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Direct costs generally are lower per square foot for larger floor plans, all else being equal, due to economies of scale. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle. Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs.

Recent conversations with homebuilders confirm construction costs have increased over the last 12 months. Based upon recent direct construction costs among comparable projects, a direct cost estimate of \$85.00 per square foot is utilized in the analysis for a home on the detached lot (3,200 square foot home) while \$95.00 per square foot is utilized in the analysis for a home on the cluster lot (2,400 square foot home), considering economies of scale. Finally a direct cost of \$120.00 is utilized for the townhomes (1,950 square foot home) as attached home projects typically have higher direct costs.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees
- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered
- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator
- Interest reserve

Conversations with homebuilders indicate the indirect costs generally range anywhere from 10% to 15% of the direct costs (excluding marketing, sales, general and administrative expenses, taxes, which are accounted for separately). An estimate of 12% is considered reasonable for the subject.

Model Complex

This analysis will assume three model homes per project. Model upgrade expenses can vary widely depending upon construction quality, targeted market and anticipated length of time on the market.

These upgrades, exterior and interior, including furniture, can range from \$20,000 per model to over \$250,000 per model for executive homes. Based on the quality of the subject's proposed improvements and the targeted buyer segment, a model upgrade cost of \$75,000 per home is considered reasonable for the subject's lots. Of this amount approximately 35% will be recaptured with the sale of the models reflecting a model recapture of \$26,250 per home, or \$78,750 in total. Model costs are applied in the initial period.

Summary

The following charts summarize the revenue and expenses discussed on the preceding pages.

Revenue Summary - Detached Standard Lot

Floor Plan	No. of Units	Unit Size	Sale \$/SF	Value Per Unit	Extension
Typical Floor Plan	66	3,200	\$453	\$1,450,000	\$95,700,000
Model Recapture					<u>\$78,750</u>
Total	66	3,200 (avg.)		\$1,451,193 (avg.)	\$95,778,750 (without appreciation)

Expenses Summary

General and Administrative 3.0% of total revenue

Marketing and Sales 6.0% of total revenue

Ad Valorem Taxes

1.200129% - Tax Rate (based on residual land value)
 ÷ Total Number of Units 66 \$593,344
 \$8,990 /lot/year

Special Taxes

\$4,942 /lot/year

Direct Charges & HOA Fees

\$4,208 /lot/year

Estimated Permits and Fees at Building Permit/Occupancy

Average Permits and Fees/Unit \$17,800
 x Number of Units 66

Construction Costs	SF	Units	Cost/SF	Extension	Indirects
Typical Floor Plan	3,200	66	\$85.00	\$17,952,000	\$2,154,240
Average Direct Construction Costs					\$272,000
Indirect Costs		12% of Direct Costs			\$32,640
Model Complex					\$225,000

Revenue Summary - Detached Cluster Lot

Floor Plan	No. of Units	Unit Size	Sale \$/SF	Value Per Unit	Extension
Typical Floor Plan	60	2,400	\$500	\$1,200,000	\$72,000,000
Model Recapture					<u>\$78,750</u>
Total	60	2,400 (avg.)		\$1,201,313 (avg.)	\$72,078,750 (without appreciation)

Expenses Summary

General and Administrative 3.0% of total revenue

Marketing and Sales 6.0% of total revenue

Ad Valorem Taxes

1.200129% - Tax Rate (based on residual land value) \$443,568
 ÷ Total Number of Units 60 \$7,393 /lot/year

Special Taxes

\$3,972 /lot/year

Direct Charges & HOA Fees

\$4,133 /lot/year

Estimated Permits and Fees at Building Permit/Occupancy

Average Permits and Fees/Unit \$18,300
 x Number of Units 60

Construction Costs	SF	Units	Cost/SF	Extension	Indirects
Typical Floor Plan	2,400	60	\$95.00	\$13,680,000	\$1,641,600
Average Direct Construction Costs					\$228,000
Indirect Costs		12% of Direct Costs			\$27,360
Model Complex					\$225,000

Revenue Summary - Townhome					
Floor Plan	No. of Units	Unit Size	Sale \$/SF	Value Per Unit	Extension
Typical Floor Plan	86	1,950	\$487	\$950,000	\$81,700,000
Model Recapture					<u>\$78,750</u>
Total	86	1,950 (avg.)		\$950,916 (avg.)	\$81,778,750 (without appreciation)
Expenses Summary					
General and Administrative	3.0% of total revenue				
Marketing and Sales	6.0% of total revenue				
Ad Valorem Taxes					
1.200129% - Tax Rate (based on residual land value)				\$463,130	
÷ Total Number of Units	86			\$5,385 /lot/year	
Special Taxes				\$3,154 /lot/year	
Direct Charges & HOA Fees				\$3,688 /unit/year	
Estimated Permits and Fees at Building Permit/Occupancy					
Average Permits and Fees/Unit				\$12,900	
x Number of Units	86				
Construction Costs	SF	Units	Cost/SF	Extension	Indirects
Typical Floor Plan	1,950	86	\$120.00	\$20,124,000	\$2,414,880
Average Direct Construction Costs				\$234,000	
Indirect Costs	12% of Direct Costs			\$28,080	
Model Complex				\$225,000	

Developer's Incentive and Discount Rate

Developer's Incentive

When employing a land residual analysis, most market participants (homebuilders) analyze projects based on an expected increment of profit and a cost-of-funds discount rate. The developer's profit is expressed as a percent of sales revenue and is included as an expense deduction. The cost-of-funds rate is used to discount each year of net income to present value. This methodology differs from the subdivision development method, in which most market participants (typically land developers) employ a yield rate or internal rate of return (IRR) inclusive of developer's profit, and do not deduct profit as a line item expense.

According to industry sources, developer's incentive (profit) historically has ranged anywhere from 5% to 25%, with a predominate range of 5% to 15%. This is consistent with our survey presented earlier in this section, which ranged from 6.8% to 20.0%. Profit is based on the perceived risk associated with the development. Low profit expectations are typical for projects focused on more affordable product with faster sales rates. Higher profit expectations are common in projects with more risk such as developments where sales rates are slower, project size produces an extended holding period or the product type is considered weak or untested.

Elements affecting profit include location, supply/demand, anticipated risk, construction time frame and project type. Another element considered in profit expectations is for the development stage of a

project. First phases typically generate a lower profit margin due to cautious or conservative pricing, as new subdivisions in competitive areas must become established to generate a fair market share. Additionally, up front development costs on first phases can produce lower profit margins.

Based on the preceding discussion and developer surveys we have concluded an estimate of 10.0% to 12.0% for developer's incentive.

Discount Rate (Cost of Funds)

A discount rate will be employed to convert future cash flows to present value, thus reflecting the time value of money. An appropriate discount rate should reflect the cost of funds under current market conditions. For a cost of funds index, we will use the 11th District Cost of Funds Index (COFI), which is a standard financial index widely used in U.S. capital markets as a benchmark for adjustable-rate loans. Lenders use such an index to adjust interest rates as economic conditions change. Lenders add a certain number of percentage points, or margin, to the index to establish interest rates. The 11th District COFI was 0.31% as of July 2021. A typical margin used by banks is about 250 to 350 basis points, or 2.5% to 3.5% not including additional points or fees. We will employ a discount rate (cost of funds) of 5.0% in the land residual analysis.

Conclusion

The land residual analysis is presented on the following pages for the three lot categories.

Land Residual Analysis - Detached Standard Lot**Revenue and Sales Summary**

	1	2	3	4	5	6	7	8	9	Total
Period (Quarter/3 months):										
Sales	9.0	9.0	9.0	9.0	9.0	9.0	9.0	3.0	0.0	66
Close of Escrow (COE)	0.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	3.0	66
Unsold Inventory	57.0	48.0	39.0	30.0	21.0	12.0	3.0	0.0	0.0	
Total Sales	\$ 13,060,739	\$ 13,060,739	\$ 13,060,739	\$ 13,060,739	\$ 13,060,739	\$ 13,060,739	\$ 13,060,739	\$ 4,353,580	\$ -	\$ 95,778,750
Total Sales Revenue	\$ -	\$ 13,060,739	\$ 13,060,739	\$ 13,060,739	\$ 13,060,739	\$ 13,060,739	\$ 13,060,739	\$ 13,060,739	\$ 4,353,580	\$ 95,778,750

