NEW ISSUE

INSURED RATING ON INSURED BONDS: S&P: "AA"
UNDERLYING RATING: S&P: "BBB+"
See "RATINGS" herein

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2019 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "LEGAL MATTERS - Tax Exemption."

$14,010,000
IMPROVEMENT AREA A OF COMMUNITY FACILITIES DISTRICT NO. 1 OF THE ADELANTO ELEMENTARY SCHOOL DISTRICT SPECIAL TAX BONDS, SERIES 2019

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

Authority for Issuance. The bonds captioned above (the "2019 Bonds") are being issued under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the Resolution of Issuance (as defined herein), and a Fiscal Agent Agreement, dated as of December 1, 2019 (the "Fiscal Agent Agreement"), by and between the Adelanto Elementary School District (the "School District"), and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"). The Board of Trustees (the "Board") of the School District, acting as legislative body of Community Facilities District No. 1 of the School District (the "Community Facilities District"), has authorized the issuance of the 2019 Bonds in an aggregate principal amount not to exceed $20,000,000. See "THE 2019 BONDS – Authority for Issuance."

Security and Sources of Payment. The 2019 Bonds are payable from proceeds of Special Tax Revenues (as defined herein) levied on property within Improvemnet Area A of the Community Facilities District (the "Improvement Area") according to the rate and method of apportionment of special tax approved by the Board and the eligible landowner voters in the Improvement Area. The 2019 Bonds are secured by a first pledge of the revenues derived from the Special Tax Revenues and the moneys on deposit in certain funds and accounts held by the Fiscal Agent under the Fiscal Agent Agreement. See "SECURITY FOR THE 2019 BONDS."

Use of Proceeds. The 2019 Bonds are being issued to (i) refund certain outstanding special tax bonds of the Community Facilities District captioned "Community Facilities District No. 1 of the Adelanto Elementary School District 2006 Improvement Area A Special Tax Bonds," (ii) provide funding for authorized Facilities and improvements to be owned and operated by the School District, (iii) fund a debt service reserve fund for the 2019 Bonds through the purchase of a debt service reserve insurance policy, and (iv) pay certain costs of issuing the 2019 Bonds. See "FINANCING PLAN."

Bond Terms. Interest on the 2019 Bonds is payable on March 1, 2020, and semiannually thereafter on each September 1 and March 1. The 2019 Bonds will be issued in denominations of $5,000 or integral multiples thereof. The 2019 Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2019 Bonds. See "THE 2019 Bonds – General Bond Terms" and "APPENDIX D – DTC and the Book-Entry Only System."

Redemption. *The 2019 Bonds are subject to optional redemption, mandatory sinking fund redemption, and redemption from Special Tax prepayments. See "THE 2019 Bonds - Redemption."*

THE 2019 BONDS, THE INTEREST THEREON, AND ANY PREMIUMS PAYABLE ON THE REDEMPTION OF ANY OF THE 2019 BONDS, ARE NOT AN INDEBTEDNESS OF THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT, THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT), THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE ON THE 2019 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE SCHOOL DISTRICT, THE COMMUNITY FACILITIES DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT) OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2019 BONDS. OTHER THAN THE SPECIAL TAX REVENUES, NO TAXES ARE PLEDGED TO THE PAYMENT OF THE 2019 BONDS. THE 2019 BONDS ARE NOT A GENERAL OBLIGATION OF THE COMMUNITY FACILITIES DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE COMMUNITY FACILITIES DISTRICT PAYABLE SOLELY FROM THE SPECIAL TAX REVENUES IN THE IMPROVEMENT AREA AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

Bond Insurance. The scheduled payment of principal of and interest on the 2019 Bonds maturing on September 1, 2025, through September 1, 2039, inclusive (the "Insured Bonds") when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2019 Bonds by Build America Mutual Assurance Company ("BAM""). BAM will also issue a reserve fund insurance policy concurrently with the delivery of the 2019 Bonds to be credited to the Bond Reserve Fund. See "BOND INSURANCE" and APPENDIX H.

MATURITY SCHEDULE
(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the 2019 Bonds involves risks which may not be appropriate for some investors. See "BONDOWNERS' RISKS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the 2019 Bonds.

The 2019 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Community Facilities District by Jones Hall, A Professional Law Corporation, San Francisco, California, as disclosure counsel. Stradling, Yocca, Carlson & Rauth, a Professional Corporation, San Francisco,, California, is serving as counsel to the Underwriter. It is anticipated that the 2019 Bonds, in book-entry form, will be available for delivery on or about December 18, 2019.

STIFEL

The date of this Official Statement is: December 3, 2019.

MATURITY SCHEDULE

(Base CUSIP†: 00679N)

$9,255,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2020	$630,000	4.000%	1.090%	AR0
2021	460,000	4.000	1.230	AS8
2022	480,000	4.000	1.340	AT6
2023	500,000	4.000	1.410	AU3
2024	520,000	4.000	1.510	AV1
2025*	540,000	4.000	1.520	AW9
2026*	560,000	4.000	1.620	AX7
2027*	585,000	5.000	1.700	AY5
2028*	610,000	5.000	1.800	AZ2
2029*	640,000	5.000	1.900	BA6
2030*	675,000	5.000	1.970 C	BB4
2031*	710,000	5.000	2.050 C	BC2
2032*	745,000	5.000	2.110 C	BD0
2033*	780,000	5.000	2.150 C	BE8
2034*	820,000	5.000	2.190 C	BF5

$1,765,000 – 5.000% Term Bond due September 1, 2036*, Yield: 2.270% C, CUSIP† No. BG3

$2,990,000 – 5.00% Term Bond due September 1, 2039*, Yield: 2.370% C, CUSIP† No. BH1

C: Yield to call at par on September 1, 2029.

† Copyright American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. None of the Community Facilities District, the School District nor the Underwriter assumes any responsibility for the accuracy of CUSIP data.

* Insured Bonds.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2019 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2019 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the School District, the Community Facilities District, any other parties described in this Official Statement, or in the condition of property within the Improvement Area since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2019 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2019 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as 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.

Document References and Summaries. All references to and summaries of the Fiscal Agent Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market price of the 2019 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2019 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bond Insurance. Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, the Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Bond Insurer, supplied by the Bond Insurer and presented under the heading "BOND INSURANCE" and on APPENDIX H.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2019 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE SCHOOL DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

ADELANTO ELEMENTARY SCHOOL DISTRICT

BOARD OF TRUSTEES

Christine Turner, *President*
Holly Eckes, *Clerk*
Christina Bentz, *Member*
Ammie Hines, *Member*
La Shawn Love-French, *Member*

DISTRICT ADMINISTRATION

Amy Nguyen-Hernandez, Ed.D., *Superintendent*
Ajay Mohindra, *Chief Business Officer*
Bryan Verley*, Director of Fiscal Services*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

California Financial Services
Ladera Ranch, California

BOND COUNSEL AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

SPECIAL TAX CONSULTANT

KeyAnalytics, a division of California Financial Services
Ladera Ranch, California

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

FISCAL AGENT and ESCROW AGENT

Zions Bancorporation, National Association
Los Angeles, California

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OFFICIAL STATEMENT

$14,010,000
IMPROVEMENT AREA A OF
COMMUNITY FACILITIES DISTRICT NO. 1 OF THE
ADELANTO ELEMENTARY SCHOOL DISTRICT
SPECIAL TAX BONDS, SERIES 2019

INTRODUCTION

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the "**2019 Bonds**") to be issued by Adelanto Elementary School District (the "**School District**"), on behalf of Community Facilities District No. 1 of the Adelanto Elementary School District (the "**Community Facilities District**").

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, the inside cover and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the 2019 Bonds to potential investors is made only by means of the entire Official Statement.

Capitalized terms used but not defined in this Official Statement have the definitions given in the Fiscal Agent Agreement (as defined below).

The School District. The School District is located in the southwestern portion of San Bernardino County (the "**County**"). The School District provides public education within a 330 square mile area, and includes all of the all of the City of Adelanto and a portion of the City of Victorville. For economic and demographic information regarding the City of Adelanto and the County, see APPENDIX A.

The Community Facilities District. The Community Facilities District was formed and established by the Board of Trustees of the School District (the "**Board**"), which acts as the legislative body of the Community Facilities District, under the Mello-Roos Community Facilities Act of 1982, as amended (the "**Act**"), pursuant to a resolution adopted by the Board following a public hearing, and a landowner election at which the qualified electors of the Improvement Area authorized the Community Facilities District to incur bonded indebtedness and approved the levy of special taxes. See "THE COMMUNITY FACILITIES DISTRICT – Formation and Background."

Authority for Issuance of the 2019 Bonds. The 2019 Bonds are issued under the Act, certain resolutions adopted by the Board, including the Resolution of Issuance adopted on November 12, 2019 (the "**Resolution of Issuance**"), and a Fiscal Agent Agreement, dated as of December 1, 2019 (the "**Fiscal Agent Agreement**"), by and between the Community Facilities District and Zions Bancorporation, National Association, as fiscal agent (the "**Fiscal Agent**"). See "THE 2019 Bonds – Authority for Issuance."

Purpose of the 2019 Bonds. Proceeds of the 2019 Bonds will be used to (i) refund certain outstanding special tax bonds of the Community Facilities District captioned "Community Facilities District No. 1 of the Adelanto Elementary School District 2006 Improvement Area Special Tax Bonds" (the "**Prior Bonds**") and (ii) finance facilities, projects and project costs for facilities to be owned and operated by the School District. Bond proceeds will also fund a debt service reserve fund for the 2019 Bonds, which is expected to be satisfied through the purchase of a debt service reserve insurance policy, and pay certain costs of issuing the 2019 Bonds. See "FINANCING PLAN."

Redemption of Bonds Before Maturity. The 2019 Bonds are subject to optional redemption, mandatory sinking fund redemption, and redemption from Special Tax prepayments. See "THE 2019 Bonds – Redemption."

Security and Sources of Payment for the 2019 Bonds. The Board annually levies special taxes on real property in the Improvement Area (the "**Special Taxes**") in accordance with the Second Amended Rate and Method of Apportionment for Improvement Area A of Community Facilities District No. 1 of the Adelanto Elementary School District (the "**Rate and Method**"). The 2019 Bonds are secured by and payable from a first pledge of the net proceeds of the Special Taxes (as more particularly defined in the Fiscal Agent Agreement, the "**Special Tax Revenues**"). The 2019 Bonds will be additionally secured by certain funds and accounts established and held under the Fiscal Agent Agreement. See "SECURITY FOR THE 2019 BONDS."

Covenant to Foreclose. The School District has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see "SECURITY FOR THE 2019 BONDS - Covenant to Foreclose."

Additional Debt of the Community Facilities District. Following the issuance of the 2019 Bonds, the Community Facilities District will not have any other outstanding debt payable from Special Tax Revenues. The Community Facilities District may issue or incur additional obligations in the future on parity with the 2019 Bonds, for refunding purposes only, if conditions set forth in the Fiscal Agent Agreement are met. See "THE SECURITY FOR THE 2019 BONDS – Issuance of Additional Debt."

As used in this Official Statement, the 2019 Bonds and any parity bonds issued under the Fiscal Agent Agreement ("**Parity Bonds**") are referred to collectively as the "**Bonds.**"

Property Ownership and Development Status. The property within the Improvement Area has been developed as 669 units classified under the Rate and Method as Developed Property and subject to the Special Tax levy. See "THE COMMUNITY FACILITIES DISTRICT."

Municipal Bond Insurance Policy. Concurrently with the issuance of the 2019 Bonds, Build America Mutual Assurance Company ("**BAM**") will issue its Municipal Bond Insurance Policy (the "**Policy**") for the 2019 Bonds maturing on September 1, 2025, through September 1, 2039, inclusive (the "**Insured Bonds**"). The Policy guarantees the scheduled payment of principal of and interest on the 2019 Bonds when due, as set forth in the form of the Policy included as an appendix to this Official Statement. See "BOND INSURANCE" and APPENDIX H attached hereto.

Debt Service Reserve. The School District will provide a debt service reserve for the 2019 Bonds, which is expected to be satisfied through the purchase of a debt service reserve insurance policy (the "Reserve Policy") to be issued by BAM. See "SECURITY FOR THE 2019 BONDS – Bond Reserve Fund."

Risk Factors Associated with Purchasing the 2019 Bonds. Investment in the 2019 Bonds involves risks that may not be appropriate for some investors. See "BOND OWNERS' RISKS" for a discussion of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2019 Bonds.

FINANCING PLAN

Facilities Purposes

Financing of Facilities. Under the Resolution of Intention adopted by the Board on January 18, 2005, and a Community Facilities District Report dated April 19, 2005, the Community Facilities District is authorized to finance school facilities (the "**Facilities**"), meaning those K-8 school sites, and school facilities, including all classrooms, on-site office space, central support and administrative facilities, interim housing, transportation facilities, furniture, equipment, technology and buses, with a useful life of at least 5 years or more needed by the School District to serve the student population to be generated as a result of development of the property within the Improvement Area. The Facilities will be owned and operated by the School District.

Refunding Purposes

The Community Facilities District issued the Prior Bonds on June 29, 2006, in the original principal amount of $17,360,000, for the purpose of financing School District facilities. See "THE COMMUNITY FACILITIES DISTRICT – Formation and Background."

The Prior Bonds are currently outstanding in the aggregate principal amount of $12,990,000, which will be paid and redeemed in full, on a current basis, on March 1, 2020 (the "**Redemption Date**"), at a redemption price equal to the principal amount thereof, together with interest coming due and payable on the Redemption Date, without premium.

In order to accomplish the refinancing plan, the net proceeds of the 2019 Bonds, together with certain other funds on hand with respect to the Prior Bonds, will be transferred to Zions Bancorporation, National Association, as escrow agent for the Prior Bonds (the "**Escrow Agent**"), for deposit in an escrow fund (the "**Escrow Fund**") to be established under an Escrow Agreement dated as of the Delivery Date, by and between the School District and the Escrow Agent.

The Escrow Agent will invest the amounts on deposit in the Escrow Fund in United States Treasury Securities, State and Local Government Series. These funds, together with any remaining amounts held in cash by the Escrow Agent, will be sufficient to pay and redeem the Prior Bonds in full on the Redemption Date. See "VERIFICATION OF MATHEMATICAL ACCURACY."

Estimated Sources and Uses of Funds

The estimated proceeds from the sale of the 2019 Bonds, together with other available funds, will be deposited into the following funds established under the Fiscal Agent Agreement or the Escrow Agreement, as applicable:

SOURCES	
Principal Amount of 2019 Bonds	$14,010,000.00
Plus: Original Issue Premium	2,841,354.20
Plus: Funds Related to Prior Bonds	1,318,550.35
Total Sources	$18,169,904.55
USES	
Deposit into Escrow Fund [1]	$13,293,971.97
Deposit into Improvement Fund [2]	4,248,400.18
Costs of Issuance [3]	434,894.90
Underwriter's Discount	192,637.50
Total Uses	$18,169,904.55

[1] Will be used to defease and refund the Prior Bonds. See "–Refunding Purposes" above.

[2] Will be used to finance facilities, projects and project costs for facilities to be owned and operated by the School District. See "–Facilities Purposes" above.

[3] Includes, among other things, the fees and expenses of Bond Counsel, District Counsel and Disclosure Counsel, bond insurance and debt service reserve insurance policy premium, the cost of printing the Preliminary and final Official Statements, fees and expenses of the Fiscal Agent and Escrow Agent, and the fees of the Verification Agent, Municipal Advisor and the Special Tax Consultant.

THE 2019 BONDS

This section generally describes the terms of the 2019 Bonds contained in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in this section are defined in APPENDIX C.

Authority for Issuance

The 2019 Bonds are issued under the Act, the Resolution of Issuance and the Fiscal Agent Agreement. Under the Resolution of Issuance, the Board as authorized the issuance of the 2019 Bonds in a maximum principal amount of $20,000,000.

General Bond Terms

Dated Date, Maturity and Authorized Denominations. The 2019 Bonds will be dated their date of delivery (the "**Delivery Date**") and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The 2019 Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple of $5,000.

Interest. The 2019 Bonds will bear interest at the annual rates set forth on the inside cover page of this Official Statement, payable semiannually on each March 1 and September 1, commencing March 1, 2020 (each, an "**Interest Payment Date**") until the principal sum of the 2019 Bonds has been paid.

Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless

(i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or

(ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or

(iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Closing Date;

provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Record Date. "Record Date" means the 15th day of the calendar month next preceding an Interest Payment Date whether or not such day is a business day.

DTC and Book-Entry Only System. DTC will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully-registered securities registered initially in the name of Cede & Co. (DTC's partnership nominee). See APPENDIX D – "DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments of Interest and Principal. *For so long as DTC is used as depository for the 2019 Bonds, principal of, premium, if any, and interest payments on the 2019 Bonds will be made solely to DTC or its nominee, Cede & Co., as registered owner of the 2019 Bonds, for distribution to the beneficial owners of the 2019 Bonds in accordance with the procedures adopted by DTC.*

Interest on the 2019 Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent mailed by first class mail to the registered owner thereof at such registered owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any owner of $1,000,000 or more in aggregate principal amount of 2019 Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which instructions will continue in effect until revoked in writing, or until such 2019 Bonds are transferred to a new owner.

The principal of the 2019 Bonds and any premium on the 2019 Bonds are payable in lawful money of the United States of America upon surrender of the 2019 Bonds at the Principal Office of the Fiscal Agent.

Redemption

Optional Redemption. The 2019 Bonds maturing on or before September 1, 2029, are not subject to redemption prior to maturity. The 2019 Bonds maturing on or after September 1, 2030 are subject to redemption prior to maturity, at the option of the School District, in whole or in part among maturities on such basis as shall be designated by the School District and by lot within a maturity, from any available source of funds, on September 1, 2029, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Whenever less than all of the outstanding 2019 Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding 2019 Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, 2019 Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed. The 2019 Bonds may all be separately redeemed.

Mandatory Sinking Payment Redemption. The 2019 Bonds maturing on September 1, 2036 and September 1, 2039 (collectively, the "**Term Bonds**"), are subject to mandatory redemption in part by lot, from sinking fund payments made by the School District from the Bond Fund at the redemption prices equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following tables:

Term Bonds Maturing September 1, 2036

Redemption Date (September 1)	Sinking Payment
2035	$860,000
2036 (maturity)	905,000

Term Bonds Maturing September 1, 2039

Redemption Date (September 1)	Sinking Payment
2037	$950,000
2038	995,000
2039 (maturity)	1,045,000

Provided, however, if some but not all of the Term Bonds of a given maturity have been redeemed through optional redemption as described above or mandatory redemption from Special Tax prepayments as described below, the total amount of all future Sinking Fund Payments relating to such maturity will be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of $5,000 as determined by the Fiscal Agent.

Mandatory Redemption From Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the Reserve Fund will be used to redeem 2019 Bonds on the next Interest Payment Date for which notice of redemption can timely be given, among maturities so as to maintain substantially the same debt service profile for the 2019 Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the 2019 Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

Redemption Date	Redemption Price
On any Interest Payment Date through March 1, 2027	103%
September 1, 2027 and March 1, 2028	102
September 1, 2028 and March 1, 2029	101
September 1, 2029 and any Interest Payment Date thereafter	100

Special Tax Prepayments could be made by any of the owners of any of the property within the Community Facilities District; and they could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. The resulting redemption of 2019 Bonds that were purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such 2019 Bonds. See "BOND OWNERS' RISKS–Extraordinary Redemption from Prepaid Special Taxes."

Selection of 2019 Bonds for Redemption. If less than all of the Outstanding 2019 Bonds are to be redeemed, the Fiscal Agent will select the 2019 Bonds to be redeemed pro rata among maturities and by lot within a single maturity, and in the case of mandatory sinking fund redemption or redemption from Special Tax prepayments, by lot within the maturity being called for redemption, all so as to maintain as close as practicable level annual debt service after such redemption.

The portion of any such 2019 Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or a multiple thereof, and, in selecting portions of such 2019 Bonds for redemption, the Fiscal Agent will treat such 2019 Bond as representing that number of 2019 Bonds of $5,000 denomination which is obtained by dividing the principal amount of such 2019 Bond to be redeemed in part by $5,000.

If 2019 Bonds are to be redeemed through optional redemption and mandatory sinking fund redemption on the same date, or through redemption from Special Tax prepayments and mandatory sinking fund redemption on the same date, the Fiscal Agent will first select the 2019 Bonds to be redeemed through mandatory sinking fund redemption and will then select the 2019 Bonds to be redeemed through either optional redemption or redemption from Special Tax prepayments, as applicable.

Purchase in Lieu of Redemption. In lieu of redemption as described above, moneys in the Bond Fund or other funds provided by the School District may be used and withdrawn by the Fiscal Agent for purchase of outstanding 2019 Bonds, but in no event may 2019 Bonds be purchased at a price in

excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2019 Bonds were to be redeemed in accordance with the Fiscal Agent Agreement. Any 2019 Bonds purchased under this provision of the Fiscal Agent Agreement will be treated as outstanding 2019 Bonds, except to the extent otherwise directed by an Authorized Officer.

Notice of Redemption. At least 20 days but no more than 60 days prior to the redemption date, the Fiscal Agent will mail by first-class mail a copy of such notice, postage prepaid, to the respective Owners thereof at their addresses appearing on the 2019 Bond registration books. The actual receipt by the Owner of any 2019 Bond of notice of such redemption will not be a condition precedent thereto, and neither failure to receive such notice nor any defect therein will affect the validity of the proceedings for the redemption of such 2019 Bond, or the cessation of interest on the redemption date.