Expenses and Cash Flow Summary

	1	2	3	4	5	6	7	8	9	Total
Period (Quarter/3 months):										
General and Administrative	\$ (319,263)	\$ (319,263)	\$ (319,263)	\$ (319,263)	\$ (319,263)	\$ (319,263)	\$ (319,263)	\$ (319,263)	\$ (319,263)	\$ (2,873,363)
Marketing and Sales	\$ -	\$ (783,644)	\$ (783,644)	\$ (783,644)	\$ (783,644)	\$ (783,644)	\$ (783,644)	\$ (783,644)	\$ (261,215)	\$ (5,746,725)
Ad Valorem Real Estate Taxes	\$ (148,336)	\$ (128,108)	\$ (107,881)	\$ (87,653)	\$ (68,774)	\$ (48,142)	\$ (27,510)	\$ (6,877)	\$ -	\$ (623,281)
Special Taxes, Direct Charges, & HOA	\$ (150,981)	\$ (130,392)	\$ (109,804)	\$ (89,216)	\$ (68,628)	\$ (48,039)	\$ (27,451)	\$ (6,863)	\$ -	\$ (631,374)
Direct Construction Costs	\$ (1,224,000)	\$ (2,448,000)	\$ (2,448,000)	\$ (2,448,000)	\$ (2,448,000)	\$ (2,448,000)	\$ (2,448,000)	\$ (1,632,000)	\$ (408,000)	\$ (17,952,000)
Indirect Construction Costs	\$ (146,880)	\$ (293,760)	\$ (293,760)	\$ (293,760)	\$ (293,760)	\$ (293,760)	\$ (293,760)	\$ (195,840)	\$ (48,960)	\$ (2,154,240)
Model Costs	\$ (225,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (225,000)
Building Permits	\$ (160,200)	\$ (160,200)	\$ (160,200)	\$ (160,200)	\$ (160,200)	\$ (160,200)	\$ (160,200)	\$ (53,400)	\$ -	\$ (1,174,800)
Total Expenses	\$ (2,374,659)	\$ (4,263,368)	\$ (4,222,552)	\$ (4,181,736)	\$ (4,142,268)	\$ (4,101,048)	\$ (4,059,827)	\$ (2,997,887)	\$ (1,037,437)	\$ (31,380,782)
Net Income Before Developer's Incentive	\$ (2,374,659)	\$ 8,797,371	\$ 8,838,187	\$ 8,879,003	\$ 8,918,470	\$ 8,959,691	\$ 9,000,911	\$ 10,062,852	\$ 3,316,142	\$ 64,397,968
Total Developer's Incentive (Profit)	12.00%	\$ -	\$ 1,567,289	\$ 1,567,289	\$ 1,567,289	\$ 1,567,289	\$ 1,567,289	\$ 1,567,289	\$ 522,430	\$ 11,493,450
Net Income (Before Discounting)	\$ (2,374,659)	\$ 7,230,082	\$ 7,270,898	\$ 7,311,714	\$ 7,351,182	\$ 7,392,402	\$ 7,433,623	\$ 8,495,563	\$ 2,793,713	\$ 52,904,518
Present Value Factor										
Discount Rate (Cost of Borrowed Funds)	5.00%	0.98765	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540	0.89422	
Discounted Cash Flow	\$ (2,345,342)	\$ 7,052,864	\$ 7,004,917	\$ 6,957,274	\$ 6,908,472	\$ 6,861,442	\$ 6,814,520	\$ 7,691,870	\$ 2,498,196	\$ 49,444,011
Net Present Value	\$ 49,444,011									
Conclusion of Value by Discounted Cash Flow Analysis (Rd)										
Per Lot										\$ 49,440,000
										\$ 749,091

Land Residual Analysis - Detached Cluster Lot**Revenue and Sales Summary**

Period (Quarter/3 months):									
1	2	3	4	5	6	7	8	Total	
Sales	9.0	9.0	9.0	9.0	9.0	6.0	0.0	60	60
Close of Escrow (COE)	0.0	9.0	9.0	9.0	9.0	9.0	6.0	60	60
Unsold Inventory	51.0	42.0	33.0	24.0	15.0	0.0	0.0		
Total Sales	\$ 10,811,813	\$ 10,811,813	\$ 10,811,813	\$ 10,811,813	\$ 10,811,813	\$ 10,811,813	\$ -	\$ 72,078,750	\$ 72,078,750
Total Sales Revenue	\$ -	\$ 10,811,813	\$ 10,811,813	\$ 10,811,813	\$ 10,811,813	\$ 10,811,813	\$ 7,207,875	\$ 72,078,750	\$ 72,078,750

Expenses and Cash Flow Summary

Period (Quarter/3 months):									
1	2	3	4	5	6	7	8	Total	
General and Administrative	\$ (270,295)	\$ (270,295)	\$ (270,295)	\$ (270,295)	\$ (270,295)	\$ (270,295)	\$ (270,295)	\$ (2,162,363)	\$ (2,162,363)
Marketing and Sales	\$ -	\$ (648,709)	\$ (648,709)	\$ (648,709)	\$ (648,709)	\$ (648,709)	\$ (432,473)	\$ (4,324,725)	\$ (4,324,725)
Ad Valorem Real Estate Taxes	\$ (110,892)	\$ (94,258)	\$ (77,624)	\$ (60,991)	\$ (45,244)	\$ (28,277)	\$ (11,311)	\$ -	\$ (428,597)
Special Taxes, Direct Charges, & HOA	\$ (121,577)	\$ (103,341)	\$ (85,104)	\$ (66,867)	\$ (48,631)	\$ (30,394)	\$ (12,158)	\$ -	\$ (468,072)
Direct Construction Costs	\$ (1,026,000)	\$ (2,052,000)	\$ (2,052,000)	\$ (2,052,000)	\$ (2,052,000)	\$ (1,710,000)	\$ (684,000)	\$ (13,680,000)	\$ (13,680,000)
Indirect Construction Costs	\$ (123,120)	\$ (246,240)	\$ (246,240)	\$ (246,240)	\$ (246,240)	\$ (205,200)	\$ (82,080)	\$ (1,641,600)	\$ (1,641,600)
Model Costs	\$ (225,000)	-	-	-	-	-	-	\$ (225,000)	\$ (225,000)
Building Permits	\$ (164,700)	\$ (164,700)	\$ (164,700)	\$ (164,700)	\$ (164,700)	\$ (109,800)	-	\$ (1,098,000)	\$ (1,098,000)
Total Expenses	\$ (2,041,584)	\$ (3,579,543)	\$ (3,544,672)	\$ (3,509,802)	\$ (3,475,819)	\$ (2,967,473)	\$ (1,468,848)	\$ (24,028,357)	\$ (24,028,357)
Net Income Before Developer's Incentive	\$ (2,041,584)	\$ 7,232,270	\$ 7,267,140	\$ 7,302,010	\$ 7,335,994	\$ 7,371,197	\$ 5,739,027	\$ 48,050,393	\$ 48,050,393
Total Developer's Incentive (Profit)	\$ 12.00%	\$ -	\$ 1,297,418	\$ 1,297,418	\$ 1,297,418	\$ 1,297,418	\$ 864,945	\$ 8,649,450	\$ 8,649,450
Net Income (Before Discounting)	\$ (2,041,584)	\$ 5,934,852	\$ 5,969,723	\$ 6,004,593	\$ 6,038,576	\$ 6,073,779	\$ 4,874,082	\$ 39,400,943	\$ 39,400,943
Present Value Factor									
Discount Rate (Cost of Borrowed Funds)	5.00%	0.98765	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540	
Discounted Cash Flow	\$ (2,016,380)	\$ 5,789,217	\$ 5,751,340	\$ 5,713,516	\$ 5,674,915	\$ 5,637,529	\$ 4,412,986	\$ 36,964,792	\$ 36,964,792
Net Present Value	\$ 36,964,792								
Conclusion of Value by Discounted Cash Flow Analysis (Rd)									
Per Lot								\$ 36,960,000	\$ 36,960,000
								\$ 616,000	\$ 616,000

Land Residual Analysis - Townhome

Revenue and Sales Summary

Period (Quarter/3 months):	1	2	3	4	5	6	7	8	9	Total
Sales	12.0	12.0	12.0	12.0	12.0	12.0	12.0	2.0	0.0	86
Close of Escrow (COE)	0.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	2.0	86
Unsold Inventory	74.0	62.0	50.0	38.0	26.0	14.0	2.0	0.0	0.0	
Total Sales	\$ 11,410,988	\$ 11,410,988	\$ 11,410,988	\$ 11,410,988	\$ 11,410,988	\$ 11,410,988	\$ 11,410,988	\$ 1,901,831	\$ -	\$ 81,778,750
Total Sales Revenue	\$ -	\$ 11,410,988	\$ 11,410,988	\$ 11,410,988	\$ 11,410,988	\$ 11,410,988	\$ 11,410,988	\$ 1,901,831	\$ 1,901,831	\$ 81,778,750

Expenses and Cash Flow Summary

Period (Quarter/3 months):	1	2	3	4	5	6	7	8	9	Total
General and Administrative	\$ (272,596)	\$ (272,596)	\$ (272,596)	\$ (272,596)	\$ (272,596)	\$ (272,596)	\$ (272,596)	\$ (272,596)	\$ (272,596)	\$ (2,453,363)
Marketing and Sales	\$ -	\$ (684,659)	\$ (684,659)	\$ (684,659)	\$ (684,659)	\$ (684,659)	\$ (684,659)	\$ (684,659)	\$ (114,110)	\$ (4,906,725)
Ad Valorem Real Estate Taxes	\$ (115,782)	\$ (99,627)	\$ (83,471)	\$ (67,315)	\$ (52,183)	\$ (35,704)	\$ (19,225)	\$ (2,746)	\$ -	\$ (476,054)
Special Taxes, Direct Charges, & HOA	\$ (147,112)	\$ (126,584)	\$ (106,057)	\$ (85,530)	\$ (65,003)	\$ (44,476)	\$ (23,948)	\$ (3,421)	\$ -	\$ (602,131)
Direct Construction Costs	\$ (1,404,000)	\$ (2,808,000)	\$ (2,808,000)	\$ (2,808,000)	\$ (2,808,000)	\$ (2,808,000)	\$ (2,808,000)	\$ (1,638,000)	\$ (234,000)	\$ (20,124,000)
Indirect Construction Costs	\$ (168,480)	\$ (336,960)	\$ (336,960)	\$ (336,960)	\$ (336,960)	\$ (336,960)	\$ (336,960)	\$ (196,560)	\$ (28,080)	\$ (2,414,880)
Model Costs	\$ (225,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (225,000)
Building Permits	\$ (154,800)	\$ (154,800)	\$ (154,800)	\$ (154,800)	\$ (154,800)	\$ (154,800)	\$ (154,800)	\$ (25,800)	\$ -	\$ (1,109,400)
Total Expenses	\$ (2,487,770)	\$ (4,483,226)	\$ (4,446,543)	\$ (4,409,861)	\$ (4,374,201)	\$ (4,337,195)	\$ (4,300,189)	\$ (2,823,783)	\$ (648,786)	\$ (32,311,553)
Net Income Before Developer's Incentive	\$ (2,487,770)	\$ 6,927,762	\$ 6,964,445	\$ 7,001,128	\$ 7,036,788	\$ 7,073,794	\$ 7,110,800	\$ 8,587,206	\$ 1,253,046	\$ 49,467,197
Total Developer's Incentive (Profit)	\$ 10.00%	\$ -	\$ 1,141,099	\$ 1,141,099	\$ 1,141,099	\$ 1,141,099	\$ 1,141,099	\$ 1,141,099	\$ 190,183	\$ 8,177,875
Net Income (Before Discounting)	\$ (2,487,770)	\$ 5,786,663	\$ 5,823,346	\$ 5,860,029	\$ 5,895,689	\$ 5,932,695	\$ 5,969,701	\$ 7,446,107	\$ 1,062,863	\$ 41,289,322
Present Value Factor										
Discount Rate (Cost of Borrowed Funds)	5.00%	0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540	0.89422
Discounted Cash Flow	\$ (2,457,057)	\$ 5,644,665	\$ 5,610,318	\$ 5,575,960	\$ 5,540,633	\$ 5,506,578	\$ 5,472,520	\$ 6,741,693	\$ 950,434	\$ 38,585,744
Net Present Value	\$ 38,585,744									
Conclusion of Value by Discounted Cash Flow Analysis (Rd)										
Per Lot										\$ 38,590,000
										\$ 448,721

Sales Comparison Approach

As an additional indicator of lot value for the appraised property, the sales comparison approach will also be employed. This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 15th Edition (Chicago: Appraisal Institute, 2020), *“The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time.”* The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

This value estimate assumes the subject property would sell on a bulk, or wholesale, basis. That is, it would transfer in one transaction to a single buyer. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties. Our sales research focused on bulk lot transactions within the following parameters:

- Location: Los Angeles County (South Bay Area) and similar market areas
- Transaction Date: Within the last 36 to 48 months

The sales are analyzed on an improved lot basis (known as a finished lot, or loaded lot, depending on the market) which is the equivalent of underlying land, any remaining site development costs, and development impact fees (DIF). It excludes building fees due at building permit. The most relevant sales are summarized in the following tables:

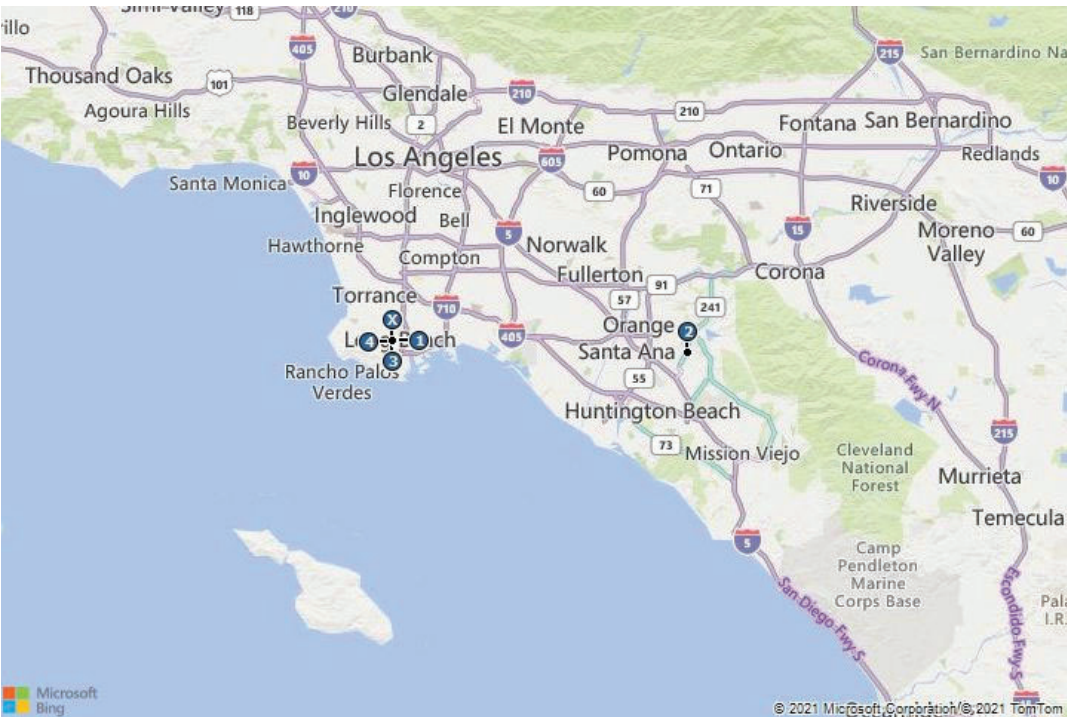
Summary of Comparable Land Sales - Detached and Cluster Lots

No.	Name/Address	Sale Date; Status	Sale Price	Typical Lot Size	Number of Lots	\$/Lot	Site Dev. Costs/Lot
1	Westport at Ponte Vista Horizon Way San Pedro Grantor: SoCal San Pedro SPVI, LLC Grantee: KB Home of Greater Los Angeles Inc. <i>Comments: This is the acquisition of 60 lots over three takedowns from September 2020 through September 2022. The net purchase price utilized includes a credit for site improvements to be completed by the buyer. Remaining site improvements budgeted total \$46,113 per lot. The average lot size is 4,038 square feet.</i>	Jul-20 Closed	\$32,899,980	4,158	60	\$548,333	\$46,113
2	Padova at Orchard Hills Woody Knoll Irvine Grantor: Irvine Community Development Company, LLC Grantee: Shea Homes LP Document ID: 0285424 <i>Comments: This is the sale of a 2.41-acre site comprising 23 residential lots in finished condition as part of a rolling takedown.</i>	Jun-20 Closed	\$15,324,000	4,500	23	\$666,261	\$0
3	The Estates at Ponte Vista Edgemont Dr. San Pedro Grantor: SoCal San Pedro SPVI, LLC Grantee: D.R. Horton VEN, Inc. Document ID: <i>Comments: This is the purchase of 66 lots over eight planned closings spanning from March of 2020 to December of 2021. The net sale price utilized includes a credit for site improvements to be completed by the buyer. Remaining site improvements budgeted total \$27,168 per lot. The average lot size is 6,579 square feet.</i>	Jan-20 Closed	\$47,230,735	6,579	66	\$715,617	\$27,168
4	Skyview at Ponte Vista Belgreens St. San Pedro Grantor: SoCal San Pedro SPVI, LLC Grantee: KB Home of Greater Los Angeles Inc. <i>Comments: This is the purchase of 79 lots over three takedowns from March 2020 through March 2022. The net purchase price utilized includes a credit for site improvements to be completed by the buyer. Remaining site improvements budgeted total \$35,656 per lot. The average lot size is 4,038 square feet.</i>	Dec-19 Closed	\$40,742,079	3,947	79	\$515,723	\$35,656
Subject Benchmarks							
Detached Lot				6,579	66		
Detached Cluster Lot				4,158	60		
San Pedro, CA							

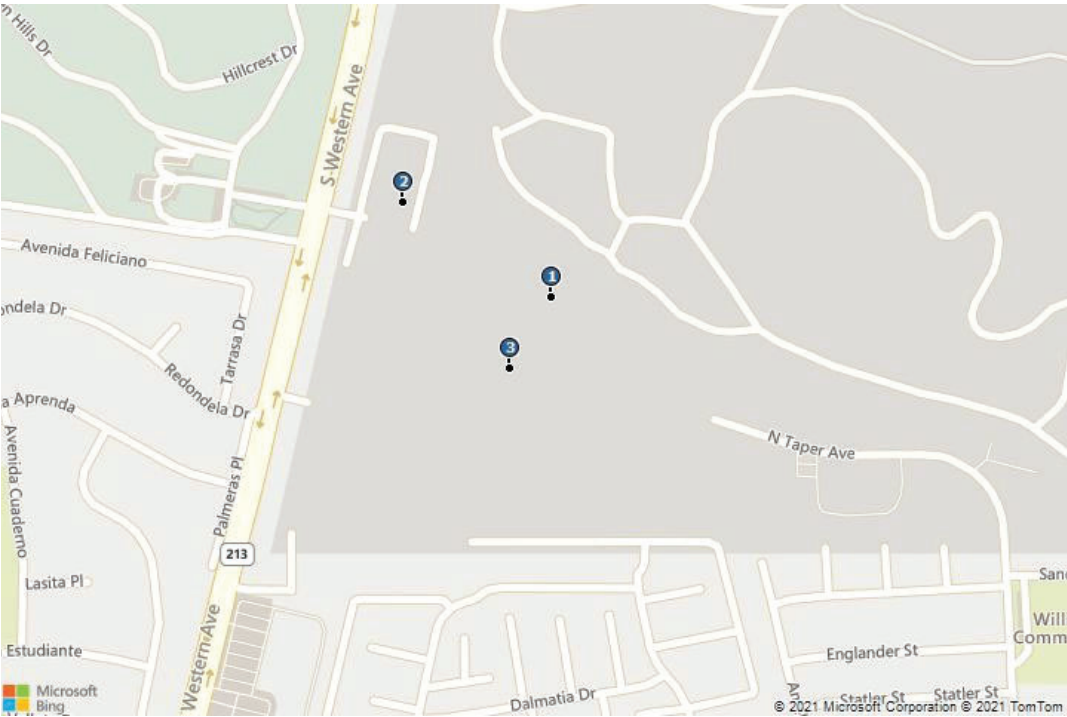
Summary of Comparable Land Sales - Townhomes