However, while the 2019 Bonds are subject to DTC's book-entry system, the Fiscal Agent will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the Community Facilities District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the 2019 Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any 2019 Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Fiscal Agent Agreement.

Conditional Redemption Notice and Rescission of Redemption. Any redemption notice may specify that redemption of the 2019 Bonds designated for redemption on the specified date will be subject to the receipt by the Community Facilities District or the Fiscal Agent, as applicable, of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and neither the Community Facilities District nor the Fiscal Agent will have any liability to the Owners of any 2019 Bonds, or any other party, as a result of the Community Facilities District's failure to redeem the 2019 Bonds designated for redemption as a result of insufficient moneys therefor.

Additionally, the Community Facilities District may rescind any optional redemption of the 2019 Bonds, and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the 2019 Bonds so called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any 2019 Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission. Neither the Community Facilities District nor the Fiscal Agent will have any liability to the Owners of any 2019 Bonds, or any other party, as a result of the Community Facilities District's decision to rescind a redemption of any 2019 Bonds pursuant to the Fiscal Agent Agreement.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2019 Bonds so called for redemption have been deposited in the Bond Fund, such 2019 Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in the notice of redemption.

Registration, Transfer and Exchange

The following provisions regarding the exchange and transfer of the 2019 Bonds apply only during any period in which the 2019 Bonds are not subject to DTC's book-entry system. While the 2019 Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and

the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX D – DTC and the Book-Entry Only System."

Registration. The Fiscal Agent will keep, or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the 2019 Bonds, which will show the series number, date, amount, rate of interest and last known owner of each 2019 Bond, and will at all times be open to inspection by the School District during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the 2019 Bonds as described below. The School District and the Fiscal Agent will treat the owner of any 2019 Bond whose name appears on the 2019 Bond register as the absolute owner of such 2019 Bond for any and all purposes, and the School District and the Fiscal Agent will not be affected by any notice to the contrary. The School District and the Fiscal Agent may rely on the address of the owner as it appears in the 2019 Bond register for any and all purposes.

Transfer and Exchange. Any 2019 Bond may, in accordance with its terms, be transferred, upon the 2019 Bond register, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2019 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent.

2019 Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like aggregate principal amount of 2019 Bonds of authorized denominations and of the same maturity.

The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the School District from the Administrative Expense Fund. The Fiscal Agent will collect from the owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange.

Whenever any 2019 Bond or Bonds are surrendered for transfer or exchange, the School District will execute and the Fiscal Agent will authenticate and deliver a new 2019 Bond or Bonds, for a like aggregate principal amount.

No transfers or exchanges of 2019 Bonds will be required to be made (i) 15 days prior to the date established by the Fiscal Agent for selection of 2019 Bonds for redemption, or (ii) with respect to a 2019 Bond after such 2019 Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

DEBT SERVICE SCHEDULE

The following table presents the annual debt service on the 2019 Bonds (including sinking fund redemptions), assuming there are no optional or special mandatory redemptions.

Year Ending September 1	Principal	Interest	Total Debt Service
2020	$630,000.00	$466,363.33	$1,096,363.33
2021	460,000.00	638,400.00	1,098,400.00
2022	480,000.00	620,000.00	1,100,000.00
2023	500,000.00	600,800.00	1,100,800.00
2024	520,000.00	580,800.00	1,100,800.00
2025	540,000.00	560,000.00	1,100,000.00
2026	560,000.00	538,400.00	1,098,400.00
2027	585,000.00	516,000.00	1,101,000.00
2028	610,000.00	486,750.00	1,096,750.00
2029	640,000.00	456,250.00	1,096,250.00
2030	675,000.00	424,250.00	1,099,250.00
2031	710,000.00	390,500.00	1,100,500.00
2032	745,000.00	355,000.00	1,100,000.00
2033	780,000.00	317,750.00	1,097,750.00
2034	820,000.00	278,750.00	1,098,750.00
2035	860,000.00	237,750.00	1,097,750.00
2036	905,000.00	194,750.00	1,099,750.00
2037	950,000.00	149,500.00	1,099,500.00
2038	995,000.00	102,000.00	1,097,000.00
2039	1,045,000.00	52,250.00	1,097,250.00
Total:	$14,010,000.00	$7,966,263.33	$21,976,263.33

SECURITY FOR THE 2019 BONDS

This section generally describes the security for the 2019 Bonds set forth in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in the section are defined in the Fiscal Agent Agreement.

General

The payment of the principal of, and interest and any premium on, the 2019 Bonds are secured by a first pledge of the following:

- all of the Special Tax Revenues (other than the Special Tax Revenues to be deposited in the Administrative Expense Fund pursuant to the Fiscal Agent Agreement), and

- all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account) and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund.

The term "**Special Tax Revenues**" is defined in the Fiscal Agent Agreement to mean the proceeds of the Special Taxes received by the School District, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but does not include any interest in excess of the interest due on the 2019 Bonds or any penalties collected in connection with any such foreclosure.

The 2019 Bonds are secured by a first pledge (which pledge shall be effected in the manner and to the extent provided herein) of all moneys deposited in the Reserve Fund.

Amounts in the Costs of Issuance Fund, the Residual Fund and the Administrative Expense Fund are *not* pledged to the repayment of the 2019 Bonds. The amounts transferred to the Escrow Agent are *not* in any way pledged to pay the debt service on the 2019 Bonds.

Limited Obligation

The 2019 Bonds and interest thereon are not payable from the general fund of the School District. Except with respect to the Special Tax Revenues, neither the credit nor the taxing power of the Community Facilities District or the School District is pledged for the payment of the 2019 Bonds or interest thereon, and no Owner of the 2019 Bonds may compel the exercise of the taxing power by the Community Facilities District or the School District or the forfeiture of any of their property.

The principal of and interest on the 2019 Bonds and premiums upon the redemption of any thereof are not a debt of the Community Facilities District (except to the limited extent described in this Official Statement) or the School District, the State nor any of its political subdivisions, within the meaning of any constitutional or statutory limitation or restriction. The 2019 Bonds are not a legal or equitable pledge, charge, lien or encumbrance, upon any property or income, receipts or revenues of the Community Facilities District or the School District, except the Special Tax Revenues that are, under the terms of the Fiscal Agent Agreement, pledged for the payment of the 2019 Bonds and interest thereon. Neither the members of the Board nor any persons executing the 2019 Bonds are liable personally on the 2019 Bonds by reason of their issuance.

Special Taxes

Levy of Special Taxes. The School District will agree in the Fiscal Agent Agreement to comply with all requirements of the Act to assure the timely collection of Special Taxes, including the enforcement of delinquent Special Taxes.

Under the Act and the Fiscal Agent Agreement, the School District is required to levy the Special Taxes each year in an amount required for the following (in each case taking into account the balances on hand in the funds held under the Fiscal Agent Agreement):

- the timey payment of principal of and interest on any outstanding 2019 Bonds becoming due and payable during the ensuing calendar year,
- any necessary replenishment or expenditure of the Reserve Fund, and
- an amount estimated to be sufficient to pay the Administrative Expenses (including amounts necessary to discharge any rebate obligation) during the ensuing year.

See "– Special Tax Fund" below.

Duration of Special Tax Levy. The Rate and Method provides that Special Taxes may be levied through fiscal year 2046-47. The 2019 Bonds are scheduled to mature on September 1, 2039. Subsequently, the Special Tax may continue to be levied for administrative expenses and authorized services so long as the School District determines that such Special Taxes are necessary.

The Fiscal Agent Agreement provides that, in general, the Special Taxes are payable and will be collected in the same manner and at the same time and in the same installment as the general taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

The Special Tax levy is limited to the maximum Special Tax rates set forth in the Rate and Method. Accordingly, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay debt service on the 2019 Bonds.

Rate and Method

General. The Special Taxes will be levied and collected according to the Rate and Method, which provides the means by which the Board may annually levy the Special Taxes within the Improvement Area, up to the maximum Special Tax rates, and to determine the amount of the Special Taxes that will need to be collected each Fiscal Year from the "**Taxable Property**" within the Improvement Area.

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, including its attachments, which is attached as APPENDIX B. Capitalized terms used but not defined in this section have the meanings as set forth in APPENDIX B. *This section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX B.*

Minimum Annual Special Tax Requirement. Annually, at the time of levying the Special Tax in the Improvement Area for the Community Facilities District, the Board will determine the minimum amount

of money to be levied on Taxable Property in the Improvement Area (the "**Minimum Annual Special Tax Requirement**"), which will be the amount required in any Fiscal Year to pay the following:

- the debt service on all outstanding Bonds,
- the periodic costs of the 2019 Bonds, including but not limited to, credit enhancement costs and rebate payments on the 2019 Bonds,
- Administrative Expenses of the Improvement Area (as further described in the Rate and Method),
- the costs associated with the release of funds from an escrow account established in association with the 2019 Bonds, and
- any amount required to establish or replenish any reserve funds (or account thereof) established in association with the 2019 Bonds,

less any amount available to pay debt service or other periodic costs on the 2019 Bonds under any applicable bond indenture, fiscal agent agreement or trust agreement.

Establishment of Zones. The Rate and Method divides Improvement Area A into two separate zones, Zone 1 and Zone 2 (each a "**Zone**"), and establishes separate Special Tax rates for each zone, as described below. Zone 1 and Zone 2 are shown on the map attached as APPENDIX G.

Developed and Undeveloped Property; Exempt Property. Each Fiscal Year, each Assessor's Parcel within each Zone will be classified as Taxable Property or Exempt Property, and each Assessor's Parcel of Taxable Property within each Zone will be further classified as Developed Property or Undeveloped Property, all as defined below. In addition, Developed Property within each Zone will be further classified based on the Building Square Footage of the Unit.

"*Developed Property*" means all Assessor's Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"*Undeveloped Property*" means all Assessors Parcels of Taxable Property that are not classified as Developed Property.

"*Taxable Property*" means all Assessor's Parcels which have not been prepaid and which are not Exempt Property (as defined below).

"*Exempt Property*" is defined to include the following:

(i) Assessor's Parcels owned by the State of California, Federal or other local governments,

(ii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization,

(iii) Assessor's Parcels used exclusively by a homeowners' association,

(iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement,

(v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and

(vi) any other Assessor's Parcels at the reasonable discretion of the Board.

However, property may not be classified as Exempt Property if that classification would reduce the sum in any Zone to less than the following Minimum Taxable Acreage for each Zone:

Zone 1	48.67 Acres
Zone 2	25.56 Acres

Assessor's Parcels that cannot be classified as Exempt Property because such classification would reduce the sum of all Taxable Property in a given Zone to less than the Minimum Taxable Acreage for such Zone will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

Maximum Special Tax, Assigned Annual Special Tax and Backup Annual Special Tax*.* The Maximum Special Tax is defined in the Rate and Method as follows:

Developed Property. The Maximum Special Tax is the *greater* of (i) the applicable Assigned Annual Special Tax, or (ii) the applicable Backup Annual Special Tax.

- *Assigned Annual Special Tax.* The Assigned Annual Special Tax for each Assessor's Parcel of Developed Property in each Zone is determined by reference to Table 1 for Zone 1 and Table 2 for Zone 2 in the Rate and Method, and varies as follows, based on the number of Building Square Feet per Unit:

Zone 1	From $1,145.71 to $1,965.60 per Unit
Zone 2	From $1,775.71 to $2,685.60 per Unit

- *Backup Annual Special Tax*. The Backup Annual Special Tax for a Lot within a Final Map within each Zone is determined by multiplying the Acreage of Taxable Property in the Final Map by the Assigned Annual Special Tax per acre of Acreage of Undeveloped Property for such Zone, and dividing the result by the number of Lots in the Final Map.

  The Backup Annual Special Tax is subject to adjustment if all or any portion of a Final Map is changed or modified, as set forth in the Rate and Method.

Undeveloped Property. The Assigned Annual Special Tax rate per acre of Acreage for an Assessor's Parcel of Undeveloped Property in any given Fiscal Year is determined according to the Zone within which the Assessor's Parcel is located, as follows:

Zone 1	$14,423.08 per Acre
Zone 2	$24,982.18 per Acre

Method of Apportionment. Under the Rate and Method, the Board will levy Annual Special Taxes each Fiscal Year as follows:

Step One: The Board will levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to that Assessor's Parcel.

Step Two: If the sum of the amounts collected in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax on each Assessor's Parcel of Undeveloped Property up to the Assigned Annual Special Tax applicable to each Assessor's Parcel of Undeveloped Property to satisfy the Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts collected in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board will Proportionately levy an Annual Special Tax on each Assessor's Parcel of Developed Property up to the Maximum Special Tax applicable to each Assessor's Parcel of Developed Property, to satisfy the Minimum Annual Special Tax Requirement.

Full Prepayment of Annual Special Taxes. The Annual Special Tax obligation of an Assessor's Parcel of Developed Property may be prepaid in full, and the Annual Special Tax obligation of an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid in full, provided that the terms set forth under the Rate and Method are satisfied, including (among others) the following conditions:

- The property owner requesting prepayment must pay all delinquent Special Taxes, interest and penalties owing on the Assessor's Parcel (if any) on which prepayment is being made.

- No prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, is at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year, and that such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. These determinations will include identifying all Assessor's Parcels that are expected to become Exempt Property.

The Prepayment Amount is generally calculated as the present value of the current and future Special Taxes applicable to the parcel being prepaid (defined generally as the present value of any Special Tax for the current Fiscal Year not yet received by the Community Facilities District, plus the expected Annual Special Tax applicable to such Assessor's Parcel in each remaining Fiscal Year until the termination date specified in the Rate and Method, using as the discount rate (i) the arbitrage yield on the 2019 Bonds or (ii) the most recently published Bond Index prior to the issuance of the 2019 Bonds), less a credit for the corresponding reduction in the Reserve Requirement for the 2019 Bonds, plus the fees and expenses of the Community Facilities District associated with the prepayment, all as set forth in further detail in APPENDIX B.

Partial Prepayment of Annual Special Taxes. The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid, provided that the terms set forth under the Rate and Method are satisfied, including (among others) the following conditions:

- There are no delinquent Special Taxes, penalties or interest charges outstanding with respect to the Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

- Partial prepayment must occur prior to the conveyance of the first production Unit on a Lot within a Final Subdivision Map to a Homeowner, and the partial prepayment of each Annual Special Tax obligation must be collected for all Assessor's Parcels prior to the conveyance of the first production Unit to a Homeowner with respect to such Final Subdivision Map.

- No partial prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, is at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding 2019 Bonds in each future Fiscal Year.

The Partial Prepayment Amount is calculated as the Prepayment Amount determined for full prepayment of Special Taxes, as set forth above, multiplied by the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation, all as set forth in further detail in APPENDIX B.

Appeals. Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than 12 months after having paid the first installment of the Special Tax that is disputed. A representative(s) of the Community Facilities District is required to promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund will not be made (except for the last year of levy), but an adjustment will be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

Duration of Special Tax Levy. The Annual Special Taxes were levied against Taxable Property in Improvement Area beginning with Fiscal Year 2006-07. The Rate and Method stipulates that Annual Special Taxes will be levied for a period of 33 Fiscal Years after the 2019 Bonds have been issued, provided that Annual Special Taxes may not be levied after Fiscal Year 2046-47.

Covenant to Foreclose

Sale of Property for Nonpayment of Taxes. The Fiscal Agent Agreement provides that, in general, the Special Tax is to be collected in the same manner as ordinary ad valorem property taxes are collected and, except as provided in the special covenant for foreclosure described below and in the Act, is to be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Foreclosure Under Mello-Roos Act. Under Section 53356.1 of the Act, if any delinquency occurs in the payment of the Special Tax, the School 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.

While judicial foreclosure is not mandatory, the School District will agree in the Fiscal Agent Agreement that, on or about March 30 and June 30 of each fiscal year, an Authorized Officer will compare the amount of Special Taxes previously levied in the Improvement Area to the amount of Special Tax Revenues received by the School District, and if delinquencies have occurred, proceed as follows:

Individual Delinquencies. If an Authorized Officer determines that any single parcel subject to the Special Tax in the Improvement Area is delinquent in the payment of Special Taxes in the aggregate amount of $5,000 or more, then an Authorized Officer will send or cause to be

sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings will be commenced by the School District within 90 days of such determination.

Aggregate Delinquencies. If an Authorized Officer determines that (i) the total amount of delinquent Special Tax for the prior fiscal year for the entire District, (including the total individual delinquencies described above), exceeds 5% of the total Special Tax due and payable for the prior fiscal year, determined by reference to the latest available secured property tax roll of the County, an Authorized Officer will notify or cause to be notified all property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and will commence foreclosure proceedings within 90 days of such determination against each parcel of land in the Improvement Area with a Special Tax delinquency.

Notwithstanding the foregoing, in its sole discretion, an Authorized Officer may defer such action with respect to a delinquent parcel if (1) no amounts are owed to the Bond Insurer pursuant to the Fiscal Agent Agreement, (2)_the amount in the debt service reserve fund for any Parity Bonds is at least equal to the applicable reserve requirement, and (3) no amounts are owed to the Bond Insurer pursuant to the Fiscal Agent Agreement..

Sufficiency of Foreclosure Sale Proceeds; Foreclosure Limitations and Delays. No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the School District to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold by foreclosure be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding Bonds is obtained. However, under Section 53356.6 of the Act, the School District, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the School District could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the School District becomes the purchaser under a credit bid, the School District must pay the amount of its credit bid into the Bond Fund, but this payment may be made up to 24 months after the date of the foreclosure sale.

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of any defense by the debtor and the Superior Court calendar. Also, the ability of the School District to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the "**FDIC**"). See "BOND OWNERS' RISKS – Exempt Properties."

No Teeter Plan. Because the Community Facilities District does not participate in the "**Teeter Plan**" (which is the County's Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds, as provided for in Section 4701 et seq. of the California Revenue and Taxation Code), collections of Special Taxes will reflect actual delinquencies.

Special Tax Fund

Deposits. Under the Fiscal Agent Agreement, the School District must remit, immediately upon receipt, all Special Tax Revenues received by it to the Fiscal Agent for deposit into the Special Tax Fund.

Notwithstanding the foregoing,

(i) any Special Tax Revenues constituting payment of the portion of the Special Tax levy for Administrative Expenses shall be separately identified by an Authorized Officer and shall be deposited by the Fiscal Agent in the Administrative Expense Fund;

(iii) any proceeds of Special Tax Prepayments will be separately identified by an Authorized Officer and will be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to the Fiscal Agent Agreement; and

(iv) Moneys in the Special Tax Fund will be held by the Fiscal Agent for the benefit of the School District and owners of the 2019 Bonds, shall be disbursed as provided below and, pending disbursement, shall be subject to a lien in favor of the owners of the 2019 Bonds.

Disbursements. On the fifth Business Day prior to each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

(i) without preference or priority, (A) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers to the Bond Fund from the Reserve Fund, the debt service reserve fund for any Parity Bonds, the Improvement Fund and the Special Tax Prepayments Account, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the 2019 Bonds on such Interest Payment Date and any past due principal or interest on the 2019 Bonds not theretofore paid from the collection of Special Tax delinquencies described in subparagraph (ii) under “Deposits” above and (B) to the Bond Insurer to pay reimbursement amounts due as described in the Fiscal Agent Agreement; and

(ii) without preference or priority, (a) to the Bond Insurer an amount payable to the Bond Insurer pursuant to the Fiscal Agent Agreement and (b) to the reserve fund for any Parity Bonds the amount required to replenish such reserve fund to its required balance.

Bond Fund

Deposits. The Fiscal Agent will hold the moneys in the Bond Fund for the benefit of the School District and the owners of the 2019 Bonds, and will disburse those funds for the payment of the principal of, and interest and any premium on, the 2019 Bonds as described below.

The Fiscal Agent Agreement also creates in the Bond Fund a separate account to be held by the Fiscal Agent, designated the “Special Tax Prepayments Account,” to the credit of which deposits of Special Tax Prepayments will be made, as described above.

Disbursements. On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the owners of the 2019 Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the 2019 Bonds. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer pursuant to clause (ii) under "- Special Tax Payments - Deposits” above shall be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the 2019 Bonds.

At least 5 Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the 2019 Bonds on the next Interest Payment Date. If amounts in the Bond Fund are insufficient for this purpose, the Fiscal Agent promptly will notify an Authorized Officer by telephone (and confirm in writing) of the amount of the insufficiency, and withdraw from the Reserve Fund, and from the debt service reserve fund for any Parity Bonds, in accordance with the provisions of the Fiscal Agent Agreement, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency, and deposit these amounts in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments of the principal of, and interest and any premium, due and payable on the 2019 Bonds, the Fiscal Agent will apply the available funds first to the payment of interest on the 2019 Bonds, then to the payment of principal due on the 2019 Bonds (including principal due on the 2019 Bonds by reason of sinking payments, if any).

Reserve Fund

Establishment. Under the Fiscal Agent Agreement, the Reserve Fund is established as a separate fund to be held by the Fiscal Agent to the credit of which certain proceeds of the 2019 Bonds will be deposited in an amount equal to the "**Reserve Requirement**" for the 2019 Bonds, as defined below. (See "ESTIMATED SOURCES AND USES OF FUNDS"). Thereafter, deposits will be made to replenish the Reserve Fund as provided in the Fiscal Agent Agreement.