No.	Name/Address	Sale Date; Status	Sale Price	Acres	Number of Units	Density (Units/Acre)	\$/Unit	Site Dev. Costs/Unit
1	Grace Park (66 Units) 333 N. Prairie Ave. Inglewood Grantor: VHDG Inglewood, LLC Grantee: KB Home Greater Los Angeles Inc. Document ID: 20201265606 <i>Comments: This is the sale of 66 nearly finished lots within a 226 lot detached condominium community. The 66 units have wet utilities installed, but require completion of grading and installation of streets, dry utilities, fencing and landscaping, which total approximately \$1,260,000, or \$19,091 per unit. The buyer reportedly planned to construct five floor plans ranging in size from 1,995 to 2,355 square feet and they are currently offering homes priced from \$979,990 to \$1,035,990 in the development.</i>	Oct-20 Closed	\$27,137,000	4.43	66	14.9	\$411,167	\$19,091
2	Harbor Pointe NWC Ridgeway Dr. & Highpark Dr. San Pedro Grantor: SoCal San Pedro SPVI, LLC Grantee: Taylor Morrison Document ID: <i>Comments: This is the purchase of nearly 8.1 gross acres planned for 131 townhome units. The transaction is planned for three takedowns, with the initial takedown of 46 units completed and the remaining takedowns scheduled for February and December of 2022. The net purchase price utilized includes a credit for site improvements to be completed by the buyer. Remaining site improvements were estimated to total \$13,207 per unit. The builder is planning to offer three floor plans ranging in size from 1,688 to 1,870 square feet and marketed as a luxury condominium project.</i>	Aug-20 Closed	\$63,552,410	8.10	131	16.2	\$485,133	\$13,207
3	Cabrilla at Ponte Vista M St. San Pedro Grantor: SoCal San Pedro SPVI, LLC Grantee: Meritage Homes of California, Inc. Document ID: <i>Comments: This is the purchase of nearly 4.48 gross acres planned for 86 townhome units. The initial parcel, planned for 35 units has transferred and the remaining parcels are scheduled to transfer in October 2021 and June of 2022. The net purchase price utilized includes a credit for site improvements to be completed by the buyer. Remaining site improvements were estimated to total \$23,884 per unit.</i>	Jul-20 Closed	\$36,645,976	4.48	86	19.2	\$426,116	\$23,884
4	333 N. Prairie Avenue (55-unit portion) 333 N. Prairie Ave. Inglewood Grantor: VHDG Inglewood LLC Grantee: KB Home Greater Los Angeles, Inc. <i>Comments: This property was fully entitled for 55 units within a project planned for 226 two- and three-story detached condominium units. The gated subdivision will include several community amenities such as a community recreation building, a community pool and spa, children play areas, and neighborhood pocket parks. This property is zoned R-M, or residential medical, which shares similar density provisions as the R-3 Multiple Family Zone for residential development.</i>	Sep-19 Closed	\$22,614,000	3.78	55	14.6	\$411,164	\$14,545
5	333 N. Prairie Avenue (105-unit portion) 333 N. Prairie Ave. Inglewood Grantor: VHDG Inglewood LLC Grantee: Pulte Home Company, LLC Document ID: 209467 <i>Comments: This is the sale of 6.37 acres entitled for 105 units in blue top condition. The units are a portion of a 226 two and three story detached condominium unit development. The gated subdivision will include several community amenities, such as a community recreation building, a community pool and spa, children play areas, and neighborhood pocket parks. The property is located at the southwest corner of Prairie Avenue and Grace Avenue, across the street from Inglewood Park Cemetery. The property is zoned R M, or residential medical, which shares similar density provisions as the R 3 Multiple Family Zone for residential development</i>	Mar-19 Closed	\$41,961,000	6.37	105	16.5	\$399,629	\$53,886
Subject Benchmark				4.48	86	19.2		
Benchmark San Pedro, CA								

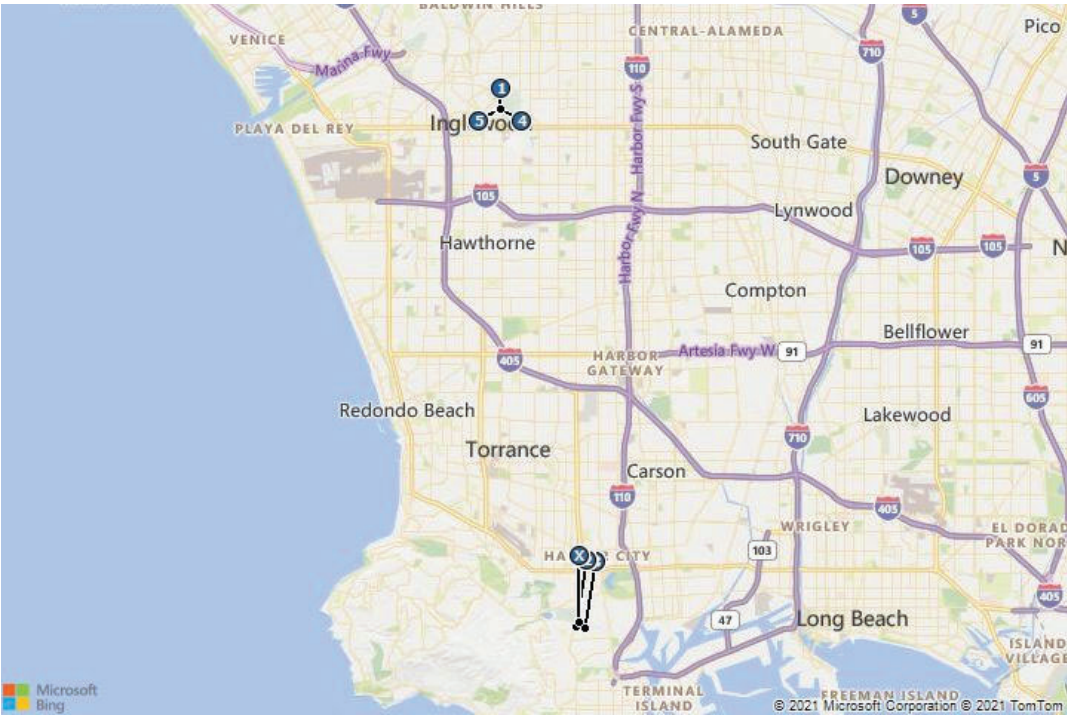
Comparable Land Sales Maps



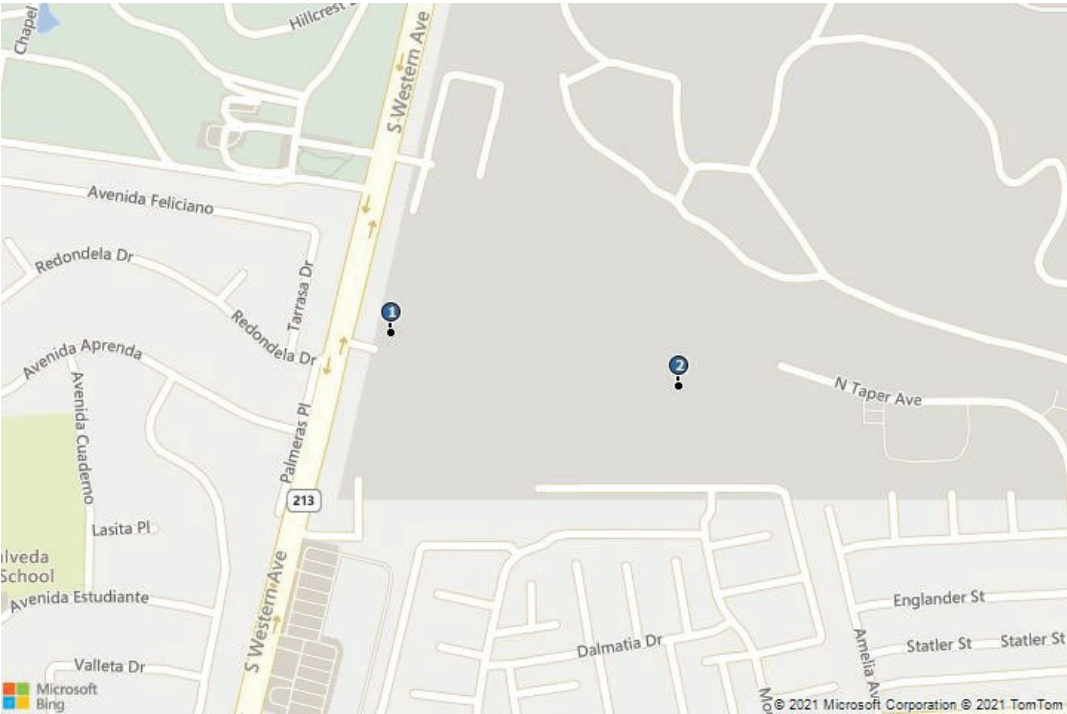
Detached Projects



Detached Projects within Ponte Vista



Attached Projects



Attached Projects within Ponte Vista

The sales are compared to the subject property benchmarks and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Remaining Site Dev. Cost	We apply adjustments for remaining site development costs (if any).	Each of the comparables except for Detached Comparable 2 required adjustment for remaining site costs.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	The comparable sales were cash to the seller transactions and do not require adjustments.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments are warranted for this element of comparison.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Most of the comparables transferred during a period of stability in residential land prices; however, Detached Comparables 3 and 4 as well as Townhome comparables 4 and 5 transferred in early 2020 or prior and are adjusted upward to account for improved market conditions.
Location/Community Appeal	Market or submarket area influences on sale price; surrounding land use influences.	Detached Comparable 2 is located in Irvine and is adjusted slightly downward for superior locational characteristics. Conversely, Townhome Comparables 1, 4, and 5 are located in Inglewood and are adjusted slightly upward. The remaining comparables do not require adjustment for location.
Number of Units	Generally, there is an inverse relationship between the number of units and price per unit such that larger projects (with a greater number of units) achieve a lower price per unit.	Typically, variances in per lot prices, all else being equal, are not observed in transactions between 50 and 250 lots. The comparables represent fairly similar sized transactions and do not require