Moneys in the Reserve Fund will be held in trust by the Fiscal Agent for the benefit of the owners of the 2019 Bonds as a reserve for the payment of the principal of, and interest and any premium on, the 2019 Bonds, and will be subject to a lien in favor of the owners of the 2019 Bonds.

Reserve Requirement. The Fiscal Agent Agreement defines the Reserve Requirement, as of the date of any calculation, as the least of:

(i) Maximum Annual Debt Service on the outstanding Bonds,

(ii) 125% of average Annual Debt Service on the outstanding Bonds, and

(iii) 10% of the original principal amount of the 2019 Bonds.

Disbursements. Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on the 2019 Bonds, in accordance with the provisions of the Fiscal Agent Agreement, for the purpose of redeeming Bonds from the Bond Fund.

See APPENDIX C for a description of the timing, purpose and manner of disbursements from the Reserve Fund.

Investment of Moneys in Funds

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent will be invested by the Fiscal Agent in Permitted Investments. See APPENDIX C for a definition of "Permitted Investments."

Issuance of Additional Debt for Refunding Purposes Only

Under the Fiscal Agent Agreement, the School District may issue additional refunding bonds on behalf of the Community Facilities District to refund all or a portion of then-outstanding bonds, issued and payable on a parity with the 2019 Bonds ("**Parity Bonds**") in such principal amount as shall be determined by the School District, under a Supplemental Agreement entered into by the School District and the Fiscal Agent. Any such Parity Bonds shall constitute Bonds under the Fiscal Agent Agreement and shall be secured by a lien on the Special Tax Revenues (other than the Special Tax Revenues to be deposited into the Administrative Expense Fund pursuant to the Fiscal Agent Agreement) and funds pledged for the payment of the 2019 Bonds under the Fiscal Agent Agreement on a parity with all other Bonds outstanding. The School District may issue such Parity Bonds on behalf of the Community Facilities District subject to the following conditions.

(i) The School District must be in compliance with all covenants set forth in the Fiscal Agent Agreement and all Supplemental Agreements, and issuance of the Parity Bonds will not cause the School District to exceed the bonded indebtedness limit of the Community Facilities District;

(ii) The Supplemental Agreement providing for the issuance of such Parity Bonds shall provide that interest thereon shall be payable on the Interest Payment Dates, and principal thereof shall be payable on the same date in any year in which principal is payable on the 2019 Bonds. There is no requirement that any Parity Bonds pay interest on a current basis; and

(iii) The Supplemental Agreement providing for the issuance of such Parity Bonds may provide for the establishment of separate funds and accounts, and shall provide for a deposit to the Reserve Fund or any other reserve fund related thereto.

Subordinate Bonds

Under the Fiscal Agent Agreement, the School District may issue bonds or other debt secured by a pledge of Special Tax Revenues, including bonds issued to refund all or a portion of any then-outstanding Bonds, subordinate to the pledge of such Special Tax Revenues securing the 2019 Bonds.

Limits on Special Tax Waivers and Bond Tenders

The School District will covenant in the Fiscal Agent Agreement not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the owners of the 2019 Bonds.

The School District will further covenant not to permit the tender of 2019 Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the School District having insufficient Special Tax Revenues to pay the principal of and interest on the 2019 Bonds and any Parity Bonds remaining outstanding following such tender.

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX H for a specimen of the Policy.

Bond Insurance Policy

Concurrently with the issuance of the 2019 Bonds, Build America Mutual Assurance Company ("**BAM**" or the **"Bond Insurer"**) will issue a Municipal Bond Insurance Policy (the **"Policy"**) for the Insured Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement.

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

Build America Mutual Assurance Company

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

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com. BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $552.8 million, $130.8 million and $422.1 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

THE COMMUNITY FACILITIES DISTRICT

Formation and Background

Formation Proceedings. The Community Facilities District was established by the Board under the Act on April 19, 2005, following a noticed public hearing. The Rate and Method for the Improvement Area is attached as APPENDIX B.

Issuance of Prior Bonds. On June 29, 2006, the Community Facilities District issued the Prior Bonds, which are the only outstanding series of bonds issued under this voter authorization. The proceeds of the Prior Bonds were used primarily to contribute to the construction of authorized Facilities. All of the outstanding Prior Bonds will be defeased and refunded with the proceeds of the 2019 Bonds. See "FINANCING PLAN."

Description and Location

General. The Community Facilities District is located in the southwestern portion of the County, in the western portion of the City of Victorville.

The Improvement Area is located south of Mojave Drive and east of Diamond Road. Surrounding land uses include: vacant land to the north, south and west and a large single family residential development to the east.

All of the taxable property in the Community Facilities District has been developed as single-family detached homes, and no property remains undeveloped.

Zone 1 and Zone 2. The Rate and Method divides the Improvement Area into two separate zones, Zone 1 and Zone 2, and establishes separate Special Tax rates for each zone, as described below.

Property Ownership and Development Status. The property within the Improvement Area has been developed as 669 units classified under the Rate and Method as Developed Property and subject to the Special Tax levy. See "– Property Ownership" and "– Development Status" below.

See APPENDIX A for demographic and other information regarding the City of Adelanto and the County. The boundary map showing the boundaries of the Improvement Area and each Zone is attached as APPENDIX G.

Projected Debt Service Coverage and Special Tax Levy

Projected Debt Service Coverage. The Rate and Method is structured to produce Maximum Annual Special Tax revenues which, when applied to the projected debt service on the 2019 Bonds, are anticipated to result in a debt service coverage ratio of at least 110% for the life of the 2019 Bonds, as shown in the table below.

Table 1
Projected Revenues and Debt Service Coverage

Year Ending Sept. 1	Assigned Annual Special Tax Levy	Less Administrative Expense	Net Assigned Annual Special Tax	Debt Service on 2019 Bonds	Projected Special Tax Revenues as a % of Total Debt Service
2020	$1,246,271.08	($35,000.00)	$1,211,271.08	$1,096,363.33	110.48%
2021	1,246,271.08	(35,000.00)	1,211,271.08	1,098,400.00	110.28
2022	1,246,271.08	(35,000.00)	1,211,271.08	1,100,000.00	110.12
2023	1,246,271.08	(35,000.00)	1,211,271.08	1,100,800.00	110.04
2024	1,246,271.08	(35,000.00)	1,211,271.08	1,100,800.00	110.04
2025	1,246,271.08	(35,000.00)	1,211,271.08	1,100,000.00	110.12
2026	1,246,271.08	(35,000.00)	1,211,271.08	1,098,400.00	110.28
2027	1,246,271.08	(35,000.00)	1,211,271.08	1,101,000.00	110.02
2028	1,246,271.08	(35,000.00)	1,211,271.08	1,096,750.00	110.44
2029	1,246,271.08	(35,000.00)	1,211,271.08	1,096,250.00	110.49
2030	1,246,271.08	(35,000.00)	1,211,271.08	1,099,250.00	110.19
2031	1,246,271.08	(35,000.00)	1,211,271.08	1,100,500.00	110.07
2032	1,246,271.08	(35,000.00)	1,211,271.08	1,100,000.00	110.12
2033	1,246,271.08	(35,000.00)	1,211,271.08	1,097,750.00	110.34
2034	1,246,271.08	(35,000.00)	1,211,271.08	1,098,750.00	110.24
2035	1,246,271.08	(35,000.00)	1,211,271.08	1,097,750.00	110.34
2036	1,246,271.08	(35,000.00)	1,211,271.08	1,099,750.00	110.14
2037	1,246,271.08	(35,000.00)	1,211,271.08	1,099,500.00	110.17
2038	1,246,271.08	(35,000.00)	1,211,271.08	1,097,000.00	110.42
2039	1,246,271.08	(35,000.00)	1,211,271.08	1,097,250.00	110.39

Source: KeyAnalytics.

Special Tax Levy by Tax Class. The table below summarizes the projected Fiscal Year 2019-20 Special Tax levy by Tax Class as set forth in the Rate and Method.

Table 2
Fiscal Year 2019-20 Projected Special Tax Levy by Tax Class

Zone 1

Special Tax Class	Building Square Footage	Number of Units	Average Assigned Special Tax	Projected Fiscal Year 2019-20 Special Tax Revenues	Percent of Total
1	< 1,850	20	$1,145.70	$22,914.00	1.84%
2	1,850 - 2,100	39	1,399.54	54,582.06	4.38
3	2,101 - 2,350	73	1,470.76	107,365.48	8.61
4	2,351 - 2,600	129	1,638.54	211,371.66	16.96
5	2,601 - 2,850	59	1,802.06	106,321.54	8.53
6	> 2,850	64	1,965.60	125,798.40	10.09
		384 Units		$628,353.14	50.42%

Zone 2

Special Tax Class	Building Square Footage	Number of Units	Average Assigned Special Tax	Projected Fiscal Year 2019-20 Special Tax Revenues	Percent of Total
1	< 1,850	42	$1,775.70	$74,579.40	5.98%
2	1,850 - 2,100	102	2,029.54	207,013.08	16.61
3	2,101 - 2,350	36	2,190.76	78,867.36	6.33
4	2,351 - 2,600	55	2,358.54	129,719.70	10.41
5	2,601 - 2,850	40	2,522.06	100,882.40	8.09
6	> 2,850	10	2,685.60	26,856.00	2.15
		285 Units		$617,971.94	49.58%
TOTAL		**669 Units**		**$1,246,271.08**	**100.00%**

Source: KeyAnalytics

Assessed Valuation and Value-to-Burden Ratios

No Appraisal. The Community Facilities District has not commissioned an appraisal of the property in the Improvement Area. Therefore, all estimated property values shown in this Official Statement are based on the Fiscal Year 2019-20 County Assessor's roll (which is the last equalized assessor's roll).

The current market value of the parcels within the Improvement Area may be less than the County Assessor's values shown in this Official Statement.

General Information Regarding Assessed Values. Article XIIIA of the California Constitution ("**Proposition 13**") defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value', or, thereafter, the appraised value of real property when purchased or newly constructed or when a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any 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.

Because of the general limitation to 2% per year in increases in full cash value of properties that remain in the same ownership, the county tax roll does not reflect values uniformly proportional to actual market values.

In addition, assessed values can be reduced as a result of two basic types of property tax assessment appeals under State law: (a) a base-year assessment appeal, which involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction, and (b) a Proposition 8 appeal, which can result (as a result of a property owner's application) if factors occur causing a decline in the market value of the property to a level below the property's then-current assessed value.

No assurance can be given that should a parcel with delinquent Special Taxes be foreclosed and sold for the amount of the delinquency, that any bid will be received for such property, or if a bid is received that such bid will be sufficient to pay such delinquent Special Taxes.

Assessed Valuation History. The table below provides a recent history of the overall assessed valuation of the property subject to the levy of the Special Taxes in the Improvement Area during each respective Fiscal Year.

Table 3
Improvement Area Assessed Valuation History

	Secured Assessed Value [1]	Percentage Change
2010-11	$65,054,637	--
2011-12	67,114,438	3.17%
2012-13	69,763,691	3.95
2013-14	74,143,616	6.28
2014-15	88,144,780	18.88
2015-16	97,155,396	10.22
2016-17	110,637,407	13.88
2017-18	126,301,764	14.16
2018-19	138,994,639	10.05
2019-20	155,722,420	12.03

(1) Assessed Value as of January 1 of each applicable roll year.
Source: KeyAnalytics

Estimated Value-to-Burden Ratios. The tables below shows the approximate projected value-to-burden ratio, excluding and included general obligation bonded indebtedness in the Improvement Area, for the parcels in the Improvement Area currently classified as Taxable Property, and subject to the Special Tax levy, based on the assessed values reported by the County Assessor for Fiscal Year 2019-20 and the principal amount of the 2019 Bonds.

No assurance can be given that the amounts shown in these tables will conform to those ultimately realized in the event of a foreclosure action following delinquency in the payment of the Special Taxes.

Table 4A
Assessed Values and Value-to-Burden Ratios
Allocated by Projected Fiscal Year 2019-20 Special Tax Levy
(Excluding Overlapping General Obligation Bond Debt)

Value-to-Burden Category	Parcels Taxed	Total Assessed Valuation [1]	Fiscal Year 2019-20 Special Tax Levy	% of Total	Principal Amount of Bonds [2]	Outstanding Other Debt [3]	Total Debt	Average Value-to-Lien
Greater than 20.00:1	0	$0.00	$0.00	0.00%	$0.00	$0.00	$0.00	NA
15.00:1 to 20.00:1	85	23,981,186.00	132,596.26	10.64%	1,490,585.50	2,989.44	1,493,574.94	16.06:1
10.01:1 to 15.00:1	379	97,216,532.00	693,973.10	55.68%	7,801,322.91	12,118.79	7,813,441.70	12.44:1
5.00:1 to 10.00:1	184	33,048,080.00	374,307.54	30.03%	4,207,791.32	4,119.70	4,211,911.02	7.85:1
3.00:1 to 5.00:1	12	1,326,486.00	26,383.96	2.12%	296,596.21	165.36	296,761.57	4.47:1
Less than 3.00:1 [4]	9	150,136.00	19,010.22	1.53%	213,704.05	18.72	213,722.77	0.70:1
Totals	**669**	**$155,722,420.00**	**$1,246,271.08**	**100.00%**	**$14,010,000.00**	**$19,412.00**	**$14,029,412.00**	**11.10:1**

[1] Based on Fiscal Year 2019-20 County Assessor's roll.
[2] Principal Amount of the 2019 Bonds has been allocated to the taxable parcels in proportion to their respective Fiscal Year 2019-20 Special Tax obligation.
[3] Includes Estimated Allocable Share of Other Debt as identified in the Overlapping Debt Statement.
[4] Of the 9 units with a Value-to-Lien less than 3.00:1, 8 were recently developed and have yet to reflect the improved value, 1 was owned by the Veterans Affairs Office and has an Assessed Value of $0.00 but has since transferred ownership to a non-governmental entity.

Source: KeyAnalytics

Table 4B
Assessed Values and Value-to-Burden Ratios
Allocated by Projected Fiscal Year 2019-20 Special Tax Levy
(Including Overlapping General Obligation Bond Debt)

Value-to-Burden Category	Parcels Taxed	Total Assessed Valuation [1]	Fiscal Year 2019-20 Special Tax Levy	% of Total	Principal Amount of Bonds [2]	Outstanding Other Debt [3]	Total Debt	Average Value-to-Lien
Greater than 20.00:1	0	$0.00	$0.00	0.00%	$0.00	$0.00	$0.00	NA
15.00:1 to 20.00:1	2	669,400.00	3,111.30	0.25%	34,975.79	9,023.73	43,999.52	15.21:1
10.01:1 to 15.00:1	345	90,798,865.00	581,396.96	46.65%	6,535,794.29	1,223,998.31	7,759,792.60	11.70:1
5.00:1 to 10.00:1	292	61,702,407.00	597,883.86	47.97%	6,721,132.35	831,768.57	7,552,900.92	8.14:1
3.00:1 to 5.00:1	20	2,332,762.00	42,839.20	3.44%	481,578.37	31,446.39	513,024.76	4.56:1
Less than 3.00:1 [4]	10	218,986.00	21,039.76	1.69%	236,519.20	2,952.00	239,471.20	0.92:1
Totals	**669**	**$155,722,420.00**	**$1,246,271.08**	**100.00%**	**$14,010,000.00**	**$2,099,189.00**	**$16,109,189.00**	**9.67:1**

[1] Based on Fiscal Year 2019-20 County Assessor's roll.
[2] Principal Amount of the 2019 Bonds has been allocated to the taxable parcels in proportion to their respective Fiscal Year 2019-20 Special Tax obligation.
[3] Includes Estimated Allocable Share of Other Debt as identified in the Overlapping Debt Statement.
[4] Of the 10 units with a Value-to-Lien less than 3.00:1, 8 were recently developed and have yet to reflect the improved value, 1 was owned by the Veterans Affairs Office and has an Assessed Value of $0.00 but has since transferred ownership to a non-governmental entity and one 1 is a designated "replacement property" that had their assessed valuation reduced via Proposition 60 (intracounty) valuation transfer.
Source: KeyAnalytics

Direct and Overlapping Governmental Obligations

Contained within the boundaries of the Improvement Area are certain overlapping local agencies providing public services and assessing property taxes, assessments, special taxes and other charges on the property in the Improvement Area. Many of these local agencies have outstanding debt.

The direct and overlapping obligations affecting the property in the Improvement Area as of October 1, 2019, are shown in the following table. *The table was prepared by California Municipal Statistics, Inc., and is included for general information purposes only.*

Table 5
Direct and Overlapping Governmental Obligations

2019-20 Local Secured Assessed Valuation: $155,722,420 (Land and Improvements)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 10/1/19	
Victor Valley Community College District	0.463%	$ 603,6118	
Victor Valley Union High School District	1.144	1,347,752	
Adelanto School District	3.220	128,407	
Mojave Water Agency	0.401	19,412	
Adelanto School District CFD No. 1, Improvement Area A	**100.000**	**12,990,000**	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$15,089,189	
OVERLAPPING GENERAL FUND DEBT:			
San Bernardino County General Fund Obligations	0.064%	$ 153,477	
San Bernardino County Pension Obligation Bonds	0.064	152,240	
San Bernardino County Flood Control District General Fund Obligations	0.064	36,681	
Victor Valley Union High School District General Fund Obligations	1.144	264,524	
Adelanto School District Certificates of Participation	3.220	261,973	(1)
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$868,895	
COMBINED TOTAL DEBT		$15,958,084	(2)

Ratios to 2019-20 Local Secured Assessed Valuation:

Direct Debt ($3,075,000).....	**8.34%**
Total Direct and Overlapping Tax and Assessment Debt	9.69%
Combined Total Debt.....	10.25%

(1) Excludes the 2019 Bonds offered for sale hereunder, as well as Certificates of Participation being offered by the School District concurrently with the 2019 Bonds.

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

Source: California Municipal Statistics, Inc.

Estimated Tax Burden on Single Family Home

The following table shows estimated property tax bills for Single Family residences classified as Taxable Property in the Improvement Area, based on actual tax rates for Fiscal Year 2019-20.

Table 6
Fiscal Year 2019-20 Effective Tax Rate
Single-Family Residences

Zone		**1**	**2**
Tract Number [1]		17131	17134
Lot Number		63	7
Assigned Special Tax Class		3	4
Square Footage		2,141	2,467
Assessed Value			
Total Assessed Valuation		$241,853.00	$242,414.00
Less: Homeowner's Exemption		(7,000.00)	(7,000.00)
Total Net Value [2]		**$234,853.00**	**$235,414.00**
Ad Valorem Property Taxes	**% of Total AV**		
General Tax Levy	1.0000%	$2,348.53	$2,354.14
Ad Valorem Tax Overrides		42.50	42.60
Victor Valley Community College	0.0181	165.10	165.49
Victor Valley Union HS Bond	0.0703	196.10	196.57
Adelanto Elementary School Bond	0.0835	**$2,752.23**	**$2,758.80**
Total Ad Valorem Property Tax Levy	1.1719%	$2,348.53	$2,354.14
School District Assessment Levies			
Victor Valley Landscape Maintenance		$160.74	$160.74
Victor Valley Citywide SLAD		14.28	14.28
Victor Valley West Creek DFAD 3		125.36	125.36
Adelanto CFD No. 1 IA A		1,471.06	2,358.84
Mojave Water Bond Debt #1		36.36	54.54
Mojave Water Bond Debt #2		133.01	133.32
Total School District Assessment Levy		**$1,940.81**	**$2,847.08**
Total Estimated Property Taxes		**$4,693.04**	**$5,605.88**
Total Effective Tax Rate		**1.94%**	**2.31%**

[1] Fiscal Year 2019-20 assessed value for Developed Property selected to represent the median assessed valuation for a Developed unit within each Tract of the Improvement Area.
[2] Net Assessed Value reflects estimated total assessed value for the parcel net of homeowner's exemption.
Source: KeyAnalytics.

Overall Delinquencies. The table below presents the collections and delinquencies of the Special Taxes in the Improvement Area for Fiscal Years 2011-12 through 2018-19. Because the Improvement Area does not participate in the Teeter Plan, collections of Special Taxes will reflect actual delinquencies.

Table 7
Special Tax Collections and Delinquencies
Fiscal Years 2009-10 through 2018-19

		As of Fiscal Year End			As of June 30, 2019				
Fiscal Year	Parcels Levied	Aggregate Special Tax	Total Annual Special Taxes Collected	Parcels Delinquent	Fiscal Year Amount Delinquent	Fiscal Year Delinquency Rate	Parcels Delinquent	Remaining Amount Delinquent	Remaining Delinquency Rate
2009-10	669	$1,344,832.54	$1,308,807.22	23	$36,025.32	2.68%	0	$0.00	0.00%
2010-11	669	1,359,383.70	992,955.40	147	366,428.30	26.96%	1	1,638.54	0.12
2011-12	669	1,346,474.88	990,811.47	145	355,663.41	26.41%	1	2,209.54	0.25
2012-13	669	1,346,103.88	988,454.55	144	357,649.33	26.57%	1	1,638.54	0.23
2013-14	669	1,410,412.40	1,398,003.99	10	12,408.41	0.88%	0	0.00	0.36
2014-15	522 [1]	963,001.26	944,771.41	12	18,229.85	1.89%	1	1,195.60	0.20
2015-16	563 [1]	1,033,071.98	1,020,284.26	10	12,787.72	1.24%	3	3,767.66	0.51
2016-17	599 [1]	1,110,422.70	1,087,391.83	16	23,030.87	2.07%	6	8,604.35	1.11
2017-18	629 [1]	1,175,322.22	1,160,525.93	11	14,796.29	1.26%	4	5,547.48	1.26
2018-19	661 [1]	1,243,404.58	1,224,842.55	10	18,562.03	1.49%	10	18,562.03	1.49

[1] Special Tax levied on Developed Property only.
Source: KeyAnalytics.