Adjustment Factor	Accounts For	Comments
		adjustments.
Typical Lot Size (Detached)	Adjustments for differences in typical lot size between the comparables and subject benchmarks	Comparables with a substantially larger typical lot size are superior and adjusted downward while comparables with substantially smaller lots are adjusted upward.
Density – Units/Acre (Attached)	Projects offering homes at a lower density typically achieve a higher sale price on a per home basis	Attached Comparables 1, 2, 4, and 5 have a lower density than the subject and are adjusted slightly downward.
Site Utility	Primary physical factors that affect desirability of lots.	Detached Comparables 1 and 4 are alley loaded lots which, according to market participants, are less desirable, and are therefore adjusted slightly upward as compared to the subject detached lot benchmark. In comparison to the subject cluster lot benchmark, these lots do not require adjustment and Comparables 2 and 3 are adjusted slightly downward for superior site utility. No adjustments for site utility are necessary for the townhome comparables.

The tables on the following pages summarize the adjustments applied to the comparables.

Land Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Type A Lot	Westport at Ponte Vista	Padova at Orchard Hills	The Estates at Ponte Vista	Skyview at Ponte Vista
City	San Pedro	San Pedro	Irvine	San Pedro	San Pedro
Sale Date		Jul-20	Jun-20	Jan-20	Dec-19
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$32,899,980	\$15,324,000	\$47,230,735	\$40,742,079
Typical Lot Size	6,579	4,158	4,500	6,579	3,947
Number of Lots	66	60	23	66	79
Price per Lot	—	\$548,333	\$666,261	\$715,617	\$515,723
Remaining Site Development Costs	—	\$46,113	\$0	\$27,168	\$35,656
Price per Lot		\$594,446	\$666,261	\$742,785	\$551,379
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment					
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
Adjustment					
Conditions of Sale		Market	Market	Market	Market
Adjustment					
Market Conditions	7/12/2021	Jul-20	Jun-20	Jan-20	Dec-19
Adjustment				+	+
Location	San Pedro	San Pedro	Irvine	San Pedro	San Pedro
Typical Lot Size	6,579	4,158	4,500	6,579	3,947
		+	+		+
Number of Lots	66	60	23	66	79
Site Utility	Average	Average	Sl. Superior	Average	Average
		-			
Overall Adjustment		+	+	+/-	+

Land Sales Adjustment Grid - Cluster Lot

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name	Type B Lot	Westport at Ponte Vista	Padova at Orchard Hills	The Estates at Ponte Vista	Skyview at Ponte Vista
City	San Pedro	San Pedro	Irvine	San Pedro	San Pedro
Sale Date		Jul-20	Jun-20	Jan-20	Dec-19
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$32,899,980	\$15,324,000	\$47,230,735	\$40,742,079
Typical Lot Size	4,158	4,158	4,500	6,579	3,947
Number of Lots	60	60	23	66	79
Price per Lot	—	\$548,333	\$666,261	\$715,617	\$515,723
Remaining Site Development Costs	—	\$46,113	\$0	\$27,168	\$35,656
Price per Lot		\$594,446	\$666,261	\$742,785	\$551,379
Property Rights Adjustment		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing Terms Adjustment		Cash to seller	Cash to seller	Cash to seller	Cash to seller
Conditions of Sale Adjustment		Market	Market	Market	Market
Market Conditions Adjustment	7/12/2021	Jul-20	Jun-20	Jan-20 +	Dec-19 +
Location	San Pedro	San Pedro	Irvine	San Pedro	San Pedro
Typical Lot Size	4,158	4,158	4,500	6,579	3,947
Number of Lots	60	60	23	66	79
Site Utility	Below Average	Similar	Sl. Superior	Sl. Superior	Similar
		-	-	-	-
Overall Adjustment		+/-	--	-	+

Land Sales Adjustment Grid - Townhome Units

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	Benchmark	Grace Park (66 Units)	Harbor Pointe	Cabrilla at Ponte Vista	333 N. Prairie Avenue (55-unit portion)	333 N. Prairie Avenue (105-unit portion)
City	San Pedro	Inglewood	San Pedro	San Pedro	Inglewood	Inglewood
Sale Date		Oct-20	Aug-20	Jul-20	Sep-19	Mar-19
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$27,137,000	\$63,552,410	\$36,645,976	\$22,614,000	\$41,961,000
Acres	4.48	4.43	8.10	4.48	3.78	6.37
Number of Units	86	66	131	86	55	105
Price per Unit	—	\$411,167	\$485,133	\$426,116	\$411,164	\$399,629
Remaining Site Development Costs	—	\$19,091	\$13,207	\$23,884	\$14,545	\$53,886
Price per Unit		\$430,258	\$498,340	\$450,000	\$425,709	\$453,515
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment						
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
Adjustment						
Conditions of Sale		Market	Market	Market	Market	Market
Adjustment						
Market Conditions	7/12/2021	Oct-20	Aug-20	Jul-20	Sep-19	Mar-19
Adjustment					+	+
Location	San Pedro	Inglewood	San Pedro	San Pedro	Inglewood	Inglewood
		+			+	+
Number of Units	86	66	131	86	55	105
Density (Units/Acre)	19.2	14.9	16.2	19.2	14.6	16.5
		-	-		-	-
Site Utility	Average	Average	Average	Average	Average	Average
Overall Adjustment		+	-	+/-	+	+/-

Conclusion of Value – Sales Comparison Approach

The market data sets consist of various sales that are considered reasonable indicators of market value for the fee simple interest in the subject property benchmarks. After accounting for remaining site development costs, the data set reflects an unadjusted range of \$551,379 to \$742,785 per improved detached lot and \$430,258 to \$498,340 per unit for townhomes.

Based upon the analysis presented, a ranking analysis of the subject benchmarks and the comparable sales is displayed in the following tables.

Bulk Lot Ranking Summary - Detached			
Property	Sale Date	\$/ Loaded Lot (Unadjusted)	Net Adjustment
Comparable 3	Jan-20	\$742,785	Similar
Subject Detached	--	\$740,000	--
Comparable 2	Jun-20	\$666,261	Inferior
Comparable 1	Jul-20	\$594,446	Inferior
Comparable 4	Oct-19	\$551,379	Inferior

Bulk Lot Ranking Summary - Detached Cluster			
Property	Sale Date	\$/ Loaded Lot	Net Adjustment
Comparable 3	Jan-20	\$742,785	Superior
Comparable 2	Jun-20	\$666,261	Superior
Subject Detached Cluster	--	\$600,000	--
Comparable 1	Jul-20	\$594,446	Similar
Comparable 4	Oct-19	\$551,379	Inferior

Bulk Lot Ranking Summary - Townhome			
Property	Sale Date	\$/ Loaded Lot	Net Adjustment
Comparable 2	Aug-20	\$498,340	Sl. Superior
Comparable 5	Mar-19	\$453,515	Similar/Sl. Inferior
Subject Townhome	--	\$450,000	--
Comparable 3	Jul-20	\$450,000	Sl. Inferior
Comparable 1	Oct-20	\$430,258	Sl. Inferior
Comparable 4	Sep-19	\$425,709	Sl. Inferior

Emphasis was placed on the transactions from within the Ponte Vista project as the sales are recent transactions for portions of the subject property and represent the best indicators of value, with support from the additional indicators. As arrayed in the above tables, the improved lot value indicators for the subject property benchmarks are concluded as follows:

Sales Comparison Approach Conclusion	
Benchmark	Conclusion
Detached	\$740,000
Detached Clusters	\$600,000
Attached	\$450,000

Final Conclusion of Benchmark Lot Values

The results of the land residual analysis and sales comparison approach provided relatively close indicators as shown in the following table.

Residential Lot Reconciliation				
Benchmark	Land Residual Conclusion	Sales Comparison Conclusion	Difference %	Benchmark Conclusion
Detached Lots	\$749,091	\$740,000	-1.2%	\$740,000
Cluster Lots	\$616,000	\$600,000	-2.7%	\$600,000
Townhome Units	\$448,721	\$450,000	0.3%	\$450,000

Both methods are credible and supported; however, based on the quantity and quality of data available and inputs required across both approaches to value, the sales comparison approach warrants emphasis in the conclusion.

Lot Value by Subarea

As previously discussed, the subject's subareas are designed with three lot categories including a standard detached lot, detached cluster lots, and subareas planned for attached units (townhomes). We have considered whether additional adjustments are necessary to the benchmark conclusions for small differences within each applicable subarea and have concluded that the benchmarks provide a reasonable estimate of market value in for each applicable subarea and no further adjustments are warranted in applying the benchmark conclusion to the subareas.