Potential Consequences of Future Special Tax Delinquencies

Future delinquencies in the payment of the Special Taxes at current or increased levels could cause a draw on the Reserve Fund established for the 2019 Bonds and perhaps, ultimately, a default in the payment on the 2019 Bonds. See "BOND OWNERS' RISKS."

In such an event, the School District could receive additional funds for the payment of debt service through foreclosure sales of delinquent property, but no assurance can be given as to the amount of foreclosure sale proceeds or when foreclosure sale proceeds would be received. The School District has covenanted in the Fiscal Agent Agreement to commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described herein. See "SECURITY FOR THE 2019 BONDS – Covenant to Foreclose."

Special Tax Enforcement and Collection Procedures. Foreclosure actions would include, among other steps, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable special taxes and contacting secured lenders to obtain payment. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of the Special Tax, the Community Facilities District may not increase Special Tax levies to make up for delinquencies for prior fiscal years above the Maximum Special Tax rates specified in the Rate and Method.

In addition, the Community Facilities District's ability to increase Special Tax levies on residential property to make up for delinquencies for prior Fiscal Years is limited by Government Code § 53321(d), which provides that the special tax levied against any parcel for which an occupancy permit for private

residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults.

In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2019 Bonds. See "BOND OWNERS' RISKS."

Property Ownership

Neither the 2019 Bonds nor the Special Taxes are personal obligations of any owners of Taxable Property within the Improvement Area.

General

The ownership of Developed Property in the Improvement Area, levied for Fiscal Year 2019-20, is set forth in the table below.

Table 8
Taxable Property Ownership Summary

Taxable Property Ownership [1]	Number of Developed Parcels	Fiscal Year 2019-20 Special Tax Levy	Percent of Fiscal Year 2019-20 Special Tax Levy	Fiscal Year 2019-20 Secured Assessed Value [1]	Percent of Fiscal Year 2019-20 Secured Assessed Value
Victorville 115 Lots P	4	$8,610.68	0.69%	$718,119.00	0.46%
Tupas Wilfredo M	3	5,580.94	0.45%	841,964.00	0.54%
Saad Mustapha	2	4,059.08	0.33%	265,513.00	0.17%
Bahman David	2	3,758.08	0.30%	354,662.00	0.23%
Savy Investments LLC	2	3,336.46	0.27%	248,174.00	0.16%
Fang Sung Wen	2	3,272.82	0.26%	436,702.00	0.28%
Ibekwe Emeka C	2	3,109.30	0.25%	495,478.00	0.32%
Simonyan Arman & Vartuhi Rev Liv Tr	2	3,038.08	0.24%	488,988.00	0.31%
Individual Property Owners	650	1,211,505.64	97.21%	151,872,820.00	97.53%
	669	**$1,246,271.08**	**100.00%**	**$155,722,420.00**	**100.00%**

[1] Based on Fiscal Year 2019-20, top property owners shown are those property owners who own two (2) or more units within the Improvement Area.

Source: KeyAnalytics.

Concentration of Ownership within the Community Facilities Districts. The preceding table is based on ownership information provided by the San Bernardino County Tax Assessor, and neither the Community Facilities District nor the School District can make any representation as to whether individual persons, corporations or other organizations are liable for Special Taxes in connection with multiple properties held in various names that in the aggregate may be larger than what is suggested by the preceding information.

BOND OWNERS' RISKS

The purchase of the 2019 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the 2019 Bonds.

Limited Obligation of the Community Facilities District to Pay Debt Service

The Community Facilities District has no obligation to pay principal of and interest on the 2019 Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. Neither the School District nor the Community Facilities District is obligated to advance funds to pay debt service on the 2019 Bonds.

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the 2019 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the Improvement Area.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the 2019 Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax formula set forth in the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the 2019 Bonds, and certainly not a direct relationship.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Special Tax on any particular parcel of Taxable Property to vary from the Special Tax that might otherwise be expected:

> ***Transfers to Governmental Entities.*** The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government 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 taxed parcels.
>
> ***Property Tax Delinquencies.*** Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See "–Property Tax Delinquencies" below. For a summary of recent property tax collection and delinquency rates in the Improvement Area, see "THE COMMUNITY FACILITIES DISTRICT – Special Tax Collection and Delinquency Rates."

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in "SECURITY FOR THE 2019 BONDS – Covenant to Foreclose" and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2019 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the Community Facilities District of the proceeds of sale if the Reserve Fund is depleted. See "SECURITY FOR THE 2019 BONDS – Covenant to Foreclose."

The ability of the Community Facilities District to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the "**FDIC**") has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution which has made a loan which is secured by property within the Improvement Area. See " – Exempt Properties – Property Owned by FDIC" below.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of such military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

Property Tax Delinquencies

General. Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner, including situations in which the County initially sent property tax bills to the property developer or merchant builder at a time when the parcels in question had already been sold to individual homeowners. Delinquencies can also reflect economic difficulties and duress by the property owner. See "THE COMMUNITY FACILITIES DISTRICT – Special Tax Collection and Delinquency Rates."

Sustained or increased delinquencies in the payment of the Special Taxes could cause a draw on the Reserve Fund established for the 2019 Bonds and perhaps, ultimately, a default in the payment on the 2019 Bonds.

Measures to Mitigate Consequences of Continuing Delinquencies. The Community Facilities District intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Special Taxes through collection procedures that will include foreclosure actions under certain circumstances (see "SECURITY FOR THE 2019 BONDS – Covenant to Foreclose"); and increasing the levy of Special Taxes against non-delinquent property owners in the Improvement Area, to the extent permitted under the Rate and Method and the Act and to the extent the Special Taxes are not already being levied at the maximum Special Tax rate. See "THE COMMUNITY FACILITIES DISTRICT – Potential Consequences of Special Tax Delinquencies."

Risks Related to Homeowners With High Loan to Value Ratios

Any future decline in home values in the Improvement Area could result in property owner unwillingness or inability to pay mortgage payments, as well as *ad valorem* property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

It is possible that laws could be enacted in the future to assist homeowners in default in the payment of mortgages and property taxes. It is further possible that federal laws could be enacted that would adversely impact the ability of the Community Facilities District to foreclose on parcels with delinquent Special Taxes. No assurance can be given that any such laws will be enacted, or if enacted will be effective in assisting affected homeowners.

Payment of Special Tax is not a Personal Obligation of the Property Owners

An owner of Taxable Property is not personally obligated to pay the Special Taxes. Rather, the Special Taxes are an obligation running only against the parcels of Taxable Property. If, after a default in the payment of the Special Tax and a foreclosure sale by the Community Facilities District, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels of Taxable Property, the Community Facilities District has no recourse against the owner.

Property Values

The value of Taxable Property within the Improvement Area is a critical factor in determining the investment quality of the 2019 Bonds. If a property owner defaults in the payment of the Special Tax, the Community Facilities District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the Community Facilities District's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, landslides, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in the Improvement Area.

Risks Related to Availability of Mortgage Loans. The current state of the world-wide capital markets has adversely affected the availability of mortgage loans to homeowners, including potential buyers of homes within the Improvement Area. Any such unavailability could hinder the ability of the current homeowners to resell their homes, or the sale of newly completed homes in the future.

Natural Disasters. The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements. The areas in and surrounding the Improvement Area, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes and landslides.

Other natural disasters could include, without limitation, floods, landslides, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not

facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear.

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. 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 Community Facilities District and in the ability or willingness of property owners to pay Special Taxes.

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

***Hazardous Substances*.** One of the most serious risks in terms of the potential reduction in the value of Taxable Property is a claim with regard to a hazardous substance. In general, the owners and operators 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.

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and value of any of the Taxable Property by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the Community Facilities District is not aware that the owner or operator of any of the 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 Community Facilities District is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that 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 that 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 Taxable Property that is realizable upon a delinquency.

Future Property Development

Continuing development of the parcels in the Improvement Area may be adversely affected by changes in general or local economic conditions, fluctuations in or a deterioration of the real estate market, increased construction costs, development, financing and marketing capabilities of the developer, water or electricity shortages, discovery on the undeveloped property of any plants or animals in their habitat that have been listed as endangered species, and other similar factors. Development in

the Improvement Area may also be affected by development in surrounding areas, which may compete with the Improvement Area.

Other Possible Claims Upon the Value of Taxable Property

While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The table in the section entitled "THE COMMUNITY FACILITIES DISTRICT – Direct and Overlapping Governmental Obligations" shows the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property. The table also states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels of Taxable Property. The table does not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the 2019 Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the 2019 Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See "– Bankruptcy and Foreclosure Delays" below.

Exempt Properties

Exemptions Under Rate and Method and the Act. Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the Improvement Area 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. See "SECURITY FOR THE 2019 BONDS – Rate and Method."

In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Property Owned by FDIC. The ability of the Community Facilities District to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Special Tax installment may be limited in certain respects with regard to property in which the Federal Deposit Insurance Corporation (the "**FDIC**") has or obtains an interest. The FDIC has asserted a sovereign immunity defense to the payment of special taxes and assessments. The Community Facilities District is unable to predict what effect this assertion would have in the event of a delinquency on a parcel within the Improvement Area in which the FDIC has or obtains an interest.

In addition, although the FDIC does not claim immunity from *ad valorem* property taxation, it requires a foreclosing entity to obtain FDIC's consent to foreclosure proceedings. Prohibiting a foreclosure on property owned by the FDIC could reduce the amount available to pay the principal of and interest on the 2019 Bonds. Either outcome would cause a draw on the Reserve Fund established for the 2019 Bonds and perhaps, ultimately, a default in the payment on the 2019 Bonds.

No investigation has been made as to whether the FDIC or any other governmental entity currently owns or has an interest in any property in the Improvement Area.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement. See "SECURITY FOR THE 2019 BONDS – Reserve Fund." The Reserve Fund will be used to pay principal of and interest on the 2019 Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within the Improvement Area. If the Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the Bond Owners under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the maximum annual Special Tax rates, it is possible that no replenishment would be possible if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus it is possible that the Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

Bankruptcy Delays

The payment of the Special Tax and the ability of the Community Facilities District to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY FOR THE 2019 BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2019 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 Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2019 Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or

default in payment of the principal of and interest on the 2019 Bonds and the possibility of delinquent Special Taxes not being paid in full.

To the extent that property in the Improvement Area continues to be owned by a limited number of property owners, the chances are increased that the Reserve Fund established for the 2019 Bonds could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the Reserve Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the 2019 Bonds on a timely basis.

Disclosure to Future Purchasers

The Community Facilities 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 or a home in the Improvement Area or the lending of money secured by property in the Improvement Area. The Act and the Goals and Policies require the subdivider of a subdivision (or its agent or representative) 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 these 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.

No Acceleration Provisions

The 2019 Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the 2019 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondholder is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies. See "APPENDIX C – Summary of Certain Provisions of the Fiscal Agent Agreement." So long as the 2019 Bonds are in book-entry form, DTC will be the sole Bondholder and will be entitled to exercise all rights and remedies of 2019 Bond holders.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS – Tax Exemption," interest on the 2019 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2019 Bonds were issued as a result of future acts or omissions of the Community Facilities District in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2019 Bonds were to become includable in gross income for purposes of federal income taxation, the 2019 Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Taxes. See "THE 2019 Bonds – Redemption."

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the "**IRS**") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2019 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2019 Bonds might be affected as a result of such an audit of such 2019 Bonds (or by an audit of similar bonds or securities).

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

Future legislative proposals, if enacted into law, clarification of the Internal Revenue Code of 1986 as amended (the "**Code**") or court decisions may cause interest on the 2019 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondowners from realizing the full current benefit of the tax status of such interest.

Extraordinary Redemption from Prepaid Special Taxes

Redemption of the 2019 Bonds from prepaid Special Taxes could be made by any of the owners of any of the property within the Community Facilities District; and they could also be made from the proceeds of bonds issued by or on behalf of an overlapping special assessment district or community facilities district. The resulting redemption of Bonds that were purchased at a price greater than the applicable redemption price could reduce the otherwise expected yield on such Bonds.

Tax Cuts and Jobs Act

H.R. 1 of the 115th U.S. Congress, also known as the "Tax Cuts and Jobs Act," was enacted into law on December 22, 2017 (the "Tax Act"). The Tax Act makes significant changes to many aspects of the Code. For example, the Tax Act reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes, which could increase the cost of home ownership within the Community Facilities District. However, the School District cannot predict the effect that the Tax Act may have on the cost of home ownership or the price of homes in the Community Facilities District or the ability or willingness of homeowners to pay Special Taxes or property taxes.

Cybersecurity

The School District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage.

No assurance can be given that the School District's efforts to manage cyber threats and attacks will, in all cases, be successful or that any such attack will not materially impact the operations or finances of the School District or the Community Facilities District. The School District is also reliant on other entities and service providers, such as the County Treasurer for the levy and collection of Special Taxes securing payment of the 2019 Bonds, the Fiscal Agent in its role as paying agent or the Dissemination Agent in connection with compliance by the School District and the Community Facilities District with their respective continuing disclosure undertakings. No assurance can be given that the School District or the Community Facilities District may not be affected by cyber threats and attacks against other entities or service providers in a manner which may affect the owners of the 2019 Bonds e.g., systems related to

the timeliness of payments to owners of the 2019 Bonds or compliance with disclosure filings pursuant to the Continuing Disclosure Certificate.

Voter Initiatives

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Since 1978, the voters have exercised this power through the adoption of Proposition 13 and similar measures, including Proposition 218, which was approved in the general election held on November 5, 1996, and Proposition 26, which was approved on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the Community Facilities District. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2019 Bonds.

Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act". Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes ("special taxes") require a two-thirds vote.

The Special Taxes and the 2019 Bonds were each authorized by not less than a two-thirds vote of the landowners within the Improvement Area who constituted the qualified electors at the time of such voted authorization. The Community Facilities District believes, therefore, that issuance of the 2019 Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 are likely to undergo both judicial and legislative scrutiny before the impact on the Community Facilities District and its obligations can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

Risks Relating to Bond Insurance

In the event of a default in the payment of principal or interest on the 2019 Bonds, when all or some becomes due, any Owner of a 2019 Bond may have a claim under the Policy. The Policy will not insure against redemption premium, if any, with respect to the 2019 Bonds. In the event that BAM is unable to make payment of principal or interest on the 2019 Bonds as such payments become due under the Policy, the 2019 Bonds will be payable solely as otherwise described herein. In the event that BAM becomes obligated to make payments on the 2019 Bonds, no assurance can be given that such event

would not adversely affect the market price of the 2019 Bonds or the marketability (liquidity) of the 2019 Bonds.

None of the Community Facilities District, the School District or the Underwriter will make an independent investigation of the claims-paying ability of the Bond Insurer, and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is being made by the the Community Facilities Districts, the School District or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the 2019 Bonds, potential investors should carefully consider the ability of the Community Facilities District to pay principal and interest on the 2019 Bonds, assuming that no Policy is available to pay principal and interest on the 2019 Bonds, and the claims-paying ability of the Bond Insurer through final maturity of the 2019 Bonds.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2019 Bonds or, if a secondary market exists, that any 2019 Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the 2019 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Code), or changes in interpretation of the Code, or any action of the IRS, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2019 Bonds for audit examination, or the course or result of any IRS audit or examination of the 2019 Bonds or obligations that present similar tax issues as the 2019 Bonds.

LEGAL MATTERS

Legal Opinions

The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, approving the validity of the 2019 Bonds will be made available to purchasers at the time of original delivery and is attached in substantially final form as APPENDIX F. A copy of the legal opinion will be attached to each 2019 Bond.

Jones Hall, A Professional Law Corporation, San Francisco, California, will pass upon certain legal matters for the Community Facilities District as disclosure counsel. Stradling, Yocca, Carlson & Rauth, a Professional Corporation, San Francisco, California, is serving as counsel to the Underwriter.

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2019 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Community Facilities District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2019 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Community Facilities District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2019 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2019 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2019 Bonds who purchase the 2019 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2019 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2019 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2019 Bonds is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium 2019 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2019 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2019 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2019 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2019 Bonds, or as to the consequences of owning or receiving interest on the 2019 Bonds, as of any future date. Prospective purchasers of the 2019 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2019 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2019 Bonds, the ownership, sale or disposition of the 2019 Bonds, or the amount, accrual or receipt of interest on the 2019 Bonds.

No Litigation

At the time of delivery of the 2019 Bonds, the Community Facilities District will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending with respect to which the Community Facilities District has been served with process or threatened, which:

- in any way questions the powers of the Board or the Community Facilities District, or
- in any way questions the validity of any proceeding taken by the Board in connection with the issuance of the 2019 Bonds, or
- wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the purchase contract with respect to the 2019 Bonds, or

- which, in any way, could adversely affect the validity or enforceability of the resolutions of the Board adopted in connection with the formation of the Community Facilities District or the issuance of the 2019 Bonds, the Fiscal Agent Agreement, the Continuing Disclosure Certificate or the purchase contract with respect to the 2019 Bonds, or

- to the knowledge of an authorized officer of the Community Facilities District, which in any way questions the exclusion from gross income of the recipients thereof of the interest on the 2019 Bonds for federal income tax purposes, or

- in any other way questions the status of the 2019 Bonds under State tax laws or regulations.

CONTINUING DISCLOSURE

The Community Facilities District will covenant for the benefit of owners of the 2019 Bonds to provide certain financial information and operating data relating to the 2019 Bonds by not later than seven months after the end of the School District's Fiscal Year, or January 31 each year based on the School District's current Fiscal Year end of June 30 (the "**Annual Report**") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events by the Community Facilities District is set forth in APPENDIX E.

Based upon a review of the School District's filing obligations, in the previous five years the School District has not failed to comply, in all material respects, with the existing undertakings for its outstanding obligations.

With respect to undertakings of the School District made in connection with community facilities districts in the School District, in the previous five years, the School District failed to timely file audited financial statements and Annual Reports for each of fiscal year 2013-14 through 2017-18.

VERIFICATION OF MATHEMATICAL ACCURACY

Causey Demgen & Moore P.C., Denver, Colorado, upon delivery of the 2019 Bonds, will deliver a report on the mathematical accuracy of certain computations contained in schedules provided to them, which were prepared by the Underwriter, relating to (1) the sufficiency of the anticipated receipts from the moneys deposited in the Escrow Fund to pay, when due, the principal, interest and redemption requirements of the Prior Bonds, and (2) the yield on the 2019 Bonds.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is expected to assign its rating of "AA" to the Insured Bonds, based on the understanding that the Bond Insurer will deliver its Policy with respect to the Insured Bonds upon delivery.

In addition, S&P has assigned an underlying rating of "BBB+" to the 2019 Bonds. The School District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement to the extent deemed not material for investment purposes). Such ratings reflect only the view of S&P and an explanation of the significance of such ratings and outlook may be obtained only from S&P. There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the 2019 Bonds.

UNDERWRITING

The 2019 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, at a purchase price of $16,658,716.70 (which represents the aggregate principal amount of the 2019 Bonds ($14,010,000.00), plus original issue premium of $2,841,354.20, less an Underwriter's discount of $192,637.50).

The purchase agreement relating to the 2019 Bonds provides that the Underwriter will purchase all of the 2019 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2019 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

PROFESSIONAL FEES

In connection with the issuance of the 2019 Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the 2019 Bonds. Those professionals include:

- the Underwriter;
- Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel;
- Stradling, Yocca, Carlson & Rauth, a Professional Corporation, as Underwriter's Counsel;
- California Financial Services, as Municipal Advisor;
- KeyAnalytics, a Division of California Financial Services, as Special Tax Consultant;
- Zions Bancorporation, National Association, as Fiscal Agent and Escrow Agent; and
- Causey Demgen & Moore P.C., as verification agent.

EXECUTION

The execution and delivery of the Official Statement by the Community Facilities District has been duly authorized by the Board of Trustees of the Adelanto Elementary School District, acting as the legislative body of the Community Facilities District.

ADELANTO ELEMENTARY SCHOOL DISTRICT, FOR AND ON BEHALF OF COMMUNITY FACILITIES DISTRICT NO. 2 OF THE ADELANTO ELEMENTARY SCHOOL DISTRICT

By: /s/ *Amy Nguyen-Hernandez, Ed.D.*
Superintendent

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APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF ADELANTO AND SAN BERNARDINO COUNTY

The following information is included only for the purpose of supplying general information regarding the City of Adelanto and San Bernardino County. This information is provided only for general informational purposes, and provides prospective investors limited information about this region and its economic base. The 2019 Bonds are not a debt of the County, the State or any of its political subdivisions, and neither the County, the State nor any of its political subdivisions is liable therefor.

General Information

The City. The City, incorporated in 1970, is located near US Highway 395, in the California Mojave Desert, 35 miles (56km) north of the City of San Bernardino via Interstate 15. Highway 395, "The Three Flags Highway," provides a direct link between Baja California and Canada. Interstate 15 provides a route north to Nevada and south to the metropolitan Los Angeles and San Diego area. El Mirage Dry Lake, located west of Adelanto, has been used for filming movies and television commercials, and is popular for racing off-road vehicles and land yachts.

The cool prevailing winds from the southwest provide a nearly smog free environment throughout the year. Average temperatures range from a minimum of 30 degrees Fahrenheit in January to a maximum of 96 degrees Fahrenheit in August. Average annual rainfall is 5.5 inches occurring primarily during the winter months with some additional accumulation from summer thunderstorms.

The County. The County is located in Southern California and was established by an act of the State Legislature on May 23, 1853, separating the County from the eastern part of the County of Los Angeles. The County encompasses an area of over 22,000 square miles, making it geographically the largest county in the nation, and includes twenty-four incorporated communities. The County is bordered on the west by the Counties of Los Angeles and Kern, on the north by the County of Inyo and on the south by the County of Riverside.

Population

The following table lists population estimates for the City and County for the last five calendar years, as of January 1.

SAN BERNARDINO COUNTY
Population Estimates
Calendar Years 2015 through 2019 as of January 1

Area	2015	2016	2017	2018	2019
Adelanto	**5,269**	**5,279**	**5,334**	**5,427**	**5,461**
Apple Valley	85,041	85,284	86,950	87,574	89,829
Barstow	77,859	78,225	79,892	83,379	84,364
Big Bear Lake	53,666	53,739	53,940	54,061	54,391
Chino	205,476	206,606	207,984	209,455	212,078
Chino Hills	12,424	12,472	12,564	12,570	12,654
Colton	92,459	93,173	94,233	95,127	96,362
Fontana	54,586	54,562	54,940	55,326	55,778
Grand Terrace	23,923	23,868	24,001	24,006	24,335
Hesperia	38,647	38,841	38,990	39,220	39,563
Highland	5,024	5,013	5,048	5,067	5,085
Loma Linda	169,858	170,268	172,168	174,244	178,268
Montclair	175,145	175,717	177,662	178,619	179,412
Needles	70,827	71,033	71,236	71,441	71,839
Ontario	104,237	105,554	106,272	106,582	107,271
Rancho Cucamonga	215,292	216,834	218,514	218,992	219,233
Redlands	26,016	25,838	26,741	27,247	28,958
Rialto	76,420	77,080	78,001	78,027	78,481
San Bernardino	123,465	124,600	125,338	125,782	126,543
Twentynine Palms	53,287	53,692	54,003	54,293	54,844
Upland	21,543	21,672	21,859	21,905	22,050
Victorville	303,879	306,416	308,804	311,045	312,654
Yucaipa	5,269	5,279	5,334	5,427	5,461
Yucca Valley	85,041	85,284	86,950	87,574	89,829
Total Unincorporated	77,859	78,225	79,892	83,379	84,364
Total County	2,123,562	2,136,242	2,156,115	2,171,517	2,192,203

Source: State Department of Finance estimates (as of January 1).

Employment and Industry

The unemployment rate in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area ("**MSA**") was 4.4 percent in August 2019, down from a revised 4.6 percent in July 2019, and below the year-ago estimate of 4.6 percent. This compares with an unadjusted unemployment rate of 4.2 percent for California and 3.8 percent for the nation during the same period. The unemployment rate was 4.6 percent in Riverside County, and 4.1 percent in San Bernardino County.

The following table shows civilian labor force and wage and salary employment data for the Riverside-San Bernardino-Ontario MSA, which is coterminous with Riverside and San Bernardino Counties and, therefore, includes the City of Adelanto, for the past five calendar years. These figures are area-wide statistics and may not necessarily accurately reflect employment trends in the City.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA
(San Bernardino and Riverside Counties)
Annual Average Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2018 Benchmark)

	2014	2015	2016	2017	2018
Civilian Labor Force [1]	1,916,500	1,954,200	1,983,300	2,017,700	2,053,400
Employment	1,761,200	1,825,800	1,865,200	1,914,900	1,966,800
Unemployment	155,300	128,500	118,000	102,800	86,600
Unemployment Rate	8.1%	6.6%	6.0%	5.1%	4.2%
Wage and Salary Employment: [2]					
Agriculture	14,400	14,800	14,600	14,500	14,500
Mining and Logging	1,300	1,300	900	1,000	1,200
Construction	77,600	85,700	92,000	97,400	104,800
Manufacturing	91,400	96,200	98,700	99,200	101,300
Wholesale Trade	58,100	60,500	61,600	62,600	64,900
Retail Trade	169,600	174,400	178,300	180,900	180,800
Trans., Warehousing and Utilities	87,100	98,100	108,000	122,100	132,600
Information	11,300	11,400	11,500	11,300	11,200
Finance and Insurance	26,600	26,900	26,700	25,900	24,800
Real Estate and Rental and Leasing	16,300	17,000	17,900	18,400	18,900
Professional and Business Services	138,700	147,400	144,900	146,900	150,600
Educational and Health Services	195,900	206,300	215,700	226,700	240,000
Leisure and Hospitality	144,800	151,700	160,200	166,300	170,000
Other Services	43,000	44,000	44,600	45,400	45,600
Federal Government	20,200	20,300	20,400	20,600	20,700
State Government	28,200	28,700	29,700	30,400	31,000
Local Government	180,400	184,400	192,200	200,100	205,900
Total, All Industries [3]	1,304,800	1,369,100	1,417,900	1,469,400	1,518,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Largest Employers

The following table lists the major employers within the County as of October 2019, in alphabetical order.

SAN BERNARDINO COUNTY
Major Employers
October 2019

Employer Name	Location	Industry
Amazon Fulfillment Ctr	Redlands	Mail Order Fulfillment Service
Amazon Fulfillment Ctr	San Bernardino	Mail Order Fulfillment Service
Arrowhead Regional Medical Ctr	Colton	Hospitals
Burlington	San Bernardino	Department Stores
California State Univ Sn	San Bernardino	Schools-Universities & Colleges Academic
Environmental Systems Research	Redlands	Geographics Information Systems
Fedex Ground	Bloomington	Delivery Service
Iehp	Rancho Cucamonga	Health Services
Kaiser Permanente Fontana Med	Fontana	Hospitals
Loma Linda Uni Med Ctr	Loma Linda	Schools-Universities & Colleges Academic
Loma Linda Univ Health Board	Loma Linda	Univ/Clg-Governing Body/Regent/Trustee
Loma Linda University Med Ctr	Loma Linda	Hospitals
National Orange Show Events	San Bernardino	Halls & Auditoriums
Ontario International Airport	Ontario	Airports
Ontario Montclair School Dist	Ontario	School Districts
Patton State Hospital	Patton	Hospitals
Redlands Community Hospital	Redlands	Hospitals
San Antonio Community Hospital	Upland	Hospitals
San Bernardino County Sch Supt	San Bernardino	Schools & Educational Services NEC
San Bernardino County Sheriff	San Bernardino	County Government-General Offices
St Bernardine Medical Ctr	San Bernardino	Hospitals
St Mary's Medical Ctr	Apple Valley	Hospitals
Transportation Department	San Bernardino	Government Offices-State
US Veterans Medical Ctr	Loma Linda	Hospitals
YRC Freight	Bloomington	Trucking-Motor Freight

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2019 2nd Edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and non-tax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income and median household effective buying income for the City, the County, the State and the United States for the period 2015 through 2019.

CITY OF ADELANTO, SAN BERNARDINO COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
Effective Buying Income
2015 through 2019

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2015	City of Adelanto	$315,893	$34,573
	San Bernardino County	33,866,800	43,919
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2016	City of Adelanto	$324,813	$34,052
	San Bernardino County	36,970,540	46,789
	California	981,231,666	53,589
	United States	7,757,960,399	46,738
2017	City of Adelanto	$309,378	$31,203
	San Bernardino County	38,150,684	47,423
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Adelanto	$324,138	$32,645
	San Bernardino County	40,600,305	50,226
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Adelanto	$341,292	$32,175
	San Bernardino County	42,984,313	52,631
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841

Source: The Nielsen Company (US), Inc for years 2015 through 2018; Claritas, LLC for 2019.

Commercial Activity

Total taxable sales during the first quarter of calendar year 2018 in the City were reported to be $40,517,039, a 35.52% increase over the total taxable sales of $29,897,129 reported during the first quarter of calendar year 2017. Annual figures are not yet available for calendar year 2018.

CITY OF ADELANTO
Taxable Transactions
(Figures in thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	161	$47,308	273	$139,694
2014	183	48,492	289	130,856
2015[(1)]	205	49,302	349	111,743
2016	205	115,929	343	115,929
2017	236	61,270	404	149,777

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Total taxable sales during the first quarter of calendar year 2018 in the County were reported to be $9,418,744,666, a 7.18% increase over the total taxable sales of $8,788,156,773 reported during the first quarter of calendar year 2017. Annual figures are not yet available for calendar year 2018.

SAN BERNARDINO COUNTY
Taxable Transactions
(Figures in thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2013	32,986	$21,173,875	46,632	$31,177,823
2014	34,455	22,240,376	48,349	33,055,967
2015 [(1)]	18,499	23,142,828	56,961	35,338,556
2016	38,366	24,242,145	57,542	36,981,694
2017	39,067	25,341,773	58,956	38,137,915

(1) Permit figures for calendar year 2015 are not comparable to that of prior years due to outlet counts in these reports including the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers.
Source: State Board of Equalization. Taxable Sales in California (Sales & Use Tax) for years 2013-2016. State Department of Tax and Fee Administration for year 2017.

Construction Trends

Provided below are the building permits and valuations for the City and the County for calendar years 2014 through 2018.

CITY OF ADELANTO
Total Building Permit Valuations
Calendar Years 2014 through 2018
(dollars in thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$9,918.5	$35,350.2	$1,539.5	$14,456.3	$3,053.9
New Multi-family	0.0	0.0	0.0	0.0	0.0
Res. Alterations/Additions	243.5	935.5	69.0	102.3	739.2
Total Residential	10,162.0	36,285.7	1,608.5	14,558.6	3,793.1
New Commercial	18,898.9	15.0	36.0	0.0	1,615.3
New Industrial	0.0	0.0	60.0	6,370.0	5,784.9
New Other	2,569.5	56,589.1	718.8	54.0	294.7
Com. Alterations/Additions	27,039.5	322.1	500.0	1,440.0	22,123.9
Total Nonresidential	48,507.9	56,926.2	1,314.8	7,864	29,818.8
New Dwelling Units					
Single Family	36	123	5	88	24
Multiple Family	0	0	0	0	0
TOTAL	36	123	5	88	24

Source: Construction Industry Research Board, Building Permit Summary.

SAN BERNARDINO COUNTY
Total Building Permit Valuations
Calendar Years 2014 through 2018
(dollars in thousands)

	2014	2015	2016	2017	2018
Permit Valuation					
New Single-family	$490,036.4	$830,771.7	$706,601.8	$1,009,450.8	$1,114,777.8
New Multi-family	137,909.2	155,341.4	119,497.6	287,760.5	268,564.9
Res. Alterations/Additions	80,525.4	70,459.1	62,042.4	77,811.9	71,937.8
Total Residential	708,470.9	1,056,572.2	888,141.8	1,375,023.2	1,455,280.5
New Commercial	240,662.5	276,493.3	189,230.5	324,540.4	230,518.8
New Industrial	265,851.8	445,168.7	426,747.9	543,462.7	387,108.6
New Other	221,124.3	166,531.8	96,402.8	86,981.8	74,356.9
Com. Alterations/Additions	230,628.1	258,527.9	308,269.9	330,612.1	388,145.5
Total Nonresidential	958,267.0	1,146,721.7	1,020,651.1	1,285,597.0	1,080,129.8
New Dwelling Units					
Single Family	1,937	2,743	2,896	4,253	3,311
Multiple Family	1,266	1,159	976	2,578	1,775
TOTAL	3,203	3,912	3,872	6,831	5,086

Source: Construction Industry Research Board, Building Permit Summary.

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APPENDIX B

SECOND AMENDED RATE AND METHOD OF APPORTIONMENT FOR IMPROVEMENT AREA A OF COMMUNITY FACILITIES DISTRICT NO. 1 OF THE ADELANTO ELEMENTARY SCHOOL DISTRICT

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SECOND AMENDED
RATE AND METHOD OF APPORTIONMENT FOR
IMPROVEMENT AREA A OF
COMMUNITY FACILITIES DISTRICT NO. 1
OF THE ADELANTO SCHOOL DISTRICT

The following sets forth the Second Amended Rate and Method of Apportionment ("RMA") for the levy and collection of Special Taxes by Improvement Area ("IA") A of Community Facilities District No. 1 ("CFD No. 1") of the Adelanto School District ("School District"). A Special Tax shall be levied annually on and collected from Taxable Property (as defined below) in IA A of CFD No. 1 each Fiscal Year (as defined below) in an amount determined through the application of the RMA described below. All of the real property in IA A of CFD No. 1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A
DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acreage" means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map the Board may rely on the applicable Final Map.

"Act" means the Mello-Roos Communities Facilities Act of 1982, as amended, being Chapter 2.5, of Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any ordinary and necessary expense incurred by the School District on behalf of IA A of CFD No. 1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of IA A of CFD No. 1 or the Bonds, and costs otherwise incurred in order to carry out the authorized purposes of IA A of CFD No. 1.

"Annual Special Tax" means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of IA A of CFD No. 1.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Annual Special Tax" means the Special Tax of that name described in Section D.

"Backup Annual Special Tax" means the Special Tax of that name described in Section E.

"Board" means the Board of Education of Adelanto School District, or its designee, in certain cases acting as the Legislative Body of IA A of CFD No. 1.

"Bond Index" means the national Bond Buyer Revenue Index, commonly referenced as the 25-Bond Revenue Index. In the event the Bond Index ceases to be published, the index used shall be based on a comparable index for revenue bonds maturing over a 30 year period with an average rating equivalent to Moody's "A1" and S&P's "A+", as may be reasonably determined by the Board.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, to which all or a portion of the Special Taxes have been pledged.

"Bond Yield" means the yield on the last series of Bonds issued by or on behalf of IA A of CFD No. 1, as calculated at the time such Bonds are issued, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, for the purpose of the Non-Arbitrage (Tax) Certificate or other similar bond issuance document.

"Building Permit" means a permit for the construction of one or more Units issued by the City, or another public agency in the event the City no longer issues said permits for the construction of Units within IA A of CFD No. 1. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Building Square Footage" or **"BSF"** means the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, or other structures not used as living space, as determined by reference to the Building Permit for such Unit.

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

"City" means the City of Victorville.

"County" means the County of San Bernardino.

"Developed Property" means all Assessor's Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes pursuant to Section K.

"Final Map" means a final tract map, parcel map, condominium plan, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

"Fiscal Year" means the period commencing on July 1 of any year and ending the following June 30.

"Homeowner" means any owner of a completed Unit constructed and sold within IA A of CFD No. 1.

"Lot" means an individual legal lot created by a Final Map for which a Building Permit could be issued.

"Maximum Annual Special Tax" means the Special Tax of that name as described in Section C.

"Minimum Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay: (i) the debt service on all outstanding Bonds, (ii) the periodic costs of the Bonds, including but not limited to, credit enhancement costs and rebate payments on the Bonds, (iii) Administrative Expenses of IA A of CFD No. 1, (iv) the costs associated with the release of funds from an escrow account established in association with the Bonds, and (v) any amount required to establish or replenish any reserve funds (or account thereof) established in association with the Bonds, less (vi) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement. In arriving at the Minimum Annual Special Tax requirement the Board shall take into account the reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.

"Minimum Taxable Acreage" means the applicable minimum acreage that may be classified as Taxable Property as determined pursuant to Section K.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Annual Special Tax obligation for an Assessor's Parcel as described in Section I.

"Prepayment Amount" means the amount required to prepay the Annual Special Tax obligation in full for an Assessor's Parcel as described in Section H.

"Prepayment Administrative Fees" means any fees or expenses of the School District or IA A of CFD No. 1 associated with the prepayment of the Special Tax obligation of an Assessor's Parcel. Prepayment Administrative Fees shall include among other things the cost of computing the Prepayment Amount, redeeming Bonds, and recording any notices to evidence the prepayment and redemption of Bonds.

"Present Value of Taxes" means for any Assessor's Parcel the present value of (i) the unpaid portion, if any, of the Special Tax applicable to such Assessor's Parcel in current Fiscal Year and (ii) the Annual Special Taxes expected to be levied on such Assessor's Parcel in each remaining Fiscal Year, as determined by the Board, until the termination date specified in Section J. The discount rate used for this calculation shall be equal to the (i) Bond Yield after Bond issuance or (ii) most recently published Bond Index prior to Bond issuance.

"Proportionately" means that the ratio of the actual Annual Special Tax levy to the applicable Assigned Annual Special Tax is equal for all applicable Assessor's Parcels.

"Reserve Fund Credit" means an amount equal to the reduction in the applicable reserve fund requirement(s) resulting from the redemption of Bonds with the Prepayment Amount. In the event

that a surety bond or after credit instrument satisfies the reserve requirement or the reserve requirement is under funded at the time of the prepayment, no Reserve Fund Credit shall be given.

"School District" means the Adelanto Elementary School District, or subsequent successor school district.

"Special Tax" means any of the special taxes authorized to be levied by IA A of CFD No. 1 pursuant to the Act.

"Taxable Property" means all Assessor's Parcels that are not classified as Exempt Property.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property that are not Developed Property.

"Unit" means each separate residential dwelling unit that comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

"Zone" means the areas identified as a Zone of IA A of CFD No. 1 in Section N of this RMA.

"Zone 1" means all property located within the area identified as Zone 1 of IA A of CFD No. 1 in Section N of this RMA, as reasonably determined by the Board.

"Zone 2" means all property located within the area identified as Zone 2 of IA A of CFD No. 1 in Section N of this RMA, as reasonably determined by the Board.

SECTION B
CLASSIFICATION OF ASSESSOR'S PARCELS

Each Fiscal Year, beginning with Fiscal Year 2005-06 (i) each Assessor's Parcel within each Zone shall be classified as Exempt Property or Taxable Property; and (ii) each Assessor's Parcel of Taxable Property within each Zone shall be classified as Developed Property or Undeveloped Property. Developed Property within each Zone shall be further classified based on the Building Square Footage of the Unit. The classification of Exempt Property shall take into consideration the Minimum Taxable Acreage of each Zone as determined pursuant to Section K.

SECTION C
MAXIMUM ANNUAL SPECIAL TAXES

1. Developed Property

The Maximum Annual Special Tax for each Assessor's Parcel classified as Developed Property within IA A of CFD No. 1 in any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax, or (ii) the application of the Backup Annual Special Tax.

2. Undeveloped Property

The Maximum Annual Special Tax for each Assessor's Parcel classified as Undeveloped Property within IA A of CFD No. 1 in any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

SECTION D
ASSIGNED ANNUAL SPECIAL TAXES

1. Developed Property

The Assigned Annual Special Tax applicable to an Assessor's Parcel classified as Developed Property in any given Fiscal Year shall be determined by reference to Tables 1 and 2 according to the Zone within which the Assessor's Parcel is located and the Building Square Footage of the Unit.

TABLE 1

ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY IN ZONE 1

BSF	Assigned Annual Special Tax
< 1,850	$1,145.71 per Unit
1,850 - 2,100	$1,399.54 per Unit
2,101 - 2,350	$1,470.77 per Unit
2,351- 2,600	$1,638.55 per Unit
2,601- 2,850	$1,802.07 per Unit
> 2,850	$1,965.60 per Unit

TABLE 2

ASSIGNED ANNUAL SPECIAL TAX
FOR DEVELOPED PROPERTY IN ZONE 2

BSF	Assigned Annual Special Tax
< 1,850	$1,775.71 per Unit
1,850 - 2,100	$2,029.54 per Unit
2,101 - 2,350	$2,190.77 per Unit
2,351- 2,600	$2,358.55 per Unit
2,601- 2,850	$2,522.07 per Unit
> 2,850	$2,685.60 per Unit

2. Undeveloped Property

The Assigned Annual Special Tax rate per acre of Acreage for an Assessor's Parcel of Undeveloped Property in any given Fiscal Year shall be an amount determined by reference to Table 3 according to the Zone within which the Assessor's Parcel is located.

TABLE 3

ASSIGNED ANNUAL SPECIAL TAX FOR UNDEVELOPED PROPERTY

Location	Assigned Annual Special Tax
Zone 1	$14,423.08 per Acre
Zone 2	$24,982.18 per Acre

SECTION E
BACKUP ANNUAL SPECIAL TAXES

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. In each Fiscal Year, the Backup Annual Special Tax rate for Developed Property shall be the rate per Lot calculated according to the following formula:

$$B = (Z \times A) / L$$

The terms above have the following meanings:

B	=	Backup Annual Special Tax per Lot within such Zone
Z	=	Assigned Annual Special Tax per acre of Acreage of Undeveloped Property for such Zone
A	=	Acreage of Taxable Property expected to exist in the applicable Final Map, as determined by the Board pursuant to Section K
L	=	Lots in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.

2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.

3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage, which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

SECTION F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX

Commencing Fiscal Year 2005-06, and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

Step Two: If the sum of the amounts collected in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall levy Proportionately an Annual Special Tax on each Assessor's Parcel of Undeveloped Property, up to the Assigned Annual Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts collected in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall additionally levy an Annual Special Tax Proportionately on each Assessor's Parcel of Developed Property, up to the Maximum Annual Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

SECTION G
EXCESS ASSIGNED ANNUAL SPECIAL TAXES

In any Fiscal Year which the Annual Special Taxes collected from Developed Property, pursuant to Step 1 of Section F, exceeds the Minimum Annual Special Tax Requirement, the School District shall use such amount for acquisition, construction or financing of school facilities in accordance with the Act, IA A of CFD No. 1 proceedings and other applicable law as determined by the Board.