The Master Developer has completed the majority of site improvements for the project with minimal remaining site improvements remaining to be completed by builders while constructing homes. Costs budgeted for builders range from \$13,207 to \$46,113 per lot and some builders have already completed a substantial portion of these improvements. Based on inspection of the subareas, we have applied the percent of remaining costs applicable to each subarea. The adjustment for remaining costs and final conclusion of lot value for each subarea is displayed in the following table.

Residential Lot Components						
Subarea	Lot Type	Value Conclusion	Percent of Site Costs Complete	Remaining Site Cost per Lot	Adjusted Value Conclusion	Value Conclusion Rd.
1	Detached Lots	\$740,000	90%	(\$2,717)	\$737,283	\$737,000
2	Cluster Lots	\$600,000	50%	(\$17,828)	\$582,172	\$582,000
3	Cluster Lots	\$600,000	50%	(\$23,057)	\$576,944	\$577,000
4A	Townhome Units	\$450,000	0%	(\$35,283)	\$414,717	\$415,000
4B	Townhome Units	\$450,000	0%	(\$23,884)	\$426,116	\$426,000
5	Townhome Units	\$450,000	30%	(\$9,245)	\$440,755	\$441,000

Market Valuation by Ownership

The appraised properties represent components of the City of Los Angeles CFD No. 11 (Ponte Vista). In this section, the previously concluded market values will be allocated to each ownership group comprising the appraised properties.

Two completed homes within the Estates project are owned by individual homeowners and the previous conclusion based on the smallest floor plan is applied to the ownership.

Value by Ownership - Individual Homeowners

Component	No. of Homes	Value per Home	Aggregate Value
Completed Homes	2	\$1,380,000	\$2,760,000

Both D. R. Horton and KB Home have completed model homes within the development and D. R. Horton has completed nine additional homes which are reportedly under contract. We considered whether a discount (incentive) for the completed homes held by builders was necessary and concluded that due to the fact that the home values represent a not-less-than value based upon the smallest floorplan and the completed homes will close escrow within a short time period, additional discounting is not warranted.

Market Value, in Bulk, Completed Homes

Component	No. of Homes	Value per Home	Value in Bulk
D. R. Horton			
Completed Homes	11	\$1,380,000	\$15,180,000
KB Home			
Completed Homes	3	\$1,060,000	\$3,180,000

In light of the fact that the lots held by each builder could sell in bulk to one buyer within a reasonable disposition period, no additional discounting is necessary beyond the market value, in bulk, of the remaining lots held by builders within Subareas 1, 2, 3, 4B, and 5. As the remaining 215 lots held within these subareas by the Master Developer are under contract to transfer to each homebuilder, with most of the lots scheduled to close within the next 12 months, no additional discounting is necessary beyond the market value, in bulk, for these lots. Further, as of the date of value, the Master Developer was actively marketing Subarea 4A, comprising 54 lots in total, for sale to builders and no additional discounting is warranted for this subarea.

In addition to the completed homes, permits and impact fees have been paid for 37 homes by D. R. Horton and 97 homes by KB Home. These fees paid are reported at \$660,541 for D. R. Horton and \$1,620,769 for KB Home. This amount adds dollar for dollar to each project's value and is included in the value by ownership. Based upon the previous conclusions, the value by ownership as of the effective date of the appraisal, July 12, 2021, is displayed in the table on the following page.

Value by Ownership				
Ownership Category	No. of Lots/Units	Value by Parcel	Aggregate Value	Total Value (Component)
Individual Homeowners				
Completed Homes	2	\$1,380,000	\$2,760,000 (Not-less-than)	\$2,760,000
D. R. Horton				
Completed Homes	11	\$1,380,000	\$15,180,000 (Not-less-than)	
Detached Standard Lots	35	\$737,000	\$25,795,000	
		Permits and Fees Paid	<u>\$660,541</u>	
Total	46			\$41,635,541
KB Home				
Completed Homes	3	\$1,060,000	\$3,180,000 (Not-less-than)	
Detached Cluster Lots	75	\$582,000	\$43,650,000	
		Permits and Fees Paid	<u>\$1,620,769</u>	
Total	78			\$48,450,769
Meritage Homes				
Townhome Unit Lots	35	\$415,000	\$14,525,000	
Total	35			\$14,525,000
Taylor Morrison				
Townhome Unit Lots	46	\$415,000	\$19,090,000	
Total	46			\$19,090,000
Master Developer				
Detached Standard Lots	18	\$737,000	\$13,266,000	
Detached Cluster Lots	61	\$582,000	\$35,502,000	
Townhome Unit Lots	190	\$415,000	<u>\$78,850,000</u>	
Total	269			\$127,618,000
Total Aggregate, or Cumulative, Value of CFD No. 11	476			\$254,079,310 (Not-less-than)

Final Conclusions of Value

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value as of the effective date of the appraisal, July 12, 2021, is as follows:

Value Conclusion		
Ownership Category	No. of Lots/Units	Total Value (Component)
Individual Homeowners	2	\$2,760,000 (Not-less-than)
D. R. Horton	46	\$41,635,541 (Not-less-than)
KB Home	78	\$48,450,769 (Not-less-than)
Meritage Homes	35	\$14,525,000
Taylor Morrison	46	\$19,090,000
Master Developer	269	\$127,618,000
Total Aggregate, or Cumulative, Value of CFD No. 11	476	\$254,079,310 (Not-less-than)

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. It is a hypothetical condition of the appraisal that certain proceeds from the Bonds have been utilized to reimburse for a portion of construction costs for eligible improvements and fees. The estimates of value account for the impact of the Lien of the Special Taxes securing the Bonds.

Exposure Time

Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure times of a number of sales, as well as current and past economic conditions. Based on a survey of market participants, a transfer of residential land properties in the region typically occurs within 12 months of exposure. It is estimated the exposure time for the subject property, if appropriately priced, would have been within 12 months of initial exposure.

Marketing Time

Marketing time is an estimate of the time to sell a property interest in real estate at the estimated market value during the period immediately after the effective date of value. A reasonable marketing time is estimated by comparing the recent exposure time of similar properties, and then taking into

consideration current and future economic conditions and how they may impact marketing of the subject property.

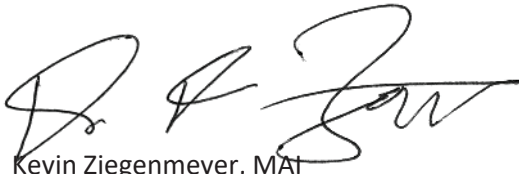
The marketing time for the subject property is not anticipated to vary significantly from the exposure time. Thus, the marketing time is estimated at 12 months or less.

Certification

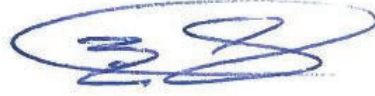
We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Kevin Ziegenmeyer, MAI, and Eric Segal, MAI, have made a personal inspection of the property that is the subject of this report. Noah Kauffman has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Kevin Ziegenmeyer, MAI, and Eric Segal, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, Noah Kauffman has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



Kevin Ziegenmeyer, MAI
Certified General Real Estate Appraiser
California Certificate # AG013567



Eric Segal, MAI
Certified General Real Estate Appraiser
California Certificate # AG026558



Noah Kauffman
Certified General Real Estate Appraiser
California Certificate # 3004618

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Sacramento, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. Integra Realty Resources – Sacramento is not a building or environmental inspector. Integra Sacramento does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Sacramento, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. None

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. It is a hypothetical condition of the appraisal that certain proceeds from the Bonds have been utilized to reimburse for a portion of construction costs for eligible improvements and fees. The estimates of value account for the impact of the Lien of the Special Taxes securing the Bonds.
-

Addendum A

Appraiser Qualifications

Kevin Ziegenmeyer, MAI

Experience

Mr. Ziegenmeyer is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1989, Mr. Ziegenmeyer began his career in real estate as a controller for a commercial and residential real estate development corporation. In 1991 he began appraising and continued to be involved in appraisal assignments covering a wide variety of properties, including office, retail, industrial, residential income and subdivisions throughout the state of California, and Northern Nevada. Mr. Ziegenmeyer handles many of the firm's master-planned property appraisals and over the past two decades has developed expertise in the valuation of Community Facilities Districts and Assessment Districts. In fact, Mr. Ziegenmeyer was one of five appraisers to collaborate with other professionals in developing the appraisal guidelines for the California Debt and Investment Advisory Commission (Recommended Practices in the Appraisal of Real Estate for Land-Secured Financing - 2004). He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities and counties of San Francisco, Dublin, Monterey, Newport Beach, Alameda, Napa and San Mateo. In early 2015, Mr. Ziegenmeyer obtained the Appraisal Institute's MAI designation. Kevin is currently Senior Managing Director of the Integra-San Francisco office and Managing Director of the Integra-Sacramento office.