SECTION H
PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a Building Permit has been issued may be prepaid in full, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid. The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

An owner of an Assessor's Parcel intending to prepay the Annual Special Tax obligation shall provide IA A of CFD No. 1 with written notice of intent to prepay. Within thirty (30) days of receipt of such written notice, the Board shall reasonably determine the prepayment amount of such Assessor's Parcel and shall notify such owner of such Prepayment Amount. The Prepayment Amount shall be calculated according to the following formula:

$$P = PVT - RFC + PAF$$

The terms above have the following meanings:

P	=	Prepayment Amount
PVT	=	Present Value of Taxes
RFC	=	Reserve Fund Credit
PAF	=	Prepayment Administrative Fees

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

With respect to any Assessor's Parcel that is prepaid, the Board shall indicate in the records of IA A of CFD No. 1 that there has been a prepayment of the Annual Special Tax obligation as shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Annual Special Tax shall cease.

SECTION I
PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

1. Partial Prepayment Times and Conditions

Prior to the conveyance of the first Unit on a Lot within a Final Map to a Homeowner, the owner of no less than all the Taxable Property within such Final Map may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all Assessor's Parcels within such Final Map, as calculated in Section I.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected for all Assessor's Parcels prior to the conveyance of the first unit on a lot to a homeowner.

2. Partial Prepayment Amount

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

PP = the Partial Prepayment Amount
P_G = the Prepayment Amount calculated according to Section H
F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

3. Partial Prepayment Procedures and Limitations

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of IA A of CFD No. 1 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease. Additionally, the notice shall indicate that the Assigned Annual Special Tax and the Backup Annual Special Tax for the Assessor's Parcel has been reduced by an amount equal to the percentage which was partially prepaid.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such partial prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board. Such determination shall include identifying all Assessor's Parcels that are expected to become Exempt Property.

SECTION J
TERMINATION OF SPECIAL TAX

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after the last series of Bonds has been issued, as determined by the Board, provided that Annual Special Taxes shall not be levied after Fiscal Year 2046-47.

SECTION K
EXEMPTIONS

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Boards provided that no such classification would reduce the sum of all Taxable Property in a given Zone in IA A of CFD No. 1 to less than the Minimum Taxable Acreage for such Zone as shown in Table 4. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property in a given Zone in IA A of CFD No. 1 to less than the Minimum Taxable Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than the Minimum Taxable Acreage for such Zone will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

TABLE 4

MINIMUM TAXABLE ACREAGE

Location	Minimum Taxable Acreage
Zone 1	48.67 Acres
Zone 2	25.56 Acres

SECTION L
APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve (12) months after having paid the first installment of the Special Tax that is disputed. In order to be considered sufficient, any notice of appeal must: (i) specifically identify the property by address and Assessor's Parcel Number; (ii) state the amount in dispute and whether it is the whole amount or only a portion of the Special Tax; (iii) state all grounds on which the property owner is disputing the amount or application of the Special Tax, including a reasonably detailed explanation as to why the amount or application of such Special Tax is incorrect; (iv) include all documentation, if any, in support of the claim; and (v) be verified under penalty of perjury by the person who paid the Special Tax or his or her guardian, executor or administrator. A representative(s) of IA A of CFD 1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative’s decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) as the representative's decision shall indicate.

SECTION M
MANNER OF COLLECTION

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that IA A of CFD No. 1 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

SECTION N
MAP OF ZONES

(Attached hereto)

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

The following is a brief summary of the provisions of the Fiscal Agent Agreement. This summary is not intended to be definitive. Reference is made to the actual document (a copy of which is available from the District) for the complete terms thereof.

DEFINED TERMS

The following terms have the following meanings, notwithstanding that any such terms may be elsewhere defined in this Official Statement. Any terms not expressly defined in this Summary but previously defined in this Official Statement have the respective meanings previously given.

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

"**Administrative Expenses**" means costs directly related to the administration of the CFD consisting of: the actual costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by a District employee or consultant or both) and the actual costs of collecting the Special Taxes (whether by the County or otherwise); the actual costs of remitting the Special Taxes to the Fiscal Agent; fees, expenses and actual costs of the Fiscal Agent (including its legal counsel) in the discharge of its duties under the Agreement; the actual costs of the District or its designee of complying with the disclosure provisions of the Act and the Agreement, including those related to public inquiries regarding the Special Tax and disclosures to Owners of the Bonds and the Original Purchaser; the actual costs of the District or its designee related to an appeal of the Special Tax; any amounts required to be rebated to the federal government; an allocable share of the salaries of the District staff directly related to the foregoing and a proportionate amount of District general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by the District for any administrative purpose of the CFD, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure maintenance of tax exemption, and the costs of prosecuting foreclosure of delinquent Special Taxes, which amounts advanced are subject to reimbursement from other sources, including proceeds of foreclosure.

"**Administrative Expense Fund**" means the fund designated the "Improvement Area A of Community Facilities District No. 1 of the Adelanto Elementary School District Administrative Expense Fund" established and administered under the Agreement.

"**Agreement**" means the Fiscal Agent Agreement dated as of December 1, 2016, by and between the District and the Fiscal Agent, as it may be amended or supplemented from time to time by any Supplemental Agreement.

"**Annual Debt Service**" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year).

"**Assessor's Parcel**" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"**Assessor's Parcel Map**" means an official map of the Assessor of the County designating parcels by an Assessor's Parcel number.

"**Auditor**" means the auditor/controller of the County, or such other official at the County who is responsible for preparing property tax bills.

"**Authorized Officer**" means the Superintendent, the Assistant Superintendent, Chief Business Officer, or any other officer or employee authorized by the Board of Trustees of the District or by an Authorized Officer to undertake the action referenced in the Agreement as required to be undertaken by an Authorized Officer.

"**Board of Trustees**" means the Board of Trustees of the District as the legislative body.

"**Bond Counsel**" means Jones Hall, A Professional Law Corporation or any other attorney or firm of attorneys acceptable to the District and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"**Bond**" or "**Bonds**" means the 2019 Bonds, and, if the context requires, any Parity Bonds, at any time Outstanding under the Agreement, or any Supplemental Agreement.

"**Bond Fund**" means the fund designated the "Improvement Area A of Community Facilities District No. 1 of the Adelanto Elementary School District Special Tax Bonds Bond Fund" established and administered under the Agreement.

"**Bond Year**" means the one-year period beginning on September 2nd in each year and ending on September 1 in the following year, except that the first Bond Year will begin on the Closing Date and will end on September 1, 2020.

"**Business Day**" means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

"**CFD**" means the " Community Facilities District No. 1 of the Adelanto Elementary School District" formed under the Resolution of Formation.

"**CFD Facilities**" means the "Facilities" described.

"**Closing Date**" means the date upon which there is a physical delivery of the 2019 Bonds in exchange for the amount representing the purchase price of the 2019 Bonds by the Original Purchaser of the 2019 Bonds.

"**Costs of Issuance**" means items of expense payable or reimbursable directly or indirectly by the District and related to the authorization, sale, delivery and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, appraisal costs, filing and recording fees, fees and expenses of counsel to the District, fees and expenses of the Escrow Agent (including its legal fees and charges), initial fees and charges of the Fiscal Agent including its first annual administration fees and its legal fees and charges, including the allocated costs of in-house attorneys, expenses incurred by the District in connection with the issuance of the Bonds, Bond (underwriter's) discount, legal fees and charges, including bond counsel, and counsel to any financial consultant, financial consultant's fees, charges for execution, authentication,

transportation and safekeeping of the Bonds, fees of rating agencies, and other costs, charges and fees in connection with the foregoing.

"**Costs of Issuance Fund**" means the fund designated the "Improvement Area A of Community Facilities District No. 1 of the Adelanto Elementary School District Special Tax Bonds, Costs of Issuance Fund" established and administered under the Agreement.

"**County**" means the County of San Bernardino, California.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the 2019 Bonds under the Agreement and the scheduled amount of interest and amortization of principal payable on any Parity Bonds during the period of computation, in each case excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"**District**" means the Adelanto Elementary School District, and any successor thereto.

"**District Counsel**" means any attorney or firm of attorneys employed by the District in the capacity of district counsel.

"**Escrow Agent**" means Zions Bancorporation, National Association, in its capacity as escrow agent pursuant to the Escrow Agreement.

"**Fair Market Value**" means with respect to the Permitted Investments the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest if the return paid by such fund is without regard to the source of the investment.

"**Federal Securities**" means (a) any 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), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

"**Fiscal Agent**" means Zions Bancorporation, National Association, the Fiscal Agent appointed by the District and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place.

"**Fiscal Year**" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"**Improvement Fund**" means the fund designated the "Improvement Area A of Community Facilities District No. 1 of the Adelanto Elementary School District Improvement Fund" established and administered under the Agreement.

"**Independent Financial Consultant**" means any consultant or firm of such consultants appointed by the District or an Authorized Officer, and who, or each of whom: (i) is judged by an Authorized Officer to have experience in matters relating to the issuance and/or administration of bonds under the Act; (ii) is in fact independent and not under the domination of the District; (iii) does not have any substantial interest, direct or indirect, with or in the District, or any owner of real property in Improvement Area A, or any real property in the Improvement Area A; and (iv) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District.

"**Information Services**" means (i) the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system and (ii) in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the District may designate in an Officer's Certificate delivered to the Fiscal Agent.

"**Improvement Area A**" Improvement Area A of Community Facilities District No. 1 of the Adelanto Elementary School District.

"**Insured 2019 Bonds**" means the serial 2019 Bonds maturing on September 1, 2025 through September 1, 2034, and the Term Bonds. For avoidance of doubt, the serial 2019 Bonds maturing on September 1, 2020 through September 1, 2024 are not Insured 2019 Bonds.

"**Interest Payment Date**" means each March 1 and September 1 of every calendar year, commencing with March 1, 2020.

"**Letter of Credit Fund**" means the fund by that name established and held by the Fiscal Agent.

"**Maximum Annual Debt Service**" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

"**Moody's**" means Moody's Investors Service, Inc., and its successors.

"**Officer's Certificate**" means a written certificate of the District signed by an Authorized Officer of the District.

"**Ordinance**" means any ordinance of the Board of Trustees of the District levying the Special Taxes, including but not limited to Ordinance No. 19-20-20 introduced by the Board of Trustees on November 12, 2019 and adopted by the Board of Trustees on December 10, 2019.

"**Original Purchaser**" means Stifel, Nicolaus & Company, Incorporated, the first purchaser of the 2019 Bonds from the District.

"**Outstanding,**" when used as of any particular time with reference to Bonds, means all Bonds except (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the District under the Agreement or any Supplemental Agreement.

"**Owner**" or "**Bondowner**" means any person who shall be the registered owner of any Outstanding Bond.

"**Parity Bonds**" means Refunding Bonds issued and payable on a parity basis with the Bonds under the Agreement.

"**Permitted Investments**" means the following, but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities.

(b) any of the following direct or indirect obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank; (ii) certificates of beneficial ownership issued by the Farmers Home Administration; (iii) participation certificates issued by the General Services Administration; (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (v) project notes issued by the United States Department of Housing and Urban Development; and (vi) public housing notes and bonds guaranteed by the United States of America;

(c) interest-bearing demand or time deposits (including certificates of deposit) or deposit accounts in federal or state chartered savings and loan associations or in federal or State of California banks (including the Fiscal Agent, its parent, if any, and affiliates), provided that (i) the unsecured short-term obligations of such commercial bank or savings and loan association shall be rated in the highest short-term rating category by any Rating Agency, or (ii) such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation;

(d) commercial paper rated in the highest short-term rating category by any Rating Agency, issued by corporations which are organized and operating within the United States of America, and which matures not more than 180 days following the date of investment therein;

(e) bankers acceptances, consisting of bills of exchange or time drafts drawn on and accepted by a commercial bank, including its parent (if any), affiliates and subsidiaries, whose short-term obligations are rated in the highest short-term rating category by any Rating Agency, or whose long-term obligations are rated A or better by any Rating Agency, which mature not more than 270 days following the date of investment therein;

(f) obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by any Rating Agency, or (b) fully secured as to the payment of principal and interest by Federal Securities;

(g) obligations issued by any corporation organized and operating within the United States of America having assets in excess of Five Hundred Million ($500,000,000), which obligations are rated A or better by any Rating Agency;

(h) money market mutual funds (including money market funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services in which the Fiscal Agent or an affiliate of the Fiscal Agent may receive fees for services rendered) which invest in Federal Securities or which are rated in the highest short-term rating category by any Rating Agency excluding funds with a floating net asset value; and

(i) any investment agreement representing general unsecured obligations of a financial institution rated A or better by any Rating Agency, by the terms of which the Fiscal Agent is permitted to withdraw all amounts invested therein in the event any such rating falls below A.

(j) the Local Agency Investment Fund established pursuant to Section 16429.1 of the Government Code of the State of California, provided, however, that the Fiscal Agent shall be permitted to make investments and withdrawals in its own name and the Fiscal Agent may restrict investments in the such fund if necessary to keep moneys available for the purposes of the Agreement.

(k) the California Asset Management Program.

"**Principal Office**" means such corporate trust office of the Fiscal Agent, as may be designated from time to time by written notice from the Fiscal Agent to the District, initially being at the address set forth in the Agreement, or such other office designed by the Fiscal Agent, from time to time; except that with respect to presentation of Bonds for payment or registration of transfer and exchange such term shall mean the office or agency of the Fiscal Agent at which, at any particular time, its corporate trust agency business shall be conducted.

"**Prior Bonds**" means the Community Facilities District No. 1 of the Adelanto Elementary School District 2006 Improvement Area A Special Tax Bonds.

"**Prior Bonds Fiscal Agent**" means Zions Bancorporation, National Association, as successor-in-interest to Zions First National Bank.

"**Prior Bonds Fiscal Agent Agreement**" means the Fiscal Agent Agreement by and between CFD and the Prior Bonds Fiscal Agent dated as of May 1, 2006.

"**Rate and Method**" means the Second Amended Rate and Method of Apportionment of Special Taxes for Improvement Area A of CFD, as approved by the Board of Trustees and the qualified electors of the CFD.

"**Record Date**" means the fifteenth day of the calendar month next preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

"**Refunding Bonds**" means bonds issued by the District for the CFD with respect to Improvement Area A, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds; provided that (i) the interest cost to maturity of such bonds to be issued plus the principal amount of such bonds to be issued is equal to or less than the interest cost to maturity of the Bonds being refunded plus the principal amount of the Bonds being refunded and (ii) the final maturity of such bonds to be issued is not later than the final maturity of the Bonds being refunded.

"**Refunding Component of the 2019 Bonds**" means the portion of the 2019 Bonds that is attributable to the refunding of the Prior Bonds.

"**Reserve Fund**" means the fund designated the "Improvement Area A of Community Facilities District No. 1 of the Adelanto Elementary School District, Special Tax Bonds, Series 2019, Reserve Fund" established and administered under the Agreement.

"**Reserve Fund Agreement**" means the Debt Service Reserve Agreement, dated the Closing Date, by and between the District and the 2019 Insurer.

"**Reserve Requirement**" means $1,101,000.00, the Maximum Annual Debt Service on the Outstanding Bonds on the Closing Date.

"Residual Fund" means the fund designated the "Improvement Area A of Community Facilities District No. 1 of the Adelanto Elementary School District Residual Fund" established and administered under the Agreement.

"**Resolution of Formation**" means the resolution adopted by the Board of Trustees on April 19, 2005 that effected the formation of the CFD and Improvement Area A, as amended by Resolution No. 05-06-26 entitled "A Resolution of Change for Improvement Area A of Community Facilities District No. 1," adopted by the Board of Trustees on October 18, 2005.

"**S&P**" means Standard & Poor's Ratings Service, a division of McGraw-Hill, and its successors and assigns.

"**Special Tax Fund**" means the special fund designated "Improvement Area A of Community Facilities District No. 1 of the Adelanto Elementary School District, Special Tax Fund" established and administered under the Agreement.

"**Special Tax Prepayments**" means the proceeds of any Special Tax prepayments received by the District, as calculated pursuant to the Rate and Method of Apportionment, less any administrative fees or penalties collected as part of any such prepayment.

"**Special Tax Prepayments Account**" means the account by that name established within the Bond Fund under the Agreement.

"**Special Tax Revenues**" means the proceeds of the Special Taxes received by the District, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

"**Special Taxes**" means the special taxes levied by the Board of Trustees within the Improvement Area A under the Act, the Ordinance and the Agreement.

"**State**" means the State of California.

"**Supplemental Agreement**" means an agreement the execution of which is authorized by a resolution which has been duly adopted by the District under the Act and which agreement is amendatory of or supplemental to the Agreement, but only if and to the extent that such agreement is specifically authorized under the Agreement.

"**Tax Code**" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

"**Tax Consultant**" means an independent financial or tax consultant retained by the District for the purpose of computing the Special Taxes.

"**2019 Bonds**" means the Bonds so designated and authorized to be issued under the Agreement.

"**2019 Insurance Policy**" means the insurance policy issued by the 2019 Insurer (Policy No. 2019-B0906) guaranteeing the scheduled payment of principal of and interest on the 2019 Bonds when due.

"**2019 Insurer**" means Build America Mutual Assurance Company, its successors and assigns, as issuer of the 2019 Insurance Policy and the 2019 Reserve Policy.

"**2019 Reserve Policy**" means the municipal bond debt service reserve insurance policy (Policy No. 2019 R0906) relating to the 2019 Bonds issued by the 2019 Insurer.

FUNDS AND ACCOUNTS

The following funds and accounts are established pursuant to the Agreement:

Costs of Issuance Fund. The Costs of Issuance Fund is established as a separate fund to be held by the Fiscal Agent. On the Closing Date, proceeds of the 2019 Bonds will be deposited in the Costs of Issuance Fund. Moneys in the Costs of Issuance Fund will be disbursed to pay Costs of Issuance. Moneys on deposit in the Costs of Issuance Fund will be invested in Permitted Investments in accordance with the Agreement. Interest earnings and profits resulting from such investment shall be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund. The Fiscal Agent will maintain the Costs of Issuance Fund for a period of 90 days from the Closing Date and thereafter any excess amounts remaining therein will be transferred to the Improvement Fund or to the Bond Fund if the Improvement Fund has been closed.

Reserve Fund. The Fiscal Agent shall establish, maintain and hold in a trust a separate fund designated as the "Reserve Fund." The Fiscal Agent shall hold the Reserve Fund in trust for the benefit of the District and the Owners of the 2019 Bonds. The Reserve Requirement for the 2019 Bonds shall be satisfied by the delivery of the 2019 Reserve Policy by the 2019 Insurer to the Fiscal Agent on the Closing Date. The District and the Fiscal Agent covenant to comply with each of the provisions set forth in Exhibit E of the Fiscal Agent Agreement. The District shall comply with the terms of the Reserve Fund Agreement.

The Fiscal Agent shall comply with all documentation relating to the 2019 Reserve Policy as shall be required to maintain the 2019 Reserve Policy in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this paragraph.

Amounts in the Reserve Fund shall be withdrawn for purposes of making payment to the federal government to comply with Section 148(f) of the Tax Code, relating to the rebate of excess investment

earnings, if any, to the federal government, to the extent that such section is applicable to the 2019 Bonds, upon receipt by the Fiscal Agent of an Officer's Certificate specifying the amount to be withdrawn and to the effect that such amount is needed for rebate purposes; provided, however, that no amounts in the Reserve Fund shall be used for rebate unless the amount in the Reserve Fund following such withdrawal at least equals the Reserve Requirement.

The District shall have no obligation to replace the 2019 Reserve Policy or to fund the Reserve Fund with cash or any other security if, at any time that the 2019 Bonds are Outstanding, amounts are not available under the 2019 Reserve Policy or if any ratings of the 2019 Insurer are lowered or terminated.

Bond Fund. The Bond Fund is established as a separate fund to be held by the Fiscal Agent. Moneys in the Bond Fund will be held by the Fiscal Agent and will be disbursed for the payment of the principal of, and interest and any premium on, the 2019 Bonds. On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the 2019 Bonds the principal of, and interest and premium, if any, due and payable on such Interest Payment Date on the 2019 Bonds. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer of Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds. If amounts in the Bond Fund are insufficient to pay debt service due with respect to any Interest Payment Date, the Fiscal Agent must withdraw from the Reserve Fund and the debt service reserve fund for any Parity Bonds, in accordance with the provisions of the Agreement, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such insufficiency. If, after the foregoing transfer, there are insufficient funds in the Bond Fund to make the payments provided for in the preceding sentence, the Fiscal Agent will apply the available funds first to the payment of interest on the 2019 Bonds, then to the payment of principal due on the Bonds (including principal due on the 2019 Bonds by reason of sinking payments, if any). Moneys in the Bond Fund will be invested in Permitted Investments in accordance with the Agreement.

Within the Bond Fund there is established the Special Tax Prepayments Account, to the credit of which deposits of Special Tax Prepayments shall be made. Moneys in the Special Tax Prepayments Account shall be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under the Agreement and shall be used (together with any amounts transferred from the Reserve Fund in connection with the prepayment of Special Taxes, as provided in the Agreement) to redeem Bonds on the redemption date selected in accordance with the Agreement.

If at any time the Fiscal Agent has actual knowledge that there is a danger of deficiency in the Bond Fund and that the Fiscal Agent may be unable to pay Debt Service on the Bonds in a timely manner, the Fiscal Agent shall report to an Authorized Officer such fact. The District covenants to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Resolution of Formation) in accordance with the procedures set forth in the Act for the purpose of curing Bond Fund deficiencies.

Any excess moneys remaining in the Bond Fund, following the payment of Debt Service on the Bonds on any September 1, shall be transferred to the Special Tax Fund.

Special Tax Fund. The Special Tax Fund is established as a separate fund to be held by the Fiscal Agent, to the credit of which the Fiscal Agent will deposit amounts received from or on behalf of the District consisting of Special Tax Revenues and amounts transferred from the Administrative Expense

Fund and the Bond Fund. The District will promptly remit any Special Tax Revenues received by it to the Fiscal Agent for deposit by the Fiscal Agent to the Special Tax Fund.

On the Closing Date, the District shall cause the remaining balance in the Special Tax Fund established under the Prior Bonds Fiscal Agent Agreement to be transferred for deposit into the Special Tax Fund.

Amounts in the Special Tax Fund shall be disbursed as set forth in the Agreement. See "SECURITY FOR THE 2019 BONDS – Special Tax Fund."

Moneys on deposit in the Special Tax Fund will be invested in Permitted Investments in accordance with the Agreement.

Administrative Expense Fund. The Administrative Expense Fund is established as a separate fund to be held by the Fiscal Agent. Moneys in the Administrative Expense Fund will be withdrawn, by the Fiscal Agent and paid to the District or its order upon receipt by the Fiscal Agent of an Officer's Certificate, stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense or Cost of Issuance and the nature of such Administrative Expense or such Cost of Issuance. Amounts deposited to the Administrative Expense Fund will be separately identified at all times, and will be expended for purposes of the Administrative Expense Fund prior to the use of amounts transferred to the Administrative Expense Fund from the Special Tax Fund pursuant to the Agreement. Annually, the Fiscal Agent will withdraw from the Administrative Expense Fund and transfer to the Special Tax Fund any amount in excess of that which is needed to pay any Administrative Expenses incurred but not yet paid, as identified by the Finance Director in an Officer's Certificate. Moneys in the Administrative Expense Fund will be invested in Permitted Investments in accordance with the Agreement.

In addition, on the Closing Date, the District shall cause the remaining balance in the Administrative Expense Fund established under the Prior Bonds Fiscal Agent Agreement to be transferred for deposit into the Administrative Expense Fund.

Moneys in the Administrative Expense Fund shall be held by the Fiscal Agent for the benefit of the District, and shall be disbursed as provided below.

Residual Fund. The Residual Fund is established as a separate fund to be held by the Fiscal Agent. Moneys held in the Residual Fund may, in the discretion of the District, be used by the District for any lawful purpose, including (i) to acquire and/or construct CFD Facilities, (ii) to pay amounts required to discharge any rebate obligation, (iii) to pay Administrative Expenses and (iv) for optional redemption of the Bonds. Amounts in the Residual Fund are not pledged to the repayment of the Bonds.

COVENANTS OF THE DISTRICT

Collection of Special Tax Revenues. The District will comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

The Authorized Officer will effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 1 that the 2019 Bonds are outstanding, or otherwise such that the computation of the levy is complete before the final date on which the Auditor will accept the transmission of the Special Tax amounts for the parcels within Improvement Area A for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, an Authorized

Officer shall 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.

As part of the development entitlement process, the District will require each property owner that applies to reduce the amount of Net Development Commercial Acreage of an Assessor's Parcel of Taxable Property to prepay the Maximum Special Tax Obligation (as defined in and determined pursuant to the Amended and Restated Rate and Method) for the amount of Net Development Commercial Acreage that is lost as set forth in the Amended and Restated Rate and Method.

Covenant to Foreclose. The District covenants that it will order, and cause to be commenced and thereafter diligently prosecute to judgment (unless such delinquency is brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the Agreement.

Punctual Payment. The District will punctually pay or cause to be paid the principal of, and interest and any premium on, the 2019 Bonds when and as due in strict conformity with the terms of the Agreement.

Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the District will not extend or consent to the extension of the time for the payment of any claim for interest on any of the 2019 Bonds and will not be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded will not be entitled, in case of default, to the benefits of the Agreement, except subject to the prior payment in full of the principal and premium, if any, of all of the 2019 Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Against Encumbrances. The District will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the 2019 Bonds superior to or on a parity with the pledge and lien created for the benefit of the 2019 Bonds, except as permitted by the Agreement.

Books and Records. The District will keep proper books of record and accounts, separate from all other records and accounts of the District, in which complete and correct entries will be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Account and the Special Tax Fund and relating to the Special Tax Revenues.

Protection of Security and Rights of Owners. The District will preserve and protect the security for the 2019 Bonds and the rights of the Owners, and will warrant and defend their rights to such security against all claims and demands of all persons. From and after the delivery of any of the 2019 Bonds by the District, the 2019 Bonds shall be incontestable by the District.

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

Tax Covenants. The District will not take, nor permit nor suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of any of the 2019 Bonds which would cause any of the 2019 Bonds to be "arbitrage bonds" or "private activity bonds" within the meaning of the Tax Code. The District will take any and all actions necessary to assure compliance with with all applicable provisions of the Tax Code relating to the rebate of excess investment earnings on the proceeds of the

2019 Bonds to the United States of America. The District will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the 2019 Bonds to be "federally guaranteed" within the meaning of the Tax Code. The District will take all actions necessary to assure the exclusion of interest on the 2019 Bonds from the gross income of the Owners of the 2019 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the 2019 Bonds.

District Bid at Foreclosure Sale. The District will not bid at a foreclosure sale of property in respect of delinquent Special Taxes, unless it expressly agrees to take the property subject to the lien for Special Taxes and that the Special Taxes levied on the property are payable while the District owns the property.

Limitation on Principal Amount of Parity Bonds. The District will not issue any Parity Bonds other than Refunding Bonds.

Amendment of Amended and Restated Rate and Method. The District will 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 District will, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds.

INVESTMENTS

Moneys in any fund or account created or established by the Agreement and held by the Fiscal Agent will be invested in Permitted Investments at the direction of the District. In the absence of such direction, the Fiscal Agent will hold such funds uninvested. Moneys in any fund or account created or established by the Agreement and held by the Authorized Officer will be invested in any Permitted Investment or any other lawful investment that the District may make, which by their terms mature prior to the date on which such moneys are required to be paid out under the Agreement. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account, subject, however, to the requirements of the Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

LIABILITY OF THE DISTRICT

The District will not incur any responsibility in respect of the 2019 Bonds or the Agreement other than in connection with the duties or obligations explicitly set forth in the Agreement or in the 2019 Bonds assigned to or imposed upon it. The District will not be liable in connection with the performance of its duties under the Agreement, except for its own negligence or willful default. The District will not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Fiscal Agent or of any of the documents executed by the Fiscal Agent in connection with the 2019 Bonds, or as to the existence of a default or event of default thereunder.

No provision of the Agreement requires the District to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations under the Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

MODIFICATION OR AMENDMENT OF AGREEMENT

The Agreement and the rights and obligations of the District and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Agreement; however, no such modification or amendment will (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the District of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or the Agreement), or reduce the percentage of Bonds required for the amendment thereof.

The Agreement and the rights and obligations of the District and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Agreement without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the District, other covenants and agreements thereafter to be observed; or to limit or surrender any right or power reserved to or conferred upon the District;

(B) to make modifications not adversely affecting any Outstanding Bonds of the District in any material respect including, but not limited to, amending the Rate and Method, so long as the amendment does not result in coverage less than that set forth in the Agreement;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Agreement, or in regard to questions arising under the Agreement, as the District and the Fiscal Agent may deem necessary or desirable and not inconsistent with the Agreement, and which shall not adversely affect the rights of the Owners of the Bonds;

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure exclusion from gross income for federal income tax purposes of interest on the Bonds; and

(E) in connection with the issuance of any Parity Bonds under and pursuant to the Agreement.

DISCHARGE OF AGREEMENT

The District may pay and discharge the entire indebtedness on all Bonds Outstanding in any one or more of the following ways:

(A) by paying or causing to be paid the principal of, and interest and any premium on, all Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for

in the Bond Fund, the Reserve Fund and the debt service reserve fund for any Parity Bonds is fully sufficient to pay all Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and/or Federal Securities in such amount as the District shall determine, as confirmed by an independent certified public accountant, as will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the Bond , the Reserve Fund and the debt service reserve fund for any Parity Bonds (to the extent invested in Federal Securities), be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the District has taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as in the Agreement provided or provision satisfactory to the Fiscal Agent will have been made for the giving of such notice, and, at the election of the District, and notwithstanding that any Bonds will not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Agreement and all other obligations of the District under the Agreement with respect to all Bonds Outstanding will cease and terminate, except only certain obligations of the District under the Agreement and of the District to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, the obligation of the District to pay all amounts owing to the Fiscal Agent and the obligation of the District to assure that no action is taken or failed to be taken if such action or failure adversely affects the exclusion of interest on the Bonds from gross income for federal income tax purposes.

PROVISIONS RELATING TO THE 2019 INSURANCE POLICY

The District and the Fiscal Agent agree to comply with the following provisions.

1. Defeasance. The investments in the defeasance escrow relating to the Insured 2019 Bonds shall be limited to non-callable, direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or as otherwise maybe authorized under State law and approved by the 2019 Insurer.

At least three Business Days prior to any defeasance with respect to the Insured 2019 Bonds, the District shall deliver to the 2019 Insurer draft copies of an escrow agreement, an opinion of bond counsel regarding the validity and enforceability of the escrow agreement and the defeasance of the Insured 2019 Bonds, a verification report (a "Verification Report") prepared by a nationally recognized independent financial analyst or firm of certified public accountants regarding the sufficiency of the escrow fund. Such opinion and Verification Report shall be addressed to the 2019 Insurer and shall be in form and substance satisfactory to the 2019 Insurer. In addition, the escrow agreement shall provide that:

(a) Any substitution of securities following the execution and delivery of the escrow agreement shall require the delivery of a Verification Report, an opinion of bond counsel that such substitution will not adversely affect the exclusion (if interest on the 2019 Bonds is excludable) from gross income of the holders of the 2019 Bonds of the interest on the 2019 Bonds Obligations for federal income tax purposes and the prior written consent of the 2019 Insurer, which consent will not be unreasonably withheld.

(b) The District will not exercise any prior optional redemption of the Insured 2019 Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (ii) as a condition to any such redemption there shall be provided to the 2019 Insurer a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

(c) The District shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of the 2019 Insurer.

2. Fiscal Agent.

(a) The 2019 Insurer shall receive prior written notice of any name change of the Fiscal Agent for the 2019 Bonds or the resignation or removal of the Fiscal Agent. Any Fiscal Agent must be (A) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least $250 million of assets, (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1 billion of assets, or (C) otherwise approved by the 2019 Insurer in writing.

(b) No removal, resignation or termination of the Fiscal Agent shall take effect until a successor, acceptable to the 2019 Insurer, shall be qualified and appointed. The 2019 Insurer acknowledges that the Fiscal Agent Agreement grants the Fiscal Agent the right to apply to a court to appoint a successor fiscal agent in certain circumstances.

3. Amendments, Supplements and Consents. The 2019 Insurer's prior written consent is required for all amendments and supplements to the Fiscal Agent Agreement, with the exceptions noted below. The District shall send copies of any such amendments or supplements to the 2019 Insurer and the rating agencies which have assigned a rating to the Insured 2019 Bonds.

(a) Consent of the 2019 Insurer. Any amendments or supplements to the Fiscal Agent Agreement shall require the prior written consent of the 2019 Insurer with the exception of amendments or supplements:

i. To cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or

ii. To grant or confer upon the holders of the 2019 Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the 2019 Bonds, or

iii. To add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Fiscal Agent Agreement other conditions, limitations and restrictions thereafter to be observed, or

iv. To add to the covenants and agreements of the District in the Fiscal Agent Agreement other covenants and agreements thereafter to be observed by the District or to surrender any right or power therein reserved to or conferred upon the District, or

v. To issue additional parity debt in accordance with the requirements set forth in the Fiscal Agent Agreement.

(b) Consent of the 2019 Insurer in Addition to Bondholder Consent. Any amendment, supplement, modification to, or waiver of, any of the Fiscal Agent Agreement that requires the consent of holders of the Insured 2019 Bonds or adversely affects the rights or interests of the 2019 Insurer shall be subject to the prior written consent of the 2019 Insurer.

(c) Insolvency. Any reorganization or liquidation plan with respect to the District must be acceptable to the 2019 Insurer. The Fiscal Agent and each owner of the Insured 2019 Bonds hereby appoint the 2019 Insurer as their agent and attorney-in-fact with respect to the Insured 2019 Bonds and agree that the 2019 Insurer may at any time during the continuation of any proceeding by or against the District under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Fiscal Agent and each owner of the Insured 2019 Bonds delegate and assign to the 2019 Insurer, to the fullest extent permitted by law, the rights of the Fiscal Agent and each owner of the Insured 2019 Bonds with respect to the Insured 2019 Bonds in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

(d) Control by the 2019 Insurer Upon Default. Anything in the Fiscal Agent Agreement to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, the 2019 Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured 2019 Bonds or the Fiscal Agent for the benefit of the holders of the Insured 2019 Bonds under the Fiscal Agent Agreement. No default or event of default may be waived without the 2019 Insurer's written consent.

(e) The 2019 Insurer as Owner. Upon the occurrence and continuance of a default or an event of default, the 2019 Insurer shall be deemed to be the sole owner of the Insured 2019 Bonds for all purposes under the Fiscal Agent Agreement, including, without limitations, for purposes of exercising remedies and approving amendments.

(f) Grace Period for Payment Defaults. No grace period shall be permitted for payment defaults on the 2019 Bonds. No grace period for a covenant default shall exceed 30 days without the prior written consent of the 2019 Insurer.

(g) Special Provisions for Insurer Default. If an Insurer Default shall occur and be continuing, then, notwithstanding anything in paragraphs (a)-(e) above to the contrary, (1) if at any time prior to or following an Insurer Default, the 2019 Insurer has made payment under the 2019 Insurance Policy, to the extent of such payment the 2019 Insurer shall be treated like any other holder of the 2019 Bonds for all purposes, including giving of consents, and (2) if the 2019 Insurer has not made any payment under the 2019 Insurance Policy, the 2019 Insurer shall have no further consent rights until the particular Insurer Default is no longer continuing or the 2019 Insurer makes a payment under the 2019 Insurance Policy, in which event, the foregoing clause (1) shall control. For purposes of this paragraph, "Insurer Default" means: (A) the 2019 Insurer has failed to make any payment under the 2019 Insurance Policy when due and owing in accordance with its terms; or (B) the 2019 Insurer shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official

for such party or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take action for the purpose of effecting any of the foregoing; or (C) any state or federal agency or instrumentality shall order the suspension of payments on the 2019 Insurance Policy or shall obtain an order or grant approval for the rehabilitation, liquidation, conservation or dissolution of the 2019 Insurer (including without limitation under the New York Insurance Law).

4. The 2019 Insurer As Third Party Beneficiary. The 2019 Insurer is recognized as and shall be deemed to be a third party beneficiary of the Fiscal Agent Agreement and may enforce the provisions of the Fiscal Agent Agreement as if it were a party thereto.

5. Payment Procedure Under the 2019 Insurance Policy. In the event that principal and/or interest due on the Insured 2019 Bonds shall be paid by the 2019 Insurer pursuant to the 2019 Insurance Policy, the Insured 2019 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the District, the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the District to the registered owners shall continue to exist and shall run to the benefit of the 2019 Insurer, and the 2019 Insurer shall be subrogated to the rights of such registered owners.

In the event that on the second business day prior to any payment date on the Insured 2019 Bonds, the Fiscal Agent has not received sufficient moneys to pay all principal of and interest on the Insured 2019 Bonds due on such payment date, the Fiscal Agent shall immediately notify the 2019 Insurer or its designee on the same business day by telephone or electronic mail, of the amount of the deficiency. If any deficiency is made up in whole or in part prior to or on the payment date, the Fiscal Agent shall so notify the 2019 Insurer or its designee.

In addition, if the Fiscal Agent has notice that any holder of the Insured 2019 Bonds has been required to disgorge payments of principal of or interest on the Insured 2019 Bonds pursuant to a final, non-appealable order by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy law, then the Fiscal Agent shall notify the 2019 Insurer or its designee of such fact by telephone or electronic mail, or by overnight or other delivery service as to which a delivery receipt is signed by a person authorized to accept delivery on behalf of the 2019 Insurer.

The Fiscal Agent shall irrevocably be designated, appointed, directed and authorized to act as attorney-in-fact for holders of the Insured 2019 Bonds as follows:

(a) If there is a deficiency in amounts required to pay interest and/or principal on the Insured 2019 Bonds, the Fiscal Agent shall (i) execute and deliver to the 2019 Insurer, in form satisfactory to the 2019 Insurer, an instrument appointing the 2019 Insurer as agent and attorney-in-fact for such holders of the Insured 2019 Bonds in any legal proceeding related to the payment and assignment to the 2019 Insurer of the claims for interest on the Insured 2019 Bonds, (ii) receive as designee of the respective holders (and not as Fiscal Agent) in accordance with the tenor of the 2019 Insurance Policy payment from the 2019 Insurer with respect to the claims for interest so assigned, (iii) segregate all such payments in a separate account (the "the 2019 Insurer Policy Payment Account") to only be used to make scheduled payments of principal of and interest on the Insured 2019 Bond, and (iv) disburse the same to such respective holders; and

(b) If there is a deficiency in amounts required to pay principal of the Insured 2019 Bonds, the Fiscal Agent shall (i) execute and deliver to the 2019 Insurer, in form satisfactory to the 2019 Insurer, an instrument appointing the 2019 Insurer as agent and attorney-in-fact for such holder of the Insured 2019

Bonds in any legal proceeding related to the payment of such principal and an assignment to the 2019 Insurer of the Insured 2019 Bonds surrendered to the 2019 Insurer, (ii) receive as designee of the respective holders (and not as Fiscal Agent) in accordance with the tenor of the 2019 Insurance Policy payment therefore from the 2019 Insurer, (iii) segregate all such payments in the 2019 Insurer Policy Payment Account to only be used to make scheduled payments of principal of and interest on the Insured 2019 Bond, and (iv) disburse the same to such holders.

The Fiscal Agent shall designate any portion of payment of principal on the Insured 2019 Bonds paid by the 2019 Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of the Insured 2019 Bonds registered to the then-current holder, whether DTC or its nominee or otherwise, and shall issue a replacement Insured 2019 Bond to the 2019 Insurer, registered in the name directed by the 2019 Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Fiscal Agent's failure to so designate any payment or issue any replacement Insured 2019 Bond shall have no effect on the amount of principal or interest payable by the District on any Insured 2019 Bond or the subrogation or assignment rights of the 2019 Insurer.

Payments with respect to claims for interest on and principal of the Insured 2019 Bonds disbursed by the Fiscal Agent from proceeds of the 2019 Insurance Policy shall not be considered to discharge the obligation of the District with respect to such the Insured 2019 Bonds, and the 2019 Insurer shall become the owner of such unpaid the Insured 2019 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of the preceding paragraphs or otherwise. The Fiscal Agent Agreement shall not be discharged or terminated unless all amounts due or to become due to the 2019 Insurer have been paid in full or duly provided for.

Irrespective of whether any such assignment is executed and delivered, the District and the Fiscal Agent agree for the benefit of the 2019 Insurer that:

(a) They recognize that to the extent the 2019 Insurer makes payments directly or indirectly (e.g., by paying through the Fiscal Agent), on account of principal of or interest on the Insured 2019 Bonds, the 2019 Insurer will be subrogated to the rights of such holders to receive the amount of such principal and interest from the District, with interest thereon, as provided and solely from the sources stated in the Fiscal Agent Agreement and the Insured 2019 Bonds; and

(b) They will accordingly pay to the 2019 Insurer the amount of such principal and interest, with interest thereon as provided in the transaction documents and the Insured 2019 Bonds, but only from the sources and in the manner provided therein for the payment of principal of and interest on the Insured 2019 Bonds to holders, and will otherwise treat the 2019 Insurer as the owner of such rights to the amount of such principal and interest.

6. Additional Payments. The District agrees unconditionally that it will pay or reimburse the 2019 Insurer on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that the 2019 Insurer may pay or incur, including, but not limited to, fees and expenses of the 2019 Insurer's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Fiscal Agent Agreement ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of the 2019 Insurer spent in connection with the actions described in the preceding sentence. The District agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first

due to the 2019 Insurer until the date the 2019 Insurer is paid in full. Amounts payable pursuant to this paragraph shall be payable from Special Tax Revenues.