Licenses

California, Certified General Real Estate Appraiser, AG013567, Expires June 2023

Education

Academic:

Bachelor of Science in Accounting, Azusa Pacific University, California

Appraisal and Real Estate Courses:

Standards of Professional Practice, Parts A, B & C

Basic Valuation Procedures

Real Estate Appraisal Principles

Capitalization Theory and Techniques, Part A

Advanced Income Capitalization

Report Writing and Valuation Analysis

Advanced Applications

IRS Valuation Summit I & II

2008, 2009, 2010 & 2011 Economic Forecast

Business Practices and Ethics

Contemporary Appraisal Issues with Small Business Administration Financing

General Demonstration Appraisal Report Writing Seminar

7-Hour National USPAP Update Course

Valuation of Easements and Other Partial Interests

2009 Summer Conference

Uniform Appraisal Standards for Federal Land Acquisitions

2008 Economic Update

Valuation of Conservation Easements

Subdivision Valuation

2005 Annual Fall Conference

Integra Realty Resources - Sacramento

590 Menlo Drive
Suite 1
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F 916-435-4774

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Kevin Ziegenmeyer, MAI

Education (Cont'd)

General Comprehensive Exam Module I, II, III & IV
Advanced Income Capitalization
Advanced Sales Comparison & Cost Approaches
2004 Central CA Market Update
Computer-Enhanced Cash Flow Modeling
Forecast 2000, 2001, 2002, 2003 & 2004
Land Valuation Assignments
Land Valuation Adjustment Procedures
Highest & Best Use and Market Analysis
Entitlements, Land Subdivision & Valuation
Real Estate Value Cycles
El Dorado Hills Housing Symposium
Federal Land Exchanges
M & S Computer Cost-Estimating, Nonresidential

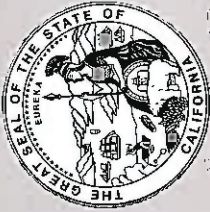
Integra Realty Resources - Sacramento

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Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Kevin K. Ziegenmeyer

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 013567

Effective Date: June 5, 2021
Date Expires: June 4, 2023

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

3057527

Eric Segal, MAI

Experience

Mr. Segal is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for Richard Seevers and Associates. By 1999, he began writing narrative appraisal reports covering a variety of commercial properties, with an emphasis on residential master planned communities and subdivisions. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, and specializes in the appraisal of Mello-Roos Community Facilities Districts and Assessment Districts for land-secured municipal financings, as well as multifamily developments under the U.S. Department of Housing and Urban Development's Multifamily Accelerated Processing (MAP) Guide. He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities of San Francisco, Monterey, Alameda and San Mateo. He has developed the experience and background necessary to deal with complex assignments covering an array of property types. Eric is currently Managing Director of the Integra-San Francisco office and Senior Managing Director of the Integra-Sacramento office.

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute, January 2016

Licenses

California, Certified General, AG026558, Expires February 2023

Nevada, Certified General, A.0207666-CG, Expires January 2023

Arizona, Certified General, CGA - 1006422, Expires January 2022

Washington, Certified General, 20100611, Expires June 2023

Education

Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice

Appraisal Principles

Basic Income Capitalization

Highest & Best Use and Market Analysis

Advanced Income Capitalization

Report Writing and Valuation Analysis

Self-Storage Economics and Appraisal Seminar

Appraisal Litigation Practice and Courtroom Management

Hotel Valuations: New Techniques for today's Uncertain Times

Computer Enhanced Cash Flow Modeling

Advanced Sales Comparison & Cost Approaches

Advanced Applications

Supervisor-Trainee Course for California

Integra Realty Resources - Sacramento

590 Menlo Drive
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Rocklin, CA 95765

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Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Eric A. Segal

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 026558

Effective Date: February 19, 2021
Date Expires: February 18, 2023

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

3055248

Noah Kauffman

Experience

Mr. Kauffman is a Certified General real estate appraiser with Integra Realty Resources, a real estate appraisal firm that engages in a wide variety of real estate valuation and consultation assignments. After completing his bachelor's degree at the University of California, Davis, he began his career in real estate appraisal with House Agricultural Consultants on agricultural and rural property appraisals. He subsequently joined the firm in 2014 and has been writing narrative appraisal reports for a variety of commercial and agricultural properties. He is now involved in appraisal assignments covering right of way, land, multifamily residential, industrial, office, retail and mixed use properties. Mr. Kauffman has developed the experience and background necessary to deal with complex assignments covering an array of property types. Mr Kauffman is an Appraisal Institute Candidate for Designation.

Licenses

California, Certified General Real Estate Appraiser, 3004618, Expires June 2023

Education

Academic:

Bachelor of Science in Agricultural Management and Rangeland Resources, University of California, Davis

Appraisal and Real Estate Courses:

Advanced Income Capitalization

Advanced Market Analysis & Highest and Best Use

Advanced Concepts & Case Studies

Quantitative Analysis

The Valuation of Partial Acquisitions

Farm and Rural Resources Appraisal

Laws and Regulations for California Appraisers

Uniform Standards of Professional Appraisal Practice

General Appraiser Sales Comparables Approach

General Appraiser Site Valuation and Cost Approach

General Appraiser Market Analysis and Highest and Best Use

General Appraiser Report Writing and Case Studies

General Appraiser Income Capitalization Approach Part I & II

Residential Sales Comparables and Income Approach

Residential Site Valuation and Cost Approach

Residential Market Analysis and Highest and Best Use

Residential Report Writing and Case Studies

Basic Appraisal Principles

Basic Appraisal Procedures

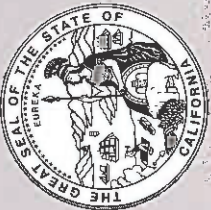
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Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Noah J. Kauffman

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3004618

Effective Date: June 12, 2021
Date Expires: June 11, 2023

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

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About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal or review opinion applies.
2. In a lease document, the date upon which the lease goes into effect.

Entitlement

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of

- development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.

Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Addendum C

Comparable Data

Location & Property Identification

Property Name:	Westport at Ponte Vista
Sub-Property Type:	Residential, Residential Subdivision
Address:	Horizon Way
City/State/Zip:	San Pedro, CA 90732
County:	Los Angeles
Submarket:	South Bay
Market Orientation:	Suburban
IRR Event ID:	2677814



Sale Information

Sale Price:	\$32,899,980
Effective Sale Price:	\$32,899,980
Sale Date:	07/08/2020
Recording Date:	09/03/2020
Sale Status:	Closed
\$/Acre(Gross):	\$5,771,926
\$/Land SF(Gross):	\$132.51
\$/Unit:	\$548,333 /Unit
Grantor/Seller:	SoCal San Pedro SPVI, LLC
Grantee/Buyer:	KB Home of Greater Los Angeles Inc.
Property Rights:	Fee Simple
Financing:	Cash to seller

Zoning Desc.:	Ponte Vista at San Pedro (Specific Plan)
Source of Land Info.:	Other

Comments

This is the acquisition of 60 lots over three takedowns from September 2020 through September 2022. The net purchase price utilized includes a credit for site improvements to be completed by the buyer. Remaining site improvements budgeted total \$46,113 per lot. The average lot size is 4,038 square feet.

Improvement and Site Data

Legal/Tax/Parcel ID:	7442-034-001 through -054 & 7442-035-001 through -006
Acres(Gross):	5.70
Land-SF(Gross):	248,292
Potential Building SF:	4,038
No. of Units (Potential):	60
Zoning Code:	PVSP

Location & Property Identification

Property Name: Padova at Orchard Hills
 Sub-Property Type: Residential, Residential Subdivision
 Address: Woody Knoll
 City/State/Zip: Irvine, CA 92602-1854
 County: Orange
 Market Orientation: Suburban
 IRR Event ID: 2678609



Sale Information

Sale Price: \$15,324,000
 Effective Sale Price: \$15,324,000
 Sale Date: 06/19/2020
 Recording Date: 06/19/2020
 Sale Status: Closed
 \$/Acre(Gross): \$6,358,506
 \$/Land SF(Gross): \$145.97
 \$/Unit: \$666,261 /Unit
 Grantor/Seller: Irvine Community Development Company, LLC
 Grantee/Buyer: Shea Homes LP
 Property Rights: Fee Simple
 Financing: Cash to seller
 Recording No.: 0285424

Potential Building SF: 4,500
 No. of Units (Potential): 23
 Zoning Code: R1
 Zoning Desc.: Residential
 Source of Land Info.: Other

Comments

This is the sale of a 2.41-acre site comprising 23 residential lots in finished condition as part of a rolling takedown.

Improvement and Site Data

MSA: Orange County (California)
 Legal/Tax/Parcel ID: 527-331-08 through -10, 527-331-33 through -36, 527-332-18 through -34, -38, -44 & -45
 Acres(Gross): 2.41
 Land-SF(Gross): 104,980

Location & Property Identification

Property Name: The Estates at Ponte Vista
 Sub-Property Type: Residential, Residential Subdivision
 Address: Edgemont Dr.
 City/State/Zip: San Pedro, CA 90732
 County: Los Angeles
 Submarket: South Bay
 Market Orientation: Suburban
 IRR Event ID: 2677802



Sale Information

Sale Price: \$47,230,735
 Effective Sale Price: \$47,230,735
 Sale Date: 01/08/2020
 Recording Date: 06/03/2021
 Sale Status: Closed
 \$/Acre(Gross): \$4,869,148
 \$/Land SF(Gross): \$111.78
 \$/Unit: \$715,617 /Unit
 Grantor/Seller: SoCal San Pedro SPVI, LLC
 Grantee/Buyer: D.R. Horton VEN, Inc.
 Property Rights: Fee Simple
 Financing: Cash to seller

Zoning Desc.: Ponte Vista at San Pedro (Specific Plan)
 Source of Land Info.: Other

Comments

This is the purchase of 66 lots over eight planned closings spanning from March of 2020 to December of 2021. The net sale price utilized includes a credit for site improvements to be completed by the buyer. Remaining site improvements budgeted total \$27,168 per lot. The average lot size is 6,579 square feet.