Notwithstanding anything herein to the contrary, the District agrees to pay to the 2019 Insurer (i) a sum equal to the total of all amounts paid by the 2019 Insurer under the Policy ("the BAM Policy Payment"); and (ii) interest on such the BAM Policy Payments from the date paid by the 2019 Insurer until payment thereof in full by the District, payable to the 2019 Insurer at the Late Payment Rate per annum (collectively, "the BAM Reimbursement Amounts") compounded semi-annually. Amounts payable pursuant to this paragraph shall be payable from Special Tax Revenues. Notwithstanding anything to the contrary, including without limitation the post default application of revenue provisions, the BAM Reimbursement Amounts shall be, and the District hereby covenants and agrees that the BAM Reimbursement Amounts are, payable from and secured by a lien on and pledge of the same revenues and other collateral pledged to the 2019 Bonds on a parity with debt service due on the 2019 Bonds.

7. Reserve Fund. The prior written consent of the 2019 Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Reserve Fund, if any. Amounts on deposit in the Reserve Fund shall be applied solely to the payment of debt service due on the 2019 Bonds. The 2019 Insurer hereby consents to the 2019 Reserve Policy.

8. Exercise of Rights by the 2019 Insurer. The rights granted to the 2019 Insurer under the Fiscal Agent Agreement to request, consent to or direct any action are rights granted to the 2019 Insurer in consideration of its issuance of the 2019 Insurance Policy. Any exercise by the 2019 Insurer of such rights is merely an exercise of the 2019 Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the holders of the 2019 Bonds and such action does not evidence any position of the 2019 Insurer, affirmative or negative, as to whether the consent of the holders of the 2019 Bonds or any other person is required in addition to the consent of the 2019 Insurer.

9. The 2019 Insurer shall be entitled to pay principal or interest on the Insured 2019 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the District (as such terms are defined in the 2019 Insurance Policy) and any amounts due on the Insured 2019 Bonds as a result of acceleration of the maturity thereof in accordance with the Fiscal Agent Agreement, whether or not the 2019 Insurer has received a claim upon the 2019 Insurance Policy.

10. No contract shall be entered into or any action taken by which the rights of the 2019 Insurer or security for or source of payment of the Insured 2019 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the 2019 Insurer.

11. If an event of default occurs under any agreement pursuant to which any Obligation of the District has been incurred or issued and that permits the holder of such Obligation or trustee to accelerate the Obligation or otherwise exercise rights or remedies that are adverse to the interest of the holders of the Insured 2019 Bonds or the 2019 Insurer, as the 2019 Insurer may determine in its sole discretion, then an event of default shall be deemed to have occurred under this Fiscal Agent Agreement for which the 2019 Insurer or the Fiscal Agent, at the direction of the 2019 Insurer, shall be entitle to exercise all available remedies under the Fiscal Agent Agreement, at law and in equity. For purposes of the foregoing "Obligation" shall mean any bonds, loans, certificates, installment or lease payments or similar obligations that are payable and/or secured on a parity or subordinate basis to the 2019 Bonds.

12. Definitions.

"Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of

New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Insured 2019 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as the 2019 Insurer, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to the 2019 Insurer shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

PROVISIONS RELATING TO THE 2019 RESERVE POLICY

The District and the Trustee agree to comply with the following provisions.

(a) The District shall repay any draws under the 2019 Reserve Policy and pay all related reasonable expenses incurred by the 2019 Insurer from Special Tax Revenues. Interest shall accrue and be payable on such draws and expenses from the date of payment by the 2019 Insurer at the Late Payment Rate. "Late Payment Rate" means the lesser of (A) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 3%, and (ii) the then-applicable highest rate of interest on the Bonds, and (B) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as the 2019 Insurer in its sole and absolute discretion shall specify.

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

Amounts in respect of Policy Costs paid to the 2019 Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the 2019 Insurer on account of principal due, the coverage under the 2019 Reserve Policy will be increased by a like amount, subject to the terms of the 2019 Reserve Policy.

All cash and investments in the Reserve Fund established for the Bonds shall be transferred to the Bond Fund for payment of the debt service on the Bonds before any drawing may be made on the 2019 Reserve Policy in lieu of cash.

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts. Payment of Policy Costs shall be made prior to replenishment of any cash drawn from the Reserve Fund.

(b) If the District shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, the 2019 Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under this Indenture other than (i) acceleration of the maturity of the 2019 Bonds, or (ii) remedies which would adversely affect owners of the 2019 Bonds.

(c) This Fiscal Agent Agreement shall not be discharged until all Policy Costs owing to the 2019 Insurer shall have been paid in full from Special Tax Revenues. The District's obligation to pay such amount shall expressly survive payment in full of the 2019 Bonds.

(d) The Fiscal Agent shall ascertain the necessity for a claim upon the 2019 Reserve Policy in accordance with the provisions of paragraph (a) hereof and provide notice to the 2019 Insurer at least three business days prior to each date upon which interest or principal is due on the 2019 Bonds.

(e) The 2019 Reserve Policy shall expire on the earlier of the date the 2019 Bonds are no longer outstanding and the final maturity date of the 2019 Bonds.

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APPENDIX D

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the 2019 Bonds, payment of principal, interest and other payments on the 2019 Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC 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.

Neither the issuer of the Securities (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the "Agent") takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the

DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

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

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

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$14,010,000
IMPROVEMENT AREA A OF
COMMUNITY FACILITIES DISTRICT NO. 1
OF THE ADELANTO ELEMENTARY SCHOOL DISTRICT
SPECIAL TAX BONDS, SERIES 2019

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by Community Facilities District No. 1 of the Adelanto Elementary School District (the "District") in connection with the issuance of the bonds captioned above (the "Bonds"). The Bonds are being issued pursuant to a Fiscal Agent Agreement dated as of December 1, 2019 (the "Fiscal Agent Agreement"), by and between the Adelanto Elementary School District (the "School District") and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"). The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the 2019 Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is seven months after the end of the District's fiscal year (currently January 31 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means Cooperative Strategies, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

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

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement dated December 3, 2019, executed by the District in connection with the issuance of the 2019 Bonds.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Incorporated the original underwriter of the 2019 Bonds required to comply with the Rule in connection with offering of the 2019 Bonds.

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

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 31, 2020, with the report for the 2018-19 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The filing of the Official Statement through the EMMA portal of the MSRB shall serve as the first Annual Report. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. The audited financial statements of the District may be included within or constitute a portion of the audited financial statements of the Adelanto Elementary School District. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the District does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide to the MSRB, in a timely manner, in an electronic format as prescribed by the MSRB, a notice of failure to file such report.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following documents and information:

(a) The District does not currently prepare audited financial statements and it is not anticipated that the District will prepare audited financial statements in the future. If the District does prepare audited financial statements, the District's Annual Report shall contain or incorporate by reference such audited financial statements, if any, for the most recently completed fiscal year, 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 audited financial statements of the District are to be prepared, but are not available at the time required for filing, unaudited

financial statements of the District shall be submitted with the Annual Report and the audited financial statements shall be submitted once available. As stated in Section 3(a), the financial statements of the School District shall not be deemed to be the financial statements of the District, unless such audited financial statements contain specific information as to the District, its revenues, expenses and account balances. If the School District's audited financial statements contain specific information as to the District, its revenues, expenses and account balances, the District's Annual Report shall contain or incorporate by reference such School District's audited financial statements and in such event, the School District's audited financial statements may be accompanied by a statement substantially to the following effect:

THE SCHOOL DISTRICT'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE SCHOOL DISTRICT OR THE COMMUNITY FACILITIES DISTRICT OTHER THAN NET SPECIAL TAXES ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS, AND NEITHER THE COMMUNITY FACILITIES DISTRICT NOR THE SCHOOL DISTRICT IS OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE SCHOOL DISTRICT IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) To the extent not included in the audited financial statements, the following information:

(i) Total assessed value (per the San Bernardino County Assessor's records) of all parcels currently subject to the Special Tax within the District, showing the total assessed valuation for all land and the total assessed valuation for all improvements within the District and distinguishing between the assessed value of improved and unimproved parcels. Parcels are considered improved if there is an assessed value for the improvements in the Assessor's records.

(ii) The total dollar amount of delinquencies, if any, in the District as of August 1 of the prior calendar year and, in the event that the total delinquencies within the District as of August 1 in the prior calendar year exceed 5% of the Special Tax for the previous fiscal year, delinquency information for each parcel responsible for more than $5,000 in the payment of Special Tax, amounts of delinquencies, length of delinquency and status of any foreclosure of each such parcel.

(iii) The amount of prepayments of the Special Tax with respect to the District for the prior Fiscal Year.

(iv) A land ownership summary listing property owners responsible for more than 5% of the annual Special Tax levy, as shown on the San Bernardino County Assessor's last equalized tax roll prior to the September next preceding the Annual Report Date.

(v) The principal amount of the 2019 Bonds outstanding and the balance in the Reserve Fund (along with a statement of the Reserve Requirement) as of the September 30 next preceding the Annual Report Date, including the issuance date and principal amount of any additional bonds or obligations issued under the Fiscal Agent Agreement on a parity with the 2019 Bonds.

(vi) An updated table in substantially the form of the table in the Official Statement entitled "Table 4A, Assessed Values and Value-to-Burden Ratios Allocated by Projected Fiscal

Year 2019-20 Special Tax Levy (Excluding Overlapping General Obligation Bond Debt)" based upon the most recent information available, provided that assessed values shown on the San Bernardino County assessor's most recent equalized tax roll prior to the September next preceding the Annual Report Date may be substituted for appraised values.

(vii) An updated table in substantially the form of the table in the Official Statement entitled "Table 4B, Assessed Values and Value-to-Burden Ratios Allocated by Projected Fiscal Year 2019-20 Special Tax Levy (Including Overlapping General Obligation Bond Debt)," based upon the most recent information available, provided that assessed values shown on the San Bernardino County assessor's most recent equalized tax roll prior to the September next preceding the Annual Report Date may be substituted for appraised values.

(viii) Any changes to the Rate and Method of Apportionment of Special Tax for the District set forth in Appendix B to the Official Statement.

(ix) A copy of the most recent annual information required to be filed by the District with the California Debt and Investment Advisory Commission pursuant to the Act and relating generally to outstanding District bond amounts, fund balances, assessed values, special tax delinquencies and foreclosure information.

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

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2019 Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2019 Bonds, or other material events affecting the tax status of the 2019 Bonds.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District, or the sale of all or substantially all of the assets of the District (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.

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

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

(b) Upon the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the 2019 Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States 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 District, or if such jurisdiction has been assumed by leaving the existing governing 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 District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2019 Bonds. If such termination occurs prior to the final maturity of the 2019 Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be Cooperative Strategies, LLC.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), 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 2019 Bonds, or 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 2019 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 holders of the 2019 Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2019 Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in

order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the 2019 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Fiscal Agent, the Bond owners or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2019 Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Fiscal Agent, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the 2019 Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: December 18, 2019

ADELANTO ELEMENTARY SCHOOL DISTRICT,
FOR AND ON BEHALF OF COMMUNITY
FACILITIES DISTRICT NO. 1 OF THE ADELANTO
ELEMENTARY SCHOOL DISTRICT

By: _____
Chief Business Officer

AGREED AND ACCEPTED:
COOPERATIVE STRATEGIES, LLC,
as Dissemination Agent

By: _____
Name: _____
Title: _____

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

December 18, 2019

Adelanto Elementary School District
11824 Air Expressway
Adelanto, CA 92301

OPINION: $14,010,000 Improvement Area A of Community Facilities District No. 1 of the Adelanto Elementary School District Special Tax Bonds, Series 2019

Members of the Board of Trustees:

We have acted as bond counsel to the Adelanto Elementary School District (the "District") in connection with the issuance of the captioned bonds (the "Bonds") by the District, for and on behalf of the Community Facilities District No. 1 of the Adelanto Elementary School District with respect to its Improvement Area A. In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Bond Law"), a Fiscal Agent Agreement, dated as of December 1, 2019 (the "Fiscal Agent Agreement"), by and between the District and Zions Bancorporation, National Association, as fiscal agent, and a resolution (the "Resolution") of the Board of Trustees of the District (the "Board") adopted on November 12, 2019. Under the Fiscal Agent Agreement, the District has pledged certain revenues (the "Special Tax Revenues") for the payment of principal, premium (if any), and interest on the Bonds when due.

Regarding questions of fact material to our opinion, we have relied on representations of the District contained in the Resolution and in the Fiscal Agent Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The District is a school district duly created and validly existing under the Constitution and the laws of the State of California with the power to adopt the Resolution, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein, and issue the Bonds.

2. The Fiscal Agent Agreement has been duly authorized, executed and delivered by the District, and constitutes a valid and binding obligation of the District, enforceable against the District.

3. The Fiscal Agent Agreement creates a valid lien on the Special Tax Revenues and other funds pledged by the Fiscal Agent Agreement for the security of the Bonds, on a parity with other bonds (if any) issued or to be issued under the Fiscal Agent Agreement.

4. The Bonds have been duly authorized and executed by the District, and are valid and binding limited obligations of the District, payable solely from the Special Tax Revenues and other funds provided therefor in the Fiscal Agent Agreement.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX G

COMMUNITY FACILITIES DISTRICT BOUNDARY MAP

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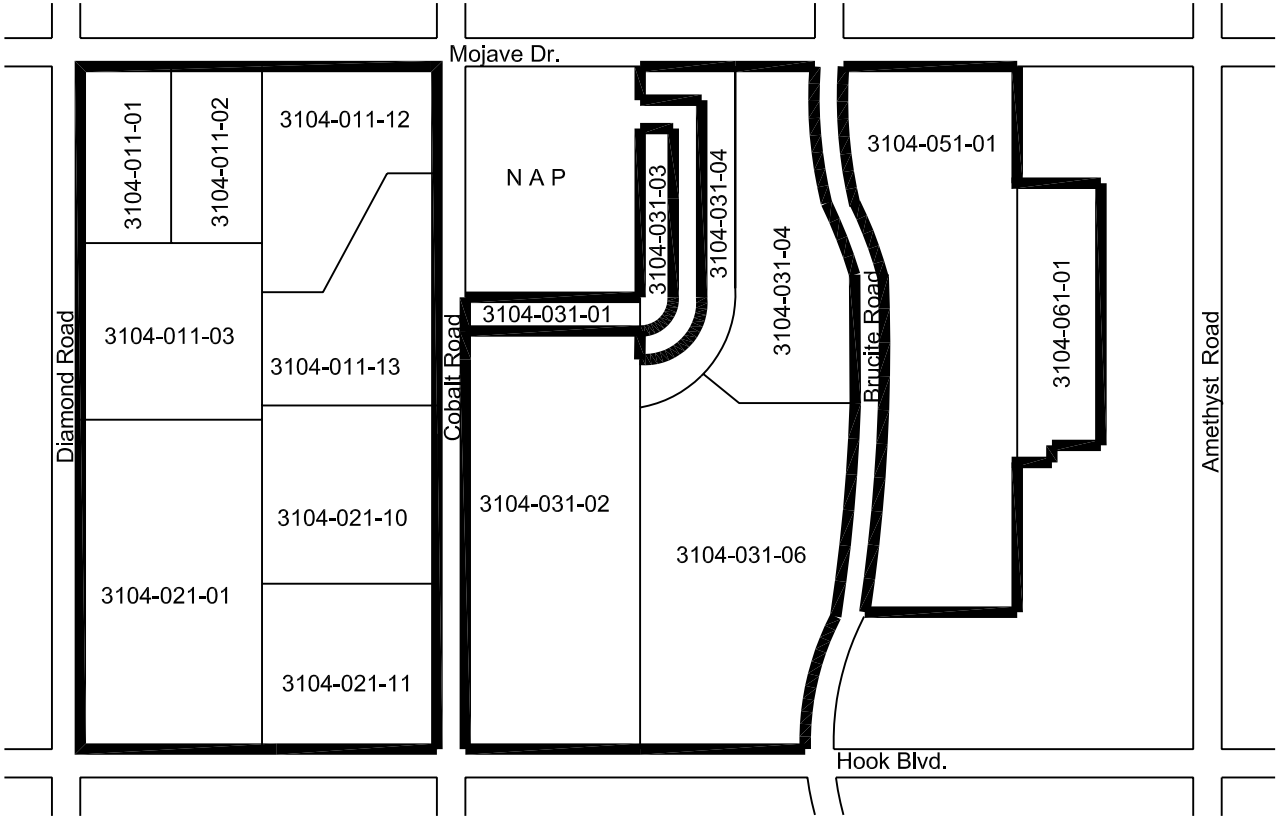
SHEET 1 OF 1

PROPOSED BOUNDARIES OF
ADELANTO ELEMENTARY SCHOOL DISTRICT
IMPROVEMENT AREA A OF
COMMUNITY FACILITIES DISTRICT NO. 1
CITY OF VICTORVILLE
STATE OF CALIFORNIA

LEGEND

———	Boundaries of IA A of Community Facilities District No. 1
———	Assessor Parcel Boundaries
nnnn-nnn-nn	Assessor Parcel Number
NAP	Not A Part of CFD



(1) Filed in the office of the Clerk of the Board of Trustees this ____ day of _____, 20___.

_____
Clerk of the Board of Trustees

(2) I hereby certify that the within map showing the proposed boundaries of IA A of Community Facilities District No. 1, City Victorville, County of San Bernardino, State of California, was approved by the Board of Trustees at a regular meeting thereof, held on this_____ day of _____, 20____, by its Resolution No. _____.

_____.
Clerk of the Board of Trustees

(3) Filed this _____ day of _____, 20____, 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 of San Bernadino County, State of California.

_____
County Recorder of San Bernadino

Reference is hereby made to the Assessor maps of the County of San Bernardino for an exact description of the lines and dimensions of each lot and parcel.

PREPARED BY
DAVID TAUSSIG & ASSOCIATES, INC.

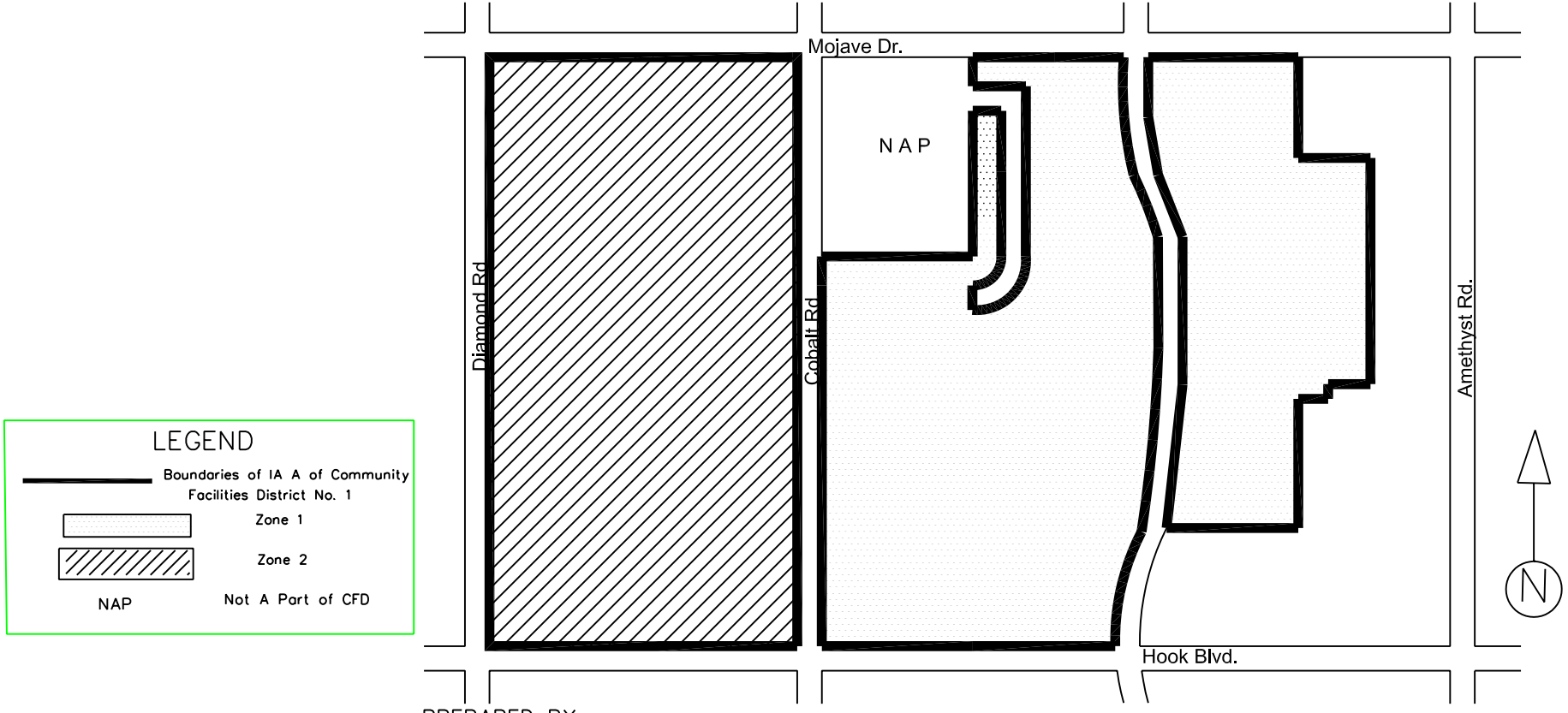
SHEET 1 OF 1

SECTION N

ADELANTO ELEMENTARY SCHOOL DISTRICT

IMPROVEMENT AREA A OF
COMMUNITY FACILITIES DISTRICT NO. 1

MAP OF ZONES



PREPARED BY

DAVID TAUSSIG & ASSOCIATES, INC.

APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $_____ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _____

Risk Premium: $_____
Member Surplus Contribution: $_____
Total Insurance Payment: $_____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

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Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

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