Improvement and Site Data

Legal/Tax/Parcel ID: 7442-038-001 through -053 & 7442-039-001 through -019
 Acres(Gross): 9.70
 Land-SF(Gross): 422,532
 Potential Building SF: 6,579
 No. of Units (Potential): 66
 Zoning Code: PVSP

Location & Property Identification

Property Name:	Skyview at Ponte Vista
Sub-Property Type:	Residential, Residential Subdivision
Address:	Belgreens St.
City/State/Zip:	San Pedro, CA 90732
County:	Los Angeles
Submarket:	South Bay
Market Orientation:	Suburban
IRR Event ID:	2677820



Sale Information

Sale Price:	\$40,742,079
Effective Sale Price:	\$40,742,079
Sale Date:	12/13/2019
Recording Date:	05/06/2021
Sale Status:	Closed
\$/Acre(Gross):	\$5,658,622
\$/Land SF(Gross):	\$129.90
\$/Unit:	\$515,723 /Unit
Grantor/Seller:	SoCal San Pedro SPVI, LLC
Grantee/Buyer:	KB Home of Greater Los Angeles Inc.
Property Rights:	Fee Simple
Financing:	Cash to seller

Zoning Code:	PVSP
Zoning Desc.:	Ponte Vista at San Pedro (Specific Plan)
Source of Land Info.:	Other

Comments

This is the purchase of 79 lots over three takedowns from March 2020 through March 2022. The net purchase price utilized includes a credit for site improvements to be completed by the buyer. Remaining site improvements budgeted total \$35,656 per lot. The average lot size is 4,038 square feet.

Improvement and Site Data

Legal/Tax/Parcel ID:	7442-034-055 through -066, 7442-035-007 through -053, & 7442-036-002 through -021
Acres(Gross):	7.20
Land-SF(Gross):	313,632
Potential Building SF:	4,038
No. of Units (Potential):	79

Location & Property Identification

Property Name:	Grace Park (66 Units)
Sub-Property Type:	Residential
Address:	333 N. Prairie Ave.
City/State/Zip:	Inglewood, CA 90301
County:	Los Angeles
Submarket:	Central Los Angeles
Market Orientation:	Suburban
IRR Event ID:	2677924



Sale Information

Sale Price:	\$27,137,000
Effective Sale Price:	\$27,137,000
Sale Date:	10/13/2020
Sale Status:	Closed
\$/Acre(Gross):	\$6,125,734
\$/Land SF(Gross):	\$140.63
\$/Unit:	\$411,167 /Approved Lot
Grantor/Seller:	VHDG Inglewood, LLC
Grantee/Buyer:	KB Home Greater Los Angeles Inc.
Property Rights:	Fee Simple
Financing:	Cash to seller
Recording No.:	20201265606

This is the sale of 66 nearly finished lots within a 226 lot detached condominium community. The 66 units have wet utilities installed, but require completion of grading and installation of streets, dry utilities, fencing and landscaping, which total approximately \$1,260,000, or \$19,091 per unit. The buyer reportedly planned to construct five floor plans ranging in size from 1,995 to 2,355 square feet and they are currently offering homes priced from \$979,990 to \$1,035,990 in the development.

Improvement and Site Data

Legal/Tax/Parcel ID:	4015-024-025 & -027
Acres(Gross):	4.43
Land-SF(Gross):	192,970
No. of Units (Potential):	66
Zoning Code:	RM
Zoning Desc.:	Residential Medical
Source of Land Info.:	Public Records

Comments

Location & Property Identification

Property Name:	Harbor Pointe
Sub-Property Type:	Residential, Residential Subdivision
Address:	NWC Ridgeway Dr. & Highpark Dr.
City/State/Zip:	San Pedro, CA 90732
County:	Los Angeles
Submarket:	South Bay
Market Orientation:	Suburban
IRR Event ID:	2677834



Sale Information

Sale Price:	\$63,552,410
Effective Sale Price:	\$63,552,410
Sale Date:	08/13/2020
Recording Date:	02/26/2021
Sale Status:	Closed
\$/Acre(Gross):	\$7,850,629
\$/Land SF(Gross):	\$180.22
\$/Unit:	\$485,133 /Unit
Grantor/Seller:	SoCal San Pedro SPVI, LLC
Grantee/Buyer:	Taylor Morrison
Property Rights:	Fee Simple
Financing:	Cash to seller

Comments

This is the purchase of nearly 8.1 gross acres planned for 131 townhome units. The transaction is planned for three takedowns, with the initial takedown of 46 units completed and the remaining takedowns scheduled for February and December of 2022. The net purchase price utilized includes a credit for site improvements to be completed by the buyer. Remaining site improvements were estimated to total \$13,207 per unit. The builder is planning to offer three floor plans ranging in size from 1,688 to 1,870 square feet and marketed as a luxury condominium project.

Improvement and Site Data

Legal/Tax/Parcel ID:	7442-041-001 through -003
Acres(Gross):	8.10
Land-SF(Gross):	352,629
No. of Units (Potential):	131
Zoning Code:	PVSP
Zoning Desc.:	Ponte Vista at San Pedro (Specific Plan)
Source of Land Info.:	Public Records

Location & Property Identification

Property Name:	Cabrilla at Ponte Vista
Sub-Property Type:	Residential, Residential Subdivision
Address:	M St.
City/State/Zip:	San Pedro, CA 90732
County:	Los Angeles
Submarket:	South Bay
Market Orientation:	Suburban
IRR Event ID:	2677828



Sale Information

Sale Price:	\$36,645,976
Effective Sale Price:	\$36,645,976
Sale Date:	07/13/2020
Recording Date:	12/04/2020
Sale Status:	Closed
\$/Acre(Gross):	\$8,186,118
\$/Land SF(Gross):	\$187.93
\$/Unit:	\$426,116 /Unit
Grantor/Seller:	SoCal San Pedro SPVI, LLC
Grantee/Buyer:	Meritage Homes of California, Inc.
Property Rights:	Fee Simple
Financing:	Cash to seller

Comments

This is the purchase of nearly 4.48 gross acres planned for 86 townhome units. The initial parcel, planned for 35 units has transferred and the remaining parcels are scheduled to transfer in October 2021 and June of 2022. The net purchase price utilized includes a credit for site improvements to be completed by the buyer. Remaining site improvements were estimated to total \$23,884 per unit.

Improvement and Site Data

Legal/Tax/Parcel ID:	7442-040-006 through -009
Acres(Gross):	4.48
Land-SF(Gross):	195,000
No. of Units (Potential):	86
Zoning Code:	PVSP
Zoning Desc.:	Ponte Vista at San Pedro (Specific Plan)
Source of Land Info.:	Public Records

Location & Property Identification

Property Name:	333 N. Prairie Avenue (55-unit portion)
Sub-Property Type:	Residential
Address:	333 N. Prairie Ave.
City/State/Zip:	Inglewood, CA 90301
County:	Los Angeles
Submarket:	Central Los Angeles
Market Orientation:	Suburban
IRR Event ID:	2339039



Sale Information

Sale Price:	\$22,614,000
Effective Sale Price:	\$22,614,000
Sale Date:	09/06/2019
Sale Status:	Closed
\$/Acre(Gross):	\$5,982,540
\$/Land SF(Gross):	\$137.34
\$/Unit:	\$411,164 /Approved Lot
Grantor/Seller:	VHDG Inglewood LLC
Grantee/Buyer:	KB Home Greater Los Angeles, Inc.
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	916413

Zoning Desc.:	Residential Medical
Source of Land Info.:	Public Records

Comments

This property was fully entitled for 55 units within a project planned for 226 two- and three-story detached condominium units. The gated subdivision will include several community amenities such as a community recreation building, a community pool and spa, children play areas, and neighborhood pocket parks. This property is zoned R-M, or residential medical, which shares similar density provisions as the R-3 Multiple Family Zone for residential development.

Improvement and Site Data

Legal/Tax/Parcel ID:	4015-024-026
Acres(Gross):	3.78
Land-SF(Gross):	164,656
No. of Units (Potential):	55
Zoning Code:	RM

Location & Property Identification

Property Name: 333 N. Prairie Avenue
(105-unit portion)

Sub-Property Type: Residential

Address: 333 N. Prairie Ave.

City/State/Zip: Inglewood, CA 90301

County: Los Angeles

Submarket: Central Los Angeles

Market Orientation: Urban

IRR Event ID: 2297232



Sale Information

Sale Price: \$41,961,000

Effective Sale Price: \$41,961,000

Sale Date: 03/08/2019

Recording Date: 03/08/2019

Sale Status: Closed

\$/Acre(Gross): \$6,587,284

\$/Land SF(Gross): \$151.22

\$/Unit: \$399,629 /Approved Lot

Grantor/Seller: VHDG Inglewood LLC

Grantee/Buyer: Pulte Home Company, LLC

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Terms of Sale: Conventional

Document Type: Deed

Recording No.: 209467

No. of Units (Potential): 105

Zoning Code: RM

Zoning Desc.: Residential Medical

Source of Land Info.: Public Records

Comments

This is the sale of 6.37 acres entitled for 105 units in blue top condition. The units are a portion of a 226 two- and three-story detached condominium unit development. The gated subdivision will include several community amenities, such as a community recreation building, a community pool and spa, children play areas, and neighborhood pocket parks. The property is located at the southwest corner of Prairie Avenue and Grace Avenue, across the street from Inglewood Park Cemetery. The property is zoned R-M, or residential medical, which shares similar density provisions as the R-3 Multiple Family Zone for residential development.

Improvement and Site Data

Legal/Tax/Parcel ID: 4015-024-028 through -031

Acres(Gross): 6.37

Land-SF(Gross): 277,